

# **STATES OF JERSEY**



## **ECONOMIC GROWTH PLAN (P.38/2005): COMMENTS**

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**Presented to the States on 19th April 2005  
by the Finance and Economics Committee**

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**STATES GREFFE**

## COMMENTS

The Finance and Economic Committee fully supports the 'Economic Growth Plan', maintaining that economic growth is a key component to the success of the Fiscal Strategy, and one which is vital in order to mitigate the loss of taxation revenues as a result of the changes to the corporate taxation structure.

A real increase of 2% per annum in economic growth is estimated to yield £20 million additional tax revenue over the 5 year period 2005-2009. This will enable the size of the potential increase in tax burden for residents to be eased.

The Committee strongly supports the principle of the "Stabilisation Fund" and will bring forward in due course detailed proposals for the funding thereof, and criteria for its use to ensure adequate investment at times of economic downturns.

In order to attain the target level of economic growth, investment is clearly necessary. The Finance and Economics Committee considers that the proposals for that investment put forward in the Economic Growth Plan are reasonable and realistic.

The investment will ultimately result in income to the States, which will enable the level of services currently provided to the Public to be maintained. Funds for the on-going investment costs will have to be found from within existing resources, and the Finance and Economics Committee will ensure that these plans are built into future resource allocation processes. However, over the initial period the Committee will identify and make available adequate pump priming funding to enable preliminary investment to occur as a matter of priority.