

STATES OF JERSEY



Jersey

DRAFT PUBLIC FINANCES (AMENDMENT OF LAW) (JERSEY) REGULATIONS 202-

**Lodged au Greffe on 20th March 2020
by the Minister for Treasury and Resources**

STATES GREFFE

REPORT

1. Overview

- 1.1 The Coronavirus pandemic will have a significant social and financial impact on the lives of Islanders and presents a significant level of challenge for Jersey's economy. During this unprecedented period of uncertainty for the Island, it is vital that the Minister for Treasury and Resources can make available sufficient funds to support Islanders and businesses on a timely basis.
- 1.2 The proposed Regulations, if approved by the Assembly, will enable the Minister to make these decisions in a timely manner. They provide the Minister with powers to withdraw amounts from the Consolidated Fund and other States funds, under Article 24 of the Law, because a state of emergency has been declared or there exists an immediate threat to the health and safety of Islanders, or to the stability of Jersey's economy or to the environment. The current Covid-19 pandemic falling into an emergency situation as defined by Article 24 of the Law.
- 1.3 The powers introduced in these draft Regulations will, if approved, apply for the duration of the Covid-19 pandemic and will –
- (a) Allow the Minister to transfer an amount from the Stabilisation Fund to the Consolidated Fund or any other States Fund and authorise that amount to be spent.
 - (b) Enable the Minister to agree that further funds be transferred into the Stabilisation Fund from other States Funds and direct that these funds be spent from the Stabilisation Fund. The money held within the Stabilisation Fund can be lent; or a bank overdraft or financing can be secured to support expenditure from that Fund.
 - (c) Enable the Minister to transfer up to £400 million from the Strategic Reserve to the Stabilisation Fund.
 - (d) Ensure that the Minister is able to re-allocate between heads of expenditure in good time without giving at least 4 weeks' notice to the States.
 - (e) Increase from £10 million to £100 million the amount which may be appropriated from the Consolidated Fund without amending the Government Plan.
 - (f) Increase the limit on financing that the Minister may arrange in a financial year from £3 million to £500 million, and the limit on total outstanding financing from £20 million to £500 million.
 - (g) Increase the limit on loans that the Minister may make in in a financial year from £3 million to £100 million, and the limit on total outstanding loans from £20 million to £100 million.
 - (h) Increase the limit on guarantees and indemnities that the Minister may provide in a financial year from £3 million to £100 million, and the limit on the total outstanding guarantees from £20 million to £100 million.
 - (i) Introduce a requirement for the Minister to report back to the Assembly within 6 months of the new Articles being invoked for the Covid-19 pandemic.

Together, these measures will enable the Minister to take swift and appropriate action to protect and support Islanders and businesses in an unprecedented and rapidly evolving emergency situation, such as that brought on by the Covid-19 pandemic.

- 1.4 The Minister is extremely conscious that the level of funding being made available is substantial, but the levels and the current financial requirements related to the Covid-19 pandemic are fully justifiable, and are supported by the Council of Ministers. The Minister will ensure that there are suitable governance arrangements in place around the allocation and use of all monies made available.

2. Financial and manpower implications

These changes give the Minister for Treasury and Resources increased powers to approve additional expenditure up to the individual limits set in this report. Any manpower requirements to administer the additional funding will be met from within existing resources.

EXPLANATORY NOTE

These Regulations, if passed, will amend Article 24 of the Public Finances (Jersey) Law 2019, which modifies the way the Law operates when a state of emergency has been declared or the Minister is satisfied that there exists an immediate threat to the health or safety of the inhabitants of Jersey, to the stability of Jersey's economy or to the environment. The amendments add further modifications for the duration of the period when the Minister is satisfied that those circumstances apply.

The added modifications affect the way in which the Stabilisation Fund may be used, by allowing the Minister –

- to transfer an amount from the Stabilisation Fund to any other fund and direct that amount to be expended directly from that fund;
- to direct that an amount be expended directly from the Stabilisation Fund;
- to direct that an amount be transferred to the Stabilisation Fund from any other fund;
- to arrange for overdraft and other financing for the Stabilisation Fund;
- to arrange that repayments of loans made from the Stabilisation Fund are credited to that Fund.

There are other added modifications, which –

- allow the Minister to transfer up to and including £400 million from the Strategic Reserve Fund to the Stabilisation Fund;
- remove the requirement in Article 18 that if the Minister proposes to give a direction to re-allocate a head of expenditure, the Minister gives the States at least 4 weeks' notice;
- increase from £10 million to £100 million the amount which may be appropriated from the Consolidated Fund by the Minister without amending the government plan;
- increase the limit on financing that the Minister may arrange in a financial year from £3 million to £500 million and the limit on total outstanding financing from £20 million to £500 million;
- allow the Minister to make loans from the Stabilisation Fund (instead of only from the Consolidated Fund), and increase the limit on loans that the Minister may make in a financial year from £3 million to £100 million and the limit on total outstanding loans from £20 million to £100 million;
- increase the limit on guarantees and indemnities that the Minister may provide in a financial year from £3 million to £100 million and the limit on the total outstanding guarantees from £20 million to £100 million.

Before the end of September 2020, the Minister must lay a report before the States stating whether the Minister believes that the provisions containing the added modifications are still required.



Jersey

DRAFT PUBLIC FINANCES (AMENDMENT OF LAW) (JERSEY) REGULATIONS 202-

Made [date to be inserted]
Coming into force [date to be inserted]

THE STATES make these Regulations under Article 55 of the Public Finances (Jersey) Law 2019¹ –

1 Article 24 of the Public Finances (Jersey) Law 2019 amended

In Article 24 (authority to withdraw a specified amount) of the Public Finances (Jersey) Law 2019² –

- (a) in paragraphs (4) and (5) for “£10 million” there is substituted “£100 million”;
- (b) after paragraph (5) there is inserted –
 - “(6) Paragraph (7) applies to the Stabilisation Fund, despite Article 5, during any period in relation to which the Minister is satisfied that –
 - (a) the circumstances in paragraph (2) apply; and
 - (b) those circumstances require an immediate exercise of a power set out in paragraph (7).
- (7) The Minister may do any one or more of the following –
 - (a) transfer an amount, up to the balance of the Stabilisation Fund, to a fund established under this or any other Law and may direct that the amount be expended directly from that fund;
 - (b) direct that an amount be expended directly from the Stabilisation Fund;
 - (c) direct that an amount be transferred to the Stabilisation Fund from any fund established under this or any other Law;
 - (d) arrange for a bank overdraft or bank overdraft facility, or other financing, for the Stabilisation Fund under Article 26;
 - (e) if making a loan from the Stabilisation Fund under Article 27, arrange that any repayments are credited to the Stabilisation Fund.
- (8) This Law applies with the modifications in paragraph (9) during any period in relation to which the Minister is satisfied that –

- (a) the circumstances in paragraph (2) apply; and
 - (b) those circumstances require the application of any modification set out in paragraph (9).
- (9) The modifications are –
- (a) in Article 4 (Strategic Reserve Fund) after paragraph (4) there is inserted –
 - “(5) Despite paragraph (2), the Minister may transfer up to and including £400 million from the Strategic Reserve Fund to the Stabilisation Fund.”;
 - (b) in Article 18 (power to re-allocate) paragraph (4) is deleted;
 - (c) in Article 26 (financing) –
 - (i) in paragraph (3) for “£3 million” there is substituted “£500 million”,
 - (ii) in paragraph (4) for “£20 million” there is substituted “£500 million”;
 - (d) in Article 27 (loans) –
 - (i) in paragraph (1) after “Consolidated Fund” there is inserted “or the Stabilisation Fund”,
 - (ii) in paragraph (2) for “£3 million” there is substituted “£100 million”,
 - (iii) in paragraph (3) for “£20 million” there is substituted “£100 million”;
 - (e) in Article 28 (guarantees and indemnities) –
 - (i) in paragraph (2) for “£3 million” there is substituted “£100 million”,
 - (ii) in paragraph (3) for “£20 million” there is substituted “£100 million”.
- (10) The Minister must, before the end of September 2020, lay a report before the States stating whether the Minister believes that the provisions of paragraphs (6) to (9) are still required.”.

2 Citation and commencement

These Regulations may be cited as the Public Finances (Amendment of Law) (Jersey) Regulations 202- and come into force on the day after they are made.

ENDNOTES

Table of Endnote References

<i>1</i>	<i>L.10/2019</i>
<i>2</i>	<i>L.10/2019</i>