

STATES OF JERSEY



ANNUAL BUSINESS PLAN 2008 (P.93/2007): AMENDMENT (P.93/2007 AMD.)– COMMENTS

**Presented to the States on 14th September 2007
by the Minister for Treasury and Resources**

STATES GREFFE

COMMENTS

The Minister for Treasury and Resources opposes paragraph (a) of the amendment of the Minister for Education Sport and Culture in the strongest terms. Senator Vibert's amendment seeks to increase the Council of Ministers' proposed spending limits in 2008 by £600,000, but increasing to £1,519,000 in 2009 and similar amounts in future years.

The States' Fiscal Strategy identified a commitment to control States spending in return for the approval of new tax measures. The Strategic Plan identifies a commitment to States' income and expenditure being in balance over the economic cycle, and indeed the Council of Ministers' 2008 Business Plan has proposed balanced budgets over the 5 year planning cycle. This amendment proposes a recurring spending increase of £1.5 million p.a. This would increase the demand on tax revenues by £1.5 million for not just one year but to be maintained each and every year. This would increase spending by well in excess of £6 million over the 5 year cycle, which would actually mean that budgets were no longer balanced. The amendment suggests that the spending increase can be met from improved tax receipts. Those increases in tax receipts are already included in the forecasts as part of the assumptions for economic growth – tax increases within the Fiscal Strategy are needed to address the indicative deficits from 2010 resulting from the move to 0/10.

The Minister therefore urges members to reject paragraph (a) of the amendment of the Minister for Education Sport and Culture during the debate.

Members are also asked to note that the Minister has decided to withdraw his Amendment to the Amendment regarding prorating any additional funding for early years across departments. There has now been opportunity for discussion at the Council of Ministers, resulting in an Amendment from the Chief Minister proposing that any additional funding for early years be met from a transfer from the Grant to Overseas Aid Commission in 2008 and future years.