

2015.04.14

3.2 Deputy G.P. Southern of St. Helier of the Minister for Treasury and Resources regarding the estimated shortfall in tax revenues for 2015:

Will the Minister inform Members what the latest estimate is for the shortfall in tax revenues for 2015 and state what measures, if any, he has under consideration to deal with it?

Senator A.J.H. Maclean (The Minister for Treasury and Resources):

Regrettably not today. The latest published figures for shortfall in revenue appears in the 2015 Budget, however Members are about to receive an invitation to a briefing next week when a full update on these and other matters will be given.

3.2.1 Deputy G.P. Southern:

Are Members to place any credibility with the widespread opinion among many in our society that rather than £80 million of shortfall we are facing £130 million?

Senator A.J.H. Maclean:

There has been indeed much speculation, wide-ranging speculation, and that is one of the reasons that I am not going to add to that today. The facts are going to be presented next week. The Council of Ministers are considering later this week the final details and I think that is in appropriate order, to remove any speculation that may or may not be reverberating around the Island.

3.2.2 Deputy S.Y. Mézec of St. Helier:

We are talking about huge sums of money here, so when we have this briefing next week are we finally going to see a Council of Ministers that has realised the reality of this and will they be briefing us on what taxes are inevitably going to have to come up or which public services they are inevitably going to have to cut and if not will he try and justify exactly who it is he is trying to kid.

Senator A.J.H. Maclean:

I am sorry that the Deputy feels he is being kidded. That is not the case at all. Next week, as I have said, the facts will be presented to Members. There will be an opportunity for detailed questions and I am sure it will be a very enlightening and useful debate. The Council of Ministers have been spending considerable time working through the challenges that we face and indeed looking at the ways in which we are going to deal with them. I have said before, and I will say again, this Island is in a very fortunate position. We have resources to hand. We have a strong balance sheet. We therefore have opportunities in which many other jurisdictions globally do not, so I am sure that next week all will be revealed and the Deputy will be, I hope, satisfied with what is presented to him and certainly he will have opportunities to ask the questions he wishes to ask.

3.2.3 Deputy M. Tadier:

Will the Minister explain what he thinks the underlying cause of the bigger than expected deficit is or what the causes are?

Senator A.J.H. Maclean:

The figures that were presented at the last Budget by my predecessor did identify revenue shortfalls, as opposed to budget deficits, of £34 million for 2014, and £50 million for 2015. The Budget document also gave a raft of measures that were going to be put forward or were put forward to address that particular revenue shortfall. With regard to why it occurred; it appears that income forecasts have over-estimated perhaps what the reality of the situation was.

[10:00]

Income has fallen, expenditure continues to rise. We cannot forget the fact that there are considerable pressures and those are other matters. We have the short-term issue for 2015 to deal with. We also have the challenges for the period of the next Medium-Term Financial Plan 2016 to 2019, and there are pressures there, for example, like the Health spending of £50 million.

Deputy M. Tadier:

Supplementary?

The Deputy Bailiff:

We do not have time, I am afraid. I have seen Deputy Higgins and then a final supplementary.

Deputy M. Tadier:

May I challenge the ruling? I know it is your first day. We were told by predecessors that it is an important part of the democratic process that supplementaries be allowed to be asked.

The Deputy Bailiff:

Indeed it is an important part of the democratic process, Deputy, but that does not mean they can be asked on an open-ended basis and without any regard to the time strictures that govern the Assembly. [**Approbation**] My ruling on the matter is I will take a question from Deputy Higgins and the final supplementary from Deputy Southern.

3.2.4 Deputy M.R. Higgins of St. Helier:

Rather than have the usual sort of presentations we get from Ministers where you are given the papers on the day, will the Minister for Treasury and Resources undertake to circulate to Members before this briefing the papers, even if embargoed, so we all have a chance to study them and therefore make or ask reasonable questions rather than being flummoxing around trying to read the documents, listen to the briefing, and then come out with one or 2 questions and waste the time? So will the Minister undertake to circulate the papers beforehand?

Senator A.J.H. Maclean:

I always want to be as helpful as possible, and I do take the point of the Deputy that these briefings are more useful when Members are briefed in advance or have some reading material in advance. The difficulty, and I am sure Members will understand the sensitivity, that if information gets out into the public domain we have got matters relating to staff, matters relating to unions, and it is only fair that this is dealt with in a consolidated way. I will seek to get as much information as I can to Members in advance but I cannot guarantee that I am going to get all the data to Members in advance, and I am sure they will understand the sensitivity and reasons why. I would also add that if Deputy Tadier wishes to ask more questions I do have questions without notice, so I am sure he can have an opportunity shortly.

3.2.5 Deputy G.P. Southern:

Since I cannot ladle 2 questions into one I shall resort to my supplementary, which was that with such major sums involved in the shortfall does the Minister not accept that this calls for a major change of direction by this Government, that the low tax, low spend economic model on which he bases the economy is broken and it is time to examine such measures as progressive taxation, for example, a 5 per cent addition of income tax on earnings over £100,000 would produce something of the order of £46 million, which may go some way to dealing with the shortfall?

Senator A.J.H. Maclean:

I think there is going to be a difference of opinion between where I sit and perhaps where the Deputy sits. I would concede that of course we need to look at all measures when considering how we meet challenges. That is both on the revenue side: that includes how we go about taxation, indeed dealing with matters of avoidance, for example, ensuring we collect the tax that is due and

other matters that need to be considered. I can assure both the Deputy and Members that all options are being considered as they, I hope, would expect as we look at the options available for us for dealing with the challenges we face. But as I have already said, we are in a strong position, we do have options, we do have flexibility and that is a very good position to be in.