

STATES OF JERSEY



DRAFT BUDGET STATEMENT 2015

Lodged au Greffe on 18th July 2014
by the Minister for Treasury and Resources

STATES GREFFE

PROPOSITION

THE STATES are asked to decide whether they are of opinion –

- (a) to approve, in accordance with the provisions of Article 10(3)(a) of the Public Finances (Jersey) Law 2005, the estimate of income from taxation during 2015 of £615,502,000 as set out in summary Table A of the Budget Statement, with the sum to be raised through existing taxation measures and the proposed changes to Income Tax, Goods and Services Tax, Impôts Duty and Stamp Duty for 2015 as set out in the Budget Statement;
- (b) to approve, in accordance with the provisions of Article 10(3)(d) of the Public Finances (Jersey) Law 2005, a capital head of expenditure for each of the capital projects for States funded bodies to be started or continued in 2015 (other than States trading operations) as set out in the recommended programme of capital projects in Summary Table D totalling £76,382,000, noting that the Minister for Treasury and Resources, in accordance with the investment strategy for the Currency Fund set out in the “States Investment Strategies” (made under Part 2 of the Public Finances (Transitional Provisions) (No. 2) (Jersey) Regulations 2005 and presented to the States on 11th November 2013), will make an investment of £25,494,000 from the Currency Fund to fund Phase 1 of the £75 million project to construct the new sewage treatment works, with such sum being repayable by the Transport and Technical Services Department over a period of 40 years, applying a formula of investment return determined by the Minister for Treasury and Resources after taking advice from the States investment managers;
- (c) to refer to their Act dated 3rd June 2014 in which they approved the Waste Water Strategy (P.39/2014) and to agree, in principle, that a total capital allocation of £75 million for funding the proposed new sewage treatment works should be made, and to request the Council of Ministers and the Minister for Treasury and Resources to take the necessary steps to bring forward for approval further capital allocations up to this maximum of £75 million in future Medium Term Financial Plans and Budget Statements respectively;
- (d) to approve, in accordance with the provisions of Article 10(3)(e) of the Public Finances (Jersey) Law 2005, each of the capital projects that are scheduled to start during 2015 in the recommended programme of capital for each States trading operation, as set out in Summary Table E that require funds to be drawn from the trading funds in 2015;
- (e) to refer to their Act dated 5th December 2013 in which they approved the Draft Budget Statement 2013 and agreed, *inter alia*, that the Strategic Reserve Fund could be used for the planning and creation of new hospital services in the Island, and to approve the transfer of a further sum of £22.7 million from the Strategic Reserve Fund to the

Consolidated Fund in 2015 so as to provide for these purposes, in accordance with the provisions of Article 4(3) and 10(3)(f) of the Public Finances (Jersey) Law 2005;

- (f) to refer to their Act dated 5th December 2013 in which they approved the Draft Budget Statement 2014 (P.122/2014) and, *inter alia*, agreed to vary the purpose of the Housing Development Fund in accordance with Article 3(3)(b) of the Public Finances (Jersey) Law 2005 to include the lending of monies to enable the further provision and development of housing in Jersey;

and to approve, in accordance with Article 3(3)(b), the revised rules for the operation of the Housing Development Fund as set out in Appendix C of the Budget Statement, with these rules giving further instruction and guidance on the use of funds and the purpose and the operation of the Fund;

- (g) to refer to their Act dated 5th December 2013 in which they approved the Draft Budget Statement 2014 and, in accordance with the provisions of Article 10(12) of the Public Finances (Jersey) Law 2005, to approve the following additional transfers in 2014 of –
 - (i) up to £6,120,000 from the Housing Development Fund to the Consolidated Fund in accordance with the provisions of Article 10(3)(f) of the Public Finances (Jersey) Law 2005;
 - (ii) up to £1,058,000 from the Stabilisation Fund to the Consolidated Fund in accordance with the provisions of Article 4A(2) of the Public Finances (Jersey) Law 2005;
- (h) to approve the transfer of up to £2,000,000 from the Dwelling Houses Loan Fund to the Consolidated Fund in accordance with the provisions of Article 2(1) of the Building Loans (Jersey) Law 1950;
- (i) to note the future operation of the Strategic Reserve Fund (“The Fund”), as set out in Appendix D of the Budget Statement, and to agree that the Strategic Reserve balance of £651,216,000 as at 31st December 2012 should be defined as the capital value of the Strategic Reserve and that, for future years, the capital value be maintained in real terms by increasing the capital value in line with increases in Jersey RPI(Y);
- (j) to refer to their Act dated 5th December 2006, in which they approved the establishment of a Stabilisation Fund and agreed that the purpose of the Fund was to make fiscal policy more countercyclical and create in the Island a more stable economic environment with low inflation, and to approve the rules for the future operation of the Stabilisation Fund as set out in Appendix E of the Budget Statement;
- (k) to request the Minister for Treasury and Resources to request for The Jersey New Waterworks Company Limited, a public company limited by shares, incorporated in 1882 and operating under the Companies

(Jersey) Law 1991, to ask the shareholders of the company to pass a special resolution for the following –

- (i) to alter its Memorandum of Association by special resolution, to reduce its share capital – by removing the Fifth Preference Share, class of share capital;
- (ii) to repay the States of Jersey, the sole shareholder of all the Fifth Preference Shares, a fair market value for the shares (estimated at £7.4 million) during 2015 (the shareholding representing 900,000 issued and fully paid 10% cumulative fifth preference shares of £5 with a par value of £4.5 million).

MINISTER FOR TREASURY AND RESOURCES

Note: The Report and Budget Statement accompanying this Proposition are published separately.