

# STATES OF JERSEY



## **GOVERNMENT PLAN 2020–2023 (P.71/2019): THIRD AMENDMENT (P.71/2019 Amd.(3)) – COMMENTS**

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**Presented to the States on 21st November 2019  
by the Council of Ministers**

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**STATES GREFFE**

## COMMENTS

The Environment, Housing and Infrastructure Scrutiny Panel proposes the following in [P.71/2019 Amd.\(3\)](#) –

### **PAGE 2, PARAGRAPH (g) –**

After the words “as set out in Appendix 2 – Summary Table 7 to the Report” insert the words “, except that, in Summary Table 7, where it states “Transfers to/from Consolidated Fund”, for the words “Consolidated Fund” substitute the words “States’ Funds”, and where it states “From the Consolidated Fund to Climate Emergency Fund” for the words “From the Consolidated Fund” substitute the words “From the Strategic Reserve Fund” ”.

### **The Council of Ministers opposes this proposal and urges States Members to reject the amendment.**

The Council believes that its proposed method of funding the Climate Emergency Fund in 2020, from money within the Consolidated Fund, is the correct approach and can see no justification to depart from this view. It rejects the Scrutiny Panel’s proposal for funding the climate emergency requirements from the Strategic Reserve Fund.

The Strategic Reserve exists to deal with sudden and unexpected catastrophic events, and as such it provides insurance against the costs of such shocks.

In the view of the Council of Ministers, such a shock or natural disaster would be a one-off, unforeseen event; for example, a severe storm which caused significant damage to the Island, and which required urgent Government intervention to remedy matters.

By contrast, policy challenges that are well-recognised and hence expected, should be planned for and financed from current revenues to match the structural nature of the expenditure.

The Council of Ministers is also acutely aware of the Fiscal Policy Panel’s advice that the Government’s overarching aim should be to grow the value of the Strategic Reserve Fund. The Panel has provided advice that the current value of the Strategic Reserve Fund was not sufficient, at 17% of Gross Value Added (“GVA”), and that a range of 30%–60% of GVA may be required to meet the objective of insulating the economy from the sudden collapse of a major Island industry such as financial services.

The Panel has recommended that the Government should consider working towards a larger Strategic Reserve Fund through a long-term programme of contributions and retaining the returns from investment. The Panel commented that it was pleased to see that the second half of this recommendation has been met, as the [Government Plan 2020–2023](#) does not propose any drawdown from the Strategic Reserve and, therefore, investment returns would be retained in the Reserve. The proposal from the Scrutiny Panel would go against the Fiscal Policy Panel’s advice.

The Council of Ministers is committed to developing a strategy to tackle the climate emergency, and is aiming to move quickly towards the Island being a sustainable low-carbon jurisdiction. A wide range of fiscal levers are being explored, and options for

future changes will be set out in the Carbon Neutral Strategy which the Council has committed to bring forward in 2020.

In summary, the Council of Ministers continues to acknowledge its commitment to contribute to addressing the climate emergency and the significant challenge of environmental threats to our Island, but cannot support the view that these challenges in 2020 require funding from the Strategic Reserve Fund.