

2.6 Deputy G.P. Southern of the Chief Minister, responding on behalf of the Minister for Treasury and Resources, regarding the achievement of a sustainable balanced economy:

Does the Minister consider that following the full implementation of the Zero/Ten tax regime, the Island has achieved a sustainable, balanced economy?

The Deputy Bailiff:

Are you going to gazump the Assistant Minister here? Chief Minister.

Senator T.A. Le Sueur (The Chief Minister - rapporteur):

Most Members are fully aware that the move to Zero/Ten was a critical step in ensuring that all Islanders could continue to enjoy the high level of prosperity that the Island's success as a financial centre over many years has brought them.

[10:15]

I do not intend to go over the arguments of the move to Zero/Ten, as they have been approved by the States Assembly, and most Members know that they are compelling. The worst global recession since the 1930s has had inevitable consequences for the Island, but I believe we remain in a very strong position, not least because of the sound positions of this Assembly and its predecessors. The latest economic forecast suggested the global economy will continue to see growth this year and the next, and I firmly believe that we are in a strong position to take full advantage of these trends. In addition, the Minister for Economic Development is already working on a new economic growth strategy to ensure that we have the right policies in place to see opportunities for future growth and ensure that this is sustainable, while being as balanced as can reasonably be expected in line with Island constraints.

2.6.1 Deputy G.P. Southern:

I notice that the Chief Minister made no attempt to define "sustainable" or "balanced"; in fact, made no attempt to address that part of the question, which was central. Nonetheless, does the Minister believe that only taking in £128 million tax from all trades, which is balanced with £54 million from non-financial companies, and only £74 million from financial intermediation businesses, does he believe that that is a fair and proper balance for this economy?

Senator T.A. Le Sueur:

I said in my original answer that this is as balanced as could be reasonably expected in line with Island constraints. Now, if I want to elaborate, the fact is that the tax revenue generated from businesses in the financial services area is far higher per capital than in most other businesses. Therefore, if we are talking about Island constraints, it is inevitable that there is going to be an imbalance in order to achieve that objective.

2.6.2 Deputy G.P. Southern:

Can the Minister account for the sudden increase from £73 million of income tax collected from business in the 2011 budget estimates to £128 million in the latest figure given in the answer to question 6121, asked yesterday of the Minister for Treasury and Resources?

Senator T.A. Le Sueur:

Without detailed information about the background calculations to those 2 figures, I could not do so. I think that may be a better question for a written question to the Minister for Treasury and Resources.

2.6.3 Deputy M.R. Higgins:

Does the Chief Minister accept that the move from Zero/Ten means that there is an irrevocable shift in taxation from companies to individuals and that this will make the lot of ordinary workers a lot worse off?

Senator T.A. Le Sueur:

I cannot say it is an irrevocable shift, but certainly it is the planned shift from corporate taxation to individuals, which was discussed at some length over recent years. It is a policy which is necessary in order for us to maintain our prosperity over the forthcoming future.

2.6.4 Deputy M.R. Higgins:

A supplementary, Sir. Does the Chief Minister not accept that this shift in taxation or the balance of taxation to ordinary workers, together with restricted pay growth and job losses, is likely to make the recovery in the Island much harder?

Senator T.A. Le Sueur:

No, I do not. I believe that a stable and sound and understood taxation system, coupled with business confidence and proper legislation and reputation and regulation will ensure that we have a successful and sustainable future.

2.6.5 Deputy G.P. Southern:

Is the Chief Minister proud of his achievement in transferring so much of the tax burden from business to individual households in Jersey?

Senator T.A. Le Sueur:

I am proud of proposing a policy for maintaining the Island's prosperity in difficult economic times when the alternatives would have been significantly worse.