

2025.11.11

2.1 Deputy P.F.C. Ozouf of St. Saviour of the Minister for Treasury and Resources regarding the Proposed Budget (Government Plan) 2026-2029 being considered a “bridging budget” (OQ.251/2025):

I think I am the first Member to address you as Bailiff, Sir, so thank you. **[Approbation]** Will the Minister advise whether she considers the Proposed Budget (Government Plan) 2026-2029 is a “bridging budget”, as stated at a recent Scrutiny hearing, and, if so, will she explain how the decisions to draw down reserves and to reduce the States grant temporarily align with the Fiscal Policy Panel’s recommendations that day-to-day spending is unsustainable and that these short-term measures risk deepening Jersey’s structural deficit and fuelling domestic inflation?

Deputy M.E. Millar of St. John, St. Lawrence and Trinity (The Minister for Treasury and Resources):

I thank the Deputy for his question. This Budget covers the period 2026 to 2029 which, as we will all be very well aware, includes a general election. While the Budget sets out a balanced plan for the next 4 years, we must recognise that a new Assembly and a new Government will be setting a Budget in 2027 and will need and wish to align it to their own priorities. Describing the plan as a “bridging Budget” is therefore entirely sensible. The Fiscal Policy Panel have long recommended that we strengthen our reserves, and this Government took action in the last Budget through the transfer of the prior year basis taxation debt to the Strategic Reserve, and this will happen before the end of this year. Drawdowns from the Social Security Reserve are made only to cover the cost of pensions and other benefits, which is exactly in line with the purpose of that fund. Government is not drawing down from reserves for services during this Budget. It is still putting £184 million into the fund through the States grant. I think we can all agree with the F.P.P. (Fiscal Policy Panel) that the previous growth in the public sector is not sustainable, and all Members need to work together to ensure that we do not continually add more spending to the Budget without regard for how we will pay for it. However, making changes to curtail the growth should be done in a considered manner, understanding the impacts. This must be a focus in the coming years to ensure we will build more sustainable public finances for the future.

2.1.1 Deputy P.F.C. Ozouf:

I am very sympathetic to everything that the Minister for Treasury and Resources said in that interview with the Scrutiny Panel. She also said that, in her view, I think, the position should be reasserted that it is the Minister for Treasury and Resources’ Budget as opposed to the Council of Ministers. I wonder in answering the question concerning a bridging Budget whether or not she would seek reclaiming the powers back for the Treasurer and the Minister for Treasury and Resources to ensure that she can put a Budget before this Assembly or any Minister for Treasury and Resources, as was the case in the past, when there is a structural deficit with corrective action?

Deputy M.E. Millar:

That is an interesting question, and I think yes, I did say that during the Scrutiny hearing. My understanding, and I have to confess to not being fully aware of what the changes were, is that some changes were made in 2019 to the Public Finances Law, and that did remove some of the Minister for Treasury and Resources powers. For example, the Budget is a Budget that is lodged by the Council of Ministers and it is the Minister for Treasury and Resources’ Budget. I have asked my team to look into what those changes were and what we think the impacts of some of those changes were. We have already suggested in the Budget that we will return to a multi-year budgetary process rather than the year-on-year, which we have been doing for the last few years, and to then consider what further changes should be made to reinvigorate, shall I say, the Minister for Treasury and Resources’ powers. I think the reality is that is not something that will be completed in this term, but it is work that I have instructed my officers to commence.

[9:45]

2.1.2 Deputy K.L. Moore of St. Mary, St. Ouen and St. Peter:

Would the Minister agree that simply curbing the growth in annual expenditure does not go far enough with the economy and the finances in the position that they are. It is time that the Government returned to the work of the previous Government, which was addressing, stopping and simplifying the delivery of services in order to properly address and reduce the annual expenditure of Government?

Deputy M.E. Millar:

I do not believe that work has necessarily stopped. In the last couple of years, departments have been asked to make efficiencies, to reprioritise services, to look at what services need to continue, and I agree that work has to continue, and it has continued. We have taken real steps to make savings and efficiencies and we can point to that both in Health and in other departments. I agree with the Deputy that work has to continue and we all have to play a part, but we all have to remember that we have constant demands for new money and new spending and we all have to remember that that new spending has to be paid for. But the Government is also putting money into economic growth in a variety of areas.

2.1.3 Deputy Sir P.M. Bailhache of St. Clement:

Does the Minister agree that it is in the public interest that an individual Minister should have responsibility for the Island's Budget?

Deputy M.E. Millar:

I believe that was a pattern for a very long time and I think since that stopped being the case we have seen the very big increase in spending that we have seen in the last 5 or 6 years.

2.1.4 Deputy P.M. Bailhache:

Could the Minister answer the question?

Deputy M.E. Millar:

Yes.

2.1.5 Deputy K.M. Wilson of St. Clement:

Could the Minister explain how she believes the Budget maintains fiscal discipline while addressing some of the growing pressures in Housing, Health and Infrastructure?

Deputy E. Millar:

As I have indicated, we are taking steps to curb growth in the public sector, particularly by reducing the use of consultants, by trying to take out extra layers of management, by looking at senior managerial roles, and in the meantime, by preserving what we would call front line jobs. Now, we could all argue about what front line jobs are. That seems to really narrow down in most people's minds to health and education. Very many of the new jobs we have seen are, in fact, in education. We have a very significant number of new teaching assistants and we have continued to recruit in health. Fiscal discipline is something that sits with the A.O.s (accountable officers). They are all very well aware of the need to come in within budget. We have been speaking to them since as long as May to make sure that they are coming in in budget, but many of them will tell you that is easier said than done. Fiscal discipline, I absolutely agree. But it comes down to all. Government can only control so much and everybody in this Assembly, I keep saying, has a part to play in restraining spend and if everybody brings forward propositions requiring us to spend more money, it makes it very difficult for Government to balance the books.

2.1.6 Deputy K.M. Wilson:

Thank you to the Minister for that. One of the things that would be helpful to understand is how the overspends, if they do occur, will be addressed in this Budget? \

Deputy M.E. Millar:

To the extent there are overspends, we think we already know what they are at this time of year. We know what the extent of the overspends are. Accountable officers are responsible for those. They have been asked to look at action plans to bring themselves in line. There will be some departments where, for a number of good, unavoidable reasons, that is not going to be possible, but there is funding in the contingency reserve to meet the overspends that we believe we have at the present. But we really need to get back on to a basis where people are not exceeding budget, people must come in a budget in future.

2.1.7 Deputy P.F.C. Ozouf:

I must say I welcome the Minister for Treasury and Resources' acknowledgement that the powers of the Minister need to be restored in law and congratulate her for saying so openly yes to Deputy Bailhache's question. Will she now actually, notwithstanding the fact that those changes to law may not be in this Parliament, in this term of office, would she at least undertake to require her Ministerial colleagues to bring forward an options paper on how they would collectively, under the current arrangements, close that structural deficit, that black hole, so that Islanders can understand what the difficult trade-offs that they are going to be asked to make, and the future postholder will be asked to make, to close that deficit? You can only close a deficit by either reducing expending, growing the economy or raising taxes. Would she agree to do that?

Deputy M.E. Millar:

I do not believe I have the powers to require my colleagues to do anything. I can ask them to do it and I can encourage them to do it. I certainly will do that. My officers will start that work so that everybody understands what the implications are. I am afraid I have lost the last part of your question, sorry.

Deputy P.F.C. Ozouf:

It was a traditional 3-part plan. It is always going to be either tax increases at the last, growing the economy and before that expenditure actions; there are only 3 ways out. You cannot hide it. I think she knows that.

Deputy M.E. Millar:

Yes, that is the case. We either have to grow the economy; we are trying to do that. We are trying to support and promote the economy in a range of initiatives, or we have to consider our tax model, but as the F.P.P., anybody who came to the F.P.P. briefings, they also acknowledged that our business model is not accommodating of significant tax changes or we really cut our spending. As I have said again previously, paraphrasing words of someone else, we are a small jurisdiction of 100,000 people and we cannot have it all. We have to stop creating bodies and structures and commissions and regulators that we can no longer afford [**Approbation**] and look at an efficient and proportionate and appropriate way of getting public finances in a position that Jersey can afford and can reasonably expect. Because we do have some very high expectations, and I think my words ... my heart sinks every time I see the words we must have world-class this, global standard this. We simply cannot. We have to recognise what we can do in a small population and we all have to start paying attention to that.

Deputy P.F.C. Ozouf:

May I raise the défaut on the Chief Minister, please?

The Bailiff:

Are Members content to raise the défaut on the Chief Minister? The défaut is raised.