

STATES OF JERSEY



FINANCIAL SUPPORT FOR LOCAL DISASTERS (P.51/2023): COMMENTS

Presented to the States on 13th July 2023
by the Minister for Treasury and Resources

STATES GREFFE

COMMENTS

It is a matter of some pride that Government responded so quickly to the recent tragic events, working with a range of partner organisations. The existing provisions of the Public Finances Law, already available to me as Minister, enabled financial support for the necessary response to be executed immediately.

Wider than that, Islanders have also shown again their solidarity with those impacted by the tragedies through support, including through generous donations to the Bailiff's fund established to support those affected by those tragedies.

It therefore somewhat unclear what the Deputy is asking to be established in this proposition, as there are already a range of powers available to allow a rapid response, including financial support, to emergencies, disasters or other tragedies.

Those provisions are deliberately flexible as the circumstance and impacts of any tragedies will be different, and hence require different responses. One size does not fit all.

Existing Arrangements

Article 24 of the Public Finances Law allows the Minister for Treasury and Resources to authorise withdrawal of up to an additional £100 million without Assembly approval. This can be invoked if either of the following have occurred:

- a state of **emergency** has been declared; or
- the Minister is satisfied that there exists an **immediate threat** to the health or safety of any of the inhabitants of Jersey, to the stability of the economy in Jersey or to the environment.

The [Expenditure to meet an Emergency](#) section of the Public Finances Manual has been recently updated and now refers specifically to Major Incidents.

Article 26 also allows the Minister to arrange an **overdraft** if needed to provide a funding source.

Where a disaster has occurred but the criteria of Article 24 are not met, the Minister has powers to allocate reserves¹ or reallocate amounts between Heads of Expenditure. The Public Finances Manual also sets out how the Minister can give immediate assurance to Accountable Officers to ensure that there is no delay. Whilst this will, in almost all cases, be sufficient for the initial response, and if there were insufficient funds available for the ongoing respond then **Article 16** allows an amendment to an approved Government Plan to be lodged and debated to put in place additional funding.

Whilst payments to individuals would generally fall outside of the normal course of business of government, there is specific provision in the PFM to make [Special Payments](#), including ex gratia payments which would cover this form of support.

These provisions are already sufficient to provide funding for rapid response and recovery efforts, as we have seen this year.

¹ [Reserve head of expenditure](#)

Financial Management

The deputy makes no reference to the level of funds which would be ring-fenced under this proposal, nor the source from which this money would be found. The range of applications he refers to, including rebuilding affected infrastructure, would imply a very substantial amount.

The argument that this provides greater flexibility and better financial planning is unfortunately flawed. If it is necessary to hold a substantial amount of taxpayers' money in a ring-fenced fund, then this will not be available for other purposes such as investment in infrastructure – therefore reducing the flexibility of government to response to the range of challenges facing the Island.

The argument that if unused it can form “the foundation for long-term savings” appears to disregard the framework of the Strategic Reserve and Stabilisation Fund already established in the Public Finances Law.

Conclusion

Whilst well intentioned, this proposition proposes the introduction of additional bureaucracy to replace a framework which is already demonstrably working. It proposes ring-fencing tax-payers money, reducing the States ability to deliver more widely for Islanders.

With this in mind, the Minister cannot support this proposition. He would however be happy to work with the Deputy on any proposed strengthening of the current regime which as this comment notes is working well.