

COUNCIL OF MINISTERS

(92nd Meeting)

21st August 2008PART A

All members were present, with the exception of Senator P.F.C. Ozouf, Minister for Economic Development and Senator T.J. Le Main, Minister for Housing, from whom apologies had been received.

Senator F.H. Walker, Chief Minister  
 Senator W. Kinnard, Minister for Home Affairs  
 Senator T.A. Le Sueur, Minister for Treasury and Resources  
 Senator P.F. Routier, Minister for Social Security  
 Senator M.E. Vibert, Minister for Education, Sport and Culture  
 Senator B.E. Shenton, Minister for Health and Social Services  
 Senator F.E. Cohen, Minister for Planning and Environment  
 Deputy G.W.J. de Faye, Minister for Transport and Technical Services

In attendance -

Deputy A.J.H. Maclean, Assistant Minister for Economic Development  
 W.D. Ogley, Chief Executive, States of Jersey  
 J. Morris, Policy and Research Manager  
 M.N. de la Haye, Greffier of the States  
 I. Clarkson, Clerk to the Council of Ministers

Note: The Minutes of this meeting comprise Part A and Part B.

Minutes.

A1. The Minutes of the meeting held on 24th July 2008, having been circulated previously, were taken as read and were confirmed.

States  
 business.  
 1240/7/1(1)

A2. The Council reviewed the list of public business scheduled for consideration by the States Assembly during the Second Session of 2008.

In relation to the report and proposition entitled, 'Bailiff of Jersey: cessation of dual rôle (P.112/2008 refers)' the Council concurred with the view expressed by the Privileges and Procedures Committee; that although the reconstituted States Assembly might wish to consider pursuing such a review after December 2008, it would be premature to make the decision solely on the basis of the proposition before the Assembly. **The Council resolved to approve a suitable comment at its next scheduled meeting.**

Draft Annual  
 Business Plan  
 2009:  
 amendments  
 and funding  
 pressures.  
 1038/1/1/64  
 (1)

A3. The Council, with reference to its Minute No. B3 of 25th June 2008 and with I. Black, Treasurer of the States and K. Plowright, Assistant Accountant – Financial Planning in attendance, considered a series of reports concerning possible amendments to the draft Annual Business Plan 2009 and associated funding pressures. In particular it considered the report and proposition entitled, 'Goods and Services Tax: exemption or zero-rating for foodstuffs and domestic energy' (P.103/2008), as lodged 'au Greffe' by Deputy C.F. Labey of Grouville.

The Council recalled that the draft Annual Business Plan 2009 reported a broadly healthy financial position for the States of Jersey. It further noted that the latest financial forecast, as outlined in the draft Annual Business Plan, indicated that the overall financial position of the States would remain sustainable going forward, although the possibility of an imbalance over the period 2009 – 2013 could not be ruled out. In this regard, the Council acknowledged that P.103/2008, together with a number of funding pressures previously identified by the Council, had varying degrees of potential to affect the sustainability of public finances in the coming years; consequently it would be necessary to maintain a particularly responsible and manageable approach to addressing the various issues facing the Island and its residents, while remaining mindful of the possibility of more challenging economic conditions in the coming months.

The Council noted a declaration of interest made by Senator B.E. Shenton arising from his position as a director of the Co-operative Society Limited (Channel Islands) and determined that it was not necessary for the Senator to withdraw from the meeting.

Having reviewed its position regarding the implementation of the Goods and Services Tax, the Council recalled that it had previously introduced a comprehensive series of measures to mitigate the impact of the tax on lower income households, while at the same time limiting the number of exemption classes in order to reduce administration costs as far as was appropriate and reasonably practicable. Although it considered that these measures had been equitable and proportionate in isolation, the Council accepted that it had not foreseen the unprecedented rises in food and fuel prices, which had affected Island residents (and those in other jurisdictions worldwide) during 2008.

**In view of the economic and social implications arising from the prevailing market conditions, the Council concluded that it should accept part (a)(i) of the proposition lodged by Deputy Labey and agree to exempt or zero rate foodstuffs in line with United Kingdom Value Added Tax arrangements. It further agreed –**

- (a) - that current rates of income support, including the allowance for GST on food, should be maintained;**
- (b) - that the supplementary scheme for people who were not entitled to receive income support but who fell below the tax threshold should also be maintained;**
- (c) - that planned reductions in income support for people who received transitional relief should be deferred from January 2009 until October 2009.**

The Council noted that the Minister for Treasury and Resources would be prepared to bring forward for approval the necessary legislation to give effect to the decision of the States Assembly.

Deputy G.W.J. de Faye requested that his dissent to the Council's decision to accept part (a)(i) of the proposition lodged by Deputy Labey be recorded in the Minutes.

With regard to part (a)(ii) of Projet No. P.103/2008, the Council determined that there was scope to refine the proposal significantly, both from an environmental

perspective and so as to ensure that an appropriate proportion of any domestic energy related benefit package was devoted to mitigating the impact of rising domestic fuel prices on lower income households. **On that basis the Council declined to support that part of the proposition and resolved instead to pursue the following alternatives -**

- (i) an increase of 20.0 per cent in winter fuel payments, over and above the 6.6 per cent increase already included in the 2009 cash limit as outlined in the draft Annual Business Plan 2009;
- (ii) freezing fuel excise duty in the forthcoming Budget 2008;
- (iii) introducing a programme of home insulation grants and energy efficiency advice to help the public to reduce their fuel bills; and
- (iv) accelerating the programme of insulation for States housing to help tenants reduce their fuel costs.

The Council agreed that a draft amendment to the draft Annual Business Plan 2009 proposing the various increases in net revenue expenditure of individual departments necessary to achieve the foregoing should be prepared for approval by the Council in the earliest possible course.

Deputy G.W.J. de Faye requested that his dissent be recorded in respect of the decision to pursue an increase in winter fuel payments. He maintained that the funding required for such an initiative would be better spent accelerating the home insulation programmes referred to at (iii) and (iv) above.

Consideration of this matter continued under the Council's Part B (Confidential) agenda.