

23 August 2010

Senator Philip Ozouf
Treasury & Resources
PO Box 353
2nd Floor
Cyril Le Marquand House
St Helier
JE4 8UL

Dear Senator Ozouf

Re; Fiscal Strategy Consultation

We write regarding the recent papers on proposals to taxation changes and would like to put forward our concerns and objections from the Jersey Construction Council.

Our first objective is to urge the States to look at income-raising options that will not damage the Island's competitive edge and we would hope that the government will be careful not to curtail recent growth within the Construction industry.

The Council would urge the States to ensure that all possible efficiency savings are implemented before considering any tax increases that will affect businesses.

Details outlining the proposed increase in income tax rate for Islanders and the increase in social security contributions will not encourage investment and it could stop any further growth within the Island. We urge the government to analyse who will suffer in the long term from a 30 per cent income tax rate for higher earners. Businesses within the Island have worked extremely hard to attract high-skilled individuals and the proposals outlined would simply make the Island an unattractive destination for the people who are able to drive the economy forward. It could in turn mean that staff may consider relocating as a result of this hike. For the good of the Island's industries this cannot be allowed especially at a time when people are becoming more willing to look forward and invest in new developments.

When considering the possible increase in social security contributions, the Council would hope that the States would ensure that the revenue raised should be "ring-fenced" in order that this can be spent on facilities for the elderly.

With the introduction of fiscal stimulus money in the Construction Industry the States has already recognized the crucial part that the industry plays in Jersey's economic growth. This investment is greatly appreciated and confirms that the industry provides the infrastructure that allows other businesses to function and has been a clear indication that the government believes a healthy industry will provide benefits for the whole community.

The Construction Industry spans all levels of employment and the Council is aware that any tax changes will affect employees at one level or another. If the cost of doing business in Jersey continues to rise there is a danger that business will be driven away which could result in more job losses.

We very much hope that government takes into account the views expressed above.

Kind regards

Yours sincerely,

Martin Holmes
Chairman, Jersey Construction Council