

STATES OF JERSEY



TRANSFER OF 2024 DEPARTMENTAL UNDERSPEND INTO THE STABILISATION FUND (P.35/2024) – COMMENTS

Presented to the States on 20th June 2024
by the Minister for Treasury and Resources

STATES GREFFE

COMMENTS

Deputy Andrews is correct to highlight the need for the Government to replenish the Stabilisation Fund. Indeed, in my comment to P.22/2024 (also lodged by Deputy Andrews) I noted the Fiscal Policy Panel's recommendation to rebuild the Stabilisation Fund and how this must be balanced with the need to grow the Strategic Reserve and with other priorities including investment in the island's infrastructure.

I remain committed to setting out a long-term strategy for accelerating the growth in the Strategic Reserve to an appropriate level over the medium to long-term. I equally recognise the need to replenish the Stabilisation Fund. History has shown how important the fund is in helping the island to deal with economic shocks and downturns. We have a responsibility to ensure that it can be utilised in the future, as it has been in the past, for the benefit of islanders.

This proposition, however, is not necessary to achieve the objective of replenishing the fund. Part (f) of P.73/2023 (the Government Plan for 2024-27) which was adopted by the Assembly, states –

(f) to approve a transfer from the Consolidated Fund to the Stabilisation Fund in 2024 of up to £25 million, subject to a decision of the Minister for Treasury and Resources based on the availability of funds in the Consolidated Fund as at 31 December 2023 in excess of the estimates provided in this plan, or from budgeted underspends identified before 31 December 2024

It's important to note that, in 2023, there were no excess funds in the Consolidated Fund, and a transfer into the Stabilisation Fund therefore was not possible. One reason for this was that money has previously been used to pay off the Covid debt, which was an important liability for the island to repay. This year, we also need to be cognisant of the additional funding which the Assembly has committed to the agricultural sector, which may need to be partly met from underspends and is therefore a competing priority. I am clear, however, that subject to meeting this commitment to an important island industry, the immediate priority is to begin rebuilding the fund.

Given that up to £25 million of any underspends in 2024 can already be transferred into the Stabilisation Fund under the existing approval from the Assembly, the proposition is seeking agreement for a matter which is already within the competence of the Treasury Minister, and has the authorisation of the States. Accordingly, no further proposition of the Minister, or approval from the States, is required to enact this decision.

I therefore ask Members to reject this proposition.