

**WRITTEN QUESTION TO THE MINISTER FOR ECONOMIC DEVELOPMENT  
BY DEPUTY S.C. FERGUSON OF ST. BRELADE**

**ANSWER TO BE TABLED ON TUESDAY 23rd OCTOBER 2007**

**Question**

Would the Minister confirm that the Economic Development Department is insisting that free competition for contracts between local and overseas companies represents a level playing field, given the fact that after zero/10 it is probable that local companies will be taxed more heavily and also in light of the need to build up the skills base in the Island?

**Answer**

The Economic Development Department supports the need for free competition between local and overseas companies as this is an important element of the States Economic Growth Plan and is also an important factor in controlling inflation in our Island economy. Lower inflation helps all businesses in the Island to compete and you only have to look at the Island's recent inflation performance (with inflation currently below the States target) to see how increased competition can help to keep inflation down.

However, the Economic Development Department does not agree with the statement that 'after zero/10 it is probable that local companies will be taxed more heavily'. In fact, both before and after 0/10 local companies will continue to be taxed more lightly than UK based companies and their subsidiaries in the Island. The Department has yet to see any real evidence to the contrary and would be interested in any examples the Deputy has to show that local companies will be at a disadvantage.

Another key component of the States Economic Growth Plan is to improve the skills base through the Skills Strategy and this is being supported by the development of a Skills Executive. The Department is therefore fully focused on this task and opportunities for skills development will also be improved by sustained economic growth with low inflation.