

2.5 Connétable A.S. Crowcroft of St Helier of the Minister of Treasury and Resources regarding the possible deferral of implanting G.S.T:

In view of the Island's improved financial situation, and the delay in implementing the new Income Support System, would the Minister be prepared to defer the implementation of G.S.T. (Goods and Services Tax)?

Senator T.A. Le Sueur:

No. The improvement in our financial position is welcomed, but it does not in any way diminish the need to implement G.S.T in 2008. In that context it is unfortunate that the Constable did not attend the recent presentation to all States' Members on the Annual Business Plan being published tomorrow, although I have to add he was not the only absentee. Those who attended should have been left in no doubt that while the current position is indeed healthy the longer term situation, following the introduction of Zero/Ten, remains uncertain. Our success in meeting our aim of economic growth shows that the elements of the States' fiscal strategy were wisely chosen. When we change the way we taxed companies in 2009 the States' finances will take a severe jolt. It is impossible to predict accurately the total loss in revenue caused by the necessary changes in our corporate tax arrangements, but we know that G.S.T will bring an annual revenue which will be crucial if we are to make up the loss of corporate tax revenue and continue to provide the services which our community requires. The delay in implementing a new Income Support System is irrelevant. I gave an undertaking that Income Support needed to be in place before G.S.T was introduced, and we are on track to achieve exactly that. Income support is due to come in from January or February next year, but G.S.T will not come in until April or May, 3 or 4 months later. Our improving financial position means that we might be able to maintain a 3 per cent rate of G.S.T for far longer than the minimum of 3 years, to which we have committed. But it most emphatically does not mean that we do not need G.S.T or that we should defer its introduction. We need economic growth, we need Income Support and we need G.S.T. G.S.T and economic growth will work together to provide the income from taxation that this Government needs to maintain the high level of public services it wishes for the community, including that of Income Support.

2.5.1 The Connétable of St Helier:

Of course the Business Plan briefing was moved from today backwards to Friday at very short notice, so it is not surprising why many Members could not attend it. If I could ask a supplementary please, the Minister of Treasury and Resources says that it is irrelevant that the Income Support System will only be introduced in January, we now hear it could be slipping as far as February, how can he say it is irrelevant when it was originally supposed to be introduced in August of this year, and do people who are less well off not deserve some chance to settle in with a new welfare system before they are hit with a new tax?

Senator T.A. Le Sueur:

I certainly was not trying to imply that Income Support itself was irrelevant, but the timing is irrelevant. When Income Support was due to come in, in August of this year, that was when G.S.T. was also supposed to come in from 1st January 2008. Having deferred the introduction of G.S.T. by a few months, the deferment of Income Support by a similar period simply reinstates the previous position a few months later.

2.5.2 Senator L. Norman:

Is the Minister aware that only a few days ago the Minister for Economic Development said that the 3 per cent rate promise for 3 years could easily now be extended for 5 years, and is that not indication enough that the introduction of G.S.T. could be delayed, which would also give us the opportunity to introduce the price marking legislation to protect the interest of consumers?

Senator T.A. Le Sueur:

No, it does not. What it means is if we start on track and we continue on track, we may be able to stay on track. If we get off track now we will never get back on to that track. I think the price marking situation will be dealt with in the questions addressed to both the Minister and myself later on in this session, and I do not think we should get sidetracked by that issue at this stage.