

**STATEMENT TO BE MADE BY THE PRESIDENT OF THE FINANCE AND ECONOMICS
COMMITTEE ON 21st JUNE 2005**

I should like to make a Statement to the Assembly following recent publicity given to the Shadow Scrutiny Panel process looking at GST and the zero/ten corporate tax system. I should remind Members that the decision to move to zero/ten was overwhelmingly approved (38/4 votes) in July 2004.

The recent publicity demonstrates the danger of appointing lobby spokesmen as advisers to scrutiny panels. There will always be a temptation for them to use the opportunity as a platform for their views and, in particular, a presentation of events which fits their particular campaigning stance. An example of this is the adviser's statement which led to the recent JEP headline suggesting that our zero/ten proposals have not been presented to Brussels, and might not be acceptable.

The Shadow Scrutiny Panel has been provided with copy correspondence with the U.K. in October 2002, detailing the specific zero/ten proposals together with a reply from Dawn Primarolo, the U.K. Minister who, in holding the Chair of the EU Code of Conduct on Business Taxation, was asked to present the Island's position. Her reply confirmed that these proposals would be put to the EU Code Group. This presentation duly took place and the EU Code Group held meetings on the issue between November 2002 and March 2003.

To evidence this, the Panel has been provided with a specific EU Report dated 6th March 2003, under number reference 7018/1/03 FISC 31 entitled 'Code of Conduct Group (Business Taxation) to ECOFIN Council' which records discussion about the zero/ten tax proposals of the Island together with those of its fellow Crown Dependencies. The end result is one whereby the Code Group presented a positive recommendation to the ECOFIN Council of the EU to accept the zero/ten offer.

The final piece of evidence that the Shadow Scrutiny Panel has in its possession is the Statement of the Conclusions of the ECOFIN Council of 3rd June 2003, in which, meeting the recommendation of the Code Group on the zero/ten proposals offered by the Island, was finally decided. I quote the specific point from that Report which demonstrates beyond doubt that Brussels not only has received our proposals but judged them –

'The Council notes that the Code Group has considered the proposed revised or replacement measures of the Member States and of dependent or associated territories (i.e. Jersey) against the established criteria of the Code of Conduct and ... has found none of these harmful within the meaning of the Code'

and –

'The Council agrees that the proposed revised or replacement measures are adequate to achieve rollback of all the harmful features of the 66 measures listed (4 were listed for Jersey).'

To me this is absolutely clear. To address the point of the recent publicity, Brussels has been consulted and newspaper readers in Jersey have not been presented with the proper version of events. Scrutiny is every bit as publicly funded an activity as any other and taxpayers have a right for it to be used for the purposes for which it has been set up; namely, to act in the function of a 'critical friend' for legislative proposals being put to the States, rather than as a platform for lobby groups with a campaign agenda to present that in contradiction of evidence put to the Panel.