

2.20 Deputy M. Tadier of the Minister for Treasury and Resources regarding previous assurances that G.S.T. would not be increased:

Given that during questioning on 11th December 2008, when he was appointed, the Minister stated: "I can give the Assembly a categorical assurance that I will not bring any proposals to increase G.S.T." would the Minister explain why he has now gone back on this undertaking?

Senator P.F.C. Ozouf (The Minister for Treasury and Resources):

I welcome this opportunity of answering this question. I stood as Minister for Treasury and Resources after extensive research into Jersey's public finances. I studied the Independent Fiscal Policy Panel's latest report when the forecast indicated that we would be returning to balanced budgets within 3 years. I used this information to make cost savings as my principal policy in standing for Minister for Treasury and Resources. However, as things turned out, we not only had to cut costs - which I have been clear from the start of my tenure - but also the deterioration in our income meant that we need also to raise additional revenue through taxes. As soon as I became aware of this development, I was clear with both this Assembly and the public. I have expressed regret and apologised for this change in position. I would say in my defence that, during the great depression, after changing his position on monetary policy, John Maynard Keynes said: "When the facts change, I change my mind. What do you do, Sir?"

2.20.1 Deputy M. Tadier:

He may change his mind but he certainly does not change his spots. The Minister surely will be aware that the question was a qualified one. The question from Deputy De Sousa was about what happens if the economy really does slow down. The Minister will be aware that the question took place 2 months after Lehman Brothers collapsed, when there was widespread concern about the state of the economy. Does he now acknowledge that at a time when the FTSE100 is back up to a level which it was before the actual crash, that in fact this is complete scaremongering; that G.S.T. does not need to go up, that we do not have any deficit and that the Minister can quite happily stand by his election promises and the promises that he made to this House, and that there is no need to increase G.S.T. at this time?

Senator P.F.C. Ozouf:

The Deputy is against the increase in G.S.T., probably for different reasons than I was at the time. The world has changed dramatically since I stood for Minister for Treasury and Resources. Economies around the world have taxation systems in absolute tatters. We are seeing some of the issues in terms of the Irish economy and others. I do not believe anybody in this Assembly could have forecast the deterioration in public finances; the fact that we have seen the great recession over the last few years. I am quite serious; when the facts change, when evidence changes, sometimes politicians need to change their position in the public interest. I believe that putting Jersey's public finances back into balance is the right and responsible approach for me as Minister for Treasury and Resources, and I express again regret that I have had to change my position. Yes, I believe in low taxes and, yes, I would not want to put them up but I am doing so because I think it is the right thing for the long-term interests of the Island.

The Bailiff:

Very well. I am afraid that brings questions to an end. We now move on to questions without notice and the first period is to the Minister for Home Affairs.