

Jersey plans to use its 'rainy day' fund as it slips to...

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I [have long forecast](#) that as a result of continuing financial deficits arising from Jersey's decision to impose a 0% tax rate on companies it would eventually go bust. I have never seen reason to change that opinion and although the [latest budget for Jersey](#) shows it almost breaking even that is stated before the impact of the latest decision on its tax system from Europe, before the impact of LVCR going and after using the most optimistic assessment of growth and likely tax revenues - which the budget itself shows could be massively overstated.

Now [BBC Jersey reports](#):

Jersey's treasury minister is urging that £40m in government funds to help Jersey through the recession must be used.

Senator Philip Ozouf wants to make sure the cash for capital projects, from the Fiscal Stimulus Fund, is spent in 2012.

With high unemployment and the economy shrinking by 5% in 2010, the minister said it would be a boost for business.

No Philip: that's not true. What this says is you know your books aren't balancing and you've got no choice but use the rainy day fund now before the inevitable failure I forecast happens.

It's actually quite sad to see what I so accurately forecast as long [ago as 2007](#) panning out in reality largely because it is so unnecessary. There is a [Plan B for Jersey](#) - but it's always been ignored.