

STATES OF JERSEY

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DRAFT PUBLIC FINANCES (AMENDMENT No. 2) (JERSEY) LAW 200-

**Lodged au Greffe on 23rd October 2007
by the Minister for Treasury and Resources**

STATES GREFFE



Jersey

DRAFT PUBLIC FINANCES (AMENDMENT No. 2) (JERSEY) LAW 200-

European Convention on Human Rights

In accordance with the provisions of Article 16 of the Human Rights (Jersey) Law 2000 the Minister for Treasury and Resources has made the following statement –

In the view of the Minister for Treasury and Resources the provisions of the Draft Public Finances (Amendment No. 2) (Jersey) Law 200- are compatible with the Convention Rights.

(Signed) **Senator T.A. Le Sueur**

REPORT

This draft Law, once enacted, would enable the Minister for Treasury and Resources to give effect to the in-principle proposal in the Budget Statement 2008 to transfer monies from the Consolidated Fund to the Stabilisation Fund.

For the future, the amendments made by this draft Law would allow such transfers proposed as part of the Budget Statement and, if approved by the States, to be given immediate effect.

Financial and manpower implications

There are no financial or manpower implications for the States arising from the adoption of Draft Law.

European Convention on Human Rights

Article 16 of the Human Rights (Jersey) Law 2000 requires the Minister in charge of a Projet de Loi to make a statement about the compatibility of the provisions of the Projet with the Convention rights (as defined by Article 1 of the Law). On 22nd October 2007 the Minister for Treasury and Resources made the following statement before Second Reading of this Projet in the States Assembly –

In the view of the Minister for Treasury and Resources the provisions of the Draft Public Finances (Amendment No. 2) (Jersey) Law 200 are compatible with the Convention Rights.

Explanatory Note

Article 1 is the interpretation provision.

Article 2 amends Article 1 of the Public Finances (Jersey) Law 2005 (the ‘principal Law’) so as to add a definition of the stabilisation fund.

Article 3 amends Article 3 of the principal Law. The amendment makes it clear that special funds are only established, varied or wound up on a proposition lodged by or with the concurrence of the Minister for Treasury and Resources (the ‘Minister’).

Article 4 inserts Article 4A in the principal Law. Article 4A permits money to be transferred from the consolidated fund to the stabilisation fund otherwise than in accordance with an expenditure approval. It also makes it clear that money can only be withdrawn from the stabilisation fund for credit to the consolidated fund, on a proposition lodged by the Minister. This provision would be read together with the terms of administration of the stabilisation fund that the States approved on adopting Projet 133 of 2006:

“the Minister for Treasury and Resources to be responsible for proposing to the States the transfers between the Consolidated Fund and the Stabilisation Fund having regard to the advice of a new independent Fiscal Policy Panel appointed by the States on the recommendation of the Minister and following advice from the States Economic Adviser”.

Article 5 amends Article 17 of the principal Law, which is concerned with the procedure for lodging and the content of a budget proposition. The amendment adds provision for a budget proposition to include any proposal for a transfer between the consolidated fund and the stabilisation fund, in the same way that it would now include any proposal for a transfer between the consolidated fund and the strategic reserve fund.

Article 6 amends Article 20 of the principal Law so as to add provision for the procedure for lodging of amendments to proposals for transfers between the consolidated fund and the stabilisation fund, which are to be the same as the procedures for amendments to proposals for transfers between the consolidated fund and the strategic reserve fund.

Article 7 amends Article 46 of the principal Law, consequentially upon the addition of provision relating to the stabilisation fund, so as to make it clear that the Comptroller and Auditor General’s duties include, in particular, assuring the States that money authorized to be withdrawn from that fund is used for the authorized purpose.

Article 8 provides for the citation and commencement of the draft Law.



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Arrangement

Article

<u>1</u>	<u>Interpretation</u>
<u>2</u>	<u>Article 1 amended</u>
<u>3</u>	<u>Article 3 amended</u>
<u>4</u>	<u>Article 4A inserted</u>
<u>5</u>	<u>Article 17 amended</u>
<u>6</u>	<u>Article 20 amended</u>
<u>7</u>	<u>Article 46 amended</u>
<u>8</u>	<u>Citation and commencement</u>



Jersey

DRAFT PUBLIC FINANCES (AMENDMENT No. 2) (JERSEY) LAW 200-

A LAW to amend further the Public Finances (Jersey) Law 2005.

Adopted by the States [date to be inserted]
Sanctioned by Order of Her Majesty in Council [date to be inserted]
Registered by the Royal Court [date to be inserted]

THE STATES, subject to the sanction of Her Most Excellent Majesty in Council, have adopted the following Law –

1 Interpretation

In this Law, “principal Law” means the Public Finances (Jersey) Law 2005^[1].

2 Article 1 amended

In Article 1(1) of the principal Law, after the definition “special fund” there shall be inserted the following definition –

“‘stabilisation fund’ means the special fund established on 5th December 2006, upon the States adopting Projet 133 of 2006;”.

3 Article 3 amended

In Article 3 of the principal Law, for paragraphs (3) and (4) there shall be substituted the following paragraphs –

- “(3) The States may, on a proposition lodged by the Minister –
- (a) establish special funds for specific purposes;
 - (b) vary the purposes of a fund so established; or
 - (c) wind up a fund so established.
- (4) An enactment that would –
- (a) establish a special fund for specific purposes, or declare a fund to be a special fund;
 - (b) vary the purposes of a fund so established or to which such a declaration relates; or
 - (c) wind up a fund so established or to which such a declaration relates,

shall only be lodged by or with the concurrence of the Minister.

- (5) Upon the winding up of a special fund, any balance shall be transferred to the consolidated fund.”.

4 Article 4A inserted

After Article 4 of the principal Law there shall be inserted the following Article –

“4A Stabilisation fund

- (1) There shall be transferred from the consolidated fund to the stabilisation fund such amount as the States may decide on a proposition lodged by the Minister.
- (2) Money shall not be withdrawn from the stabilisation fund otherwise than in accordance with a decision of the States made on a proposition lodged by the Minister that provides for the amount withdrawn to be credited to the consolidated fund.”.

5 Article 17 amended

In Article 17 of the principal Law –

- (a) for paragraph (4), there shall be substituted the following paragraph –

“(4) A budget proposition for a financial year must also –

- (a) if it is proposed that the States should borrow money during the financial year, seek the approval of the States required by Article 21(1);
- (b) if it is proposed to transfer money between the consolidated fund and the strategic reserve fund during the financial year, seek the approval of the States, required by Article 4(2) or (3);
- (c) if it is proposed to transfer money between the consolidated fund and the stabilisation fund during the financial year, seek the approval of the States required by Article 4A(1) or (2).”;

- (b) for paragraph (6) there shall be substituted the following paragraph –

“(6) Nothing in this Article prohibits the Minister lodging at any time during a financial year –

- (a) a further budget proposition in respect of that year and any relevant taxation draft;
- (b) a proposition seeking the approval of the States for any proposed borrowing by the States;
- (c) a proposition seeking the approval of the States for any proposed transfer of money between the consolidated fund and the strategic reserve fund; or
- (d) a proposition seeking the approval of the States for any proposed transfer of money between the consolidated fund and the stabilisation fund.”.

6 Article 20 amended

In Article 20 of the principal Law, for paragraph (1) there shall be substituted the following paragraph –

“(1) This Article applies to –

- (a) a taxation draft;
- (b) a proposition seeking the approval of the States for any proposed borrowing by the States;

- (c) a proposition seeking the approval of the States for any proposed transfer of money between the consolidated fund and the strategic reserve fund; or
- (d) a proposition seeking the approval of the States for any proposed transfer of money between the consolidated fund and the stabilisation fund.”.

7 Article 46 amended

In Article 46(2)(a) of the principal Law, after the words “the strategic reserve fund” there shall be inserted the words “, the stabilisation fund”.

8 Citation and commencement

This Law may be cited as the Public Finances (Amendment No. 2) (Jersey) Law 200- and shall come into force 7 days after it is registered.

