

**WRITTEN QUESTION TO THE MINISTER FOR TREASURY AND RESOURCES
BY DEPUTY G.P.SOUTHERN OF ST HELIER.
ANSWER TO BE TABLED ON TUESDAY 9th SEPTEMBER 2014**

Question

Will the Minister state clearly when he was first informed of the potential for a fall in tax revenues in 2014 and 2015 and, in particular, of the size of potential deficits on the projected figures in the Medium Term Financial Plan?

When did the Minister start to consider the options laid out in the Budget for action on shares/dividends in the utility companies JT, Jersey Post and Jersey Water, will he give a detailed account of when the utility companies were informed of these measures and state what discussions and meetings took place?

Answer

The Minister continually takes an active interest in the latest available statistics which inform the trends of economic activity, jobs and income. He has made a number of statements over a significant period of time that the States needed to do everything in their power to secure income and economic activity in one of the most turbulent periods of recent times. The Minister, however, takes no part in the formal Income forecasting process.

The independent Income Tax Forecasting Group (ITFG) meets each year and agrees the Income Tax forecast which then informs that year's annual Budget. A report is issued by the Economics Unit to assist in formalising the forecast position as decided by the ITFG.

The report written to inform the 2014 budget was issued in September 2013 and included a projected downgrade in income tax forecast for 2014 of £13 million and £26 million for 2015 compared to the MTFP figure.

A copy of this report was issued to States Members prior to the debate on the draft Budget 2014.

An updated report was produced in May 2014 by the Economics Unit to inform the draft Budget 2015 report. This resulted in the 2014 Income Tax forecast worsening to £31 million and the 2015 forecast worsening to £50 million. These forecasts led to the development of the proposed measures to balance the Consolidated Fund.

The proposed measures reported in the draft budget are potential options to balance the Consolidated Fund in 2014 and 2015. The Utilities are aware of the importance in meeting the dividend returns forecast in a year and also the Minister's ability to request additional dividend returns for the wholly owned States' Strategic Investments (JT and Jersey Post.)

Initial dialogue between JT, Jersey Post and JNWWC and the States was carried out before the draft budget was lodged. For JT and Jersey Post it was in the form of emails and for JNWWC at the AGM and emails.

The correspondence has continued since then and any revision to the numbers published will reflect these communications.