

Balanced Budget needed in challenging times



Treasury Minister Allan Bell MHK

'The Isle of Man's economy remains in good shape despite hard buffeting from the turmoil in the international markets.'

This was the key message from Treasury Minister Allan Bell: 'The Island is not in recession; the economy is still growing; business is still coming in; banks are still recruiting and we still have near record numbers in employment. Overall the Isle of Man remains very robust in comparison with any other jurisdiction, either large or small.'

His remarks were made during his most recent Budget Speech and in light of rating agencies Standard & Poor's and Moody's recently renewing the Island's triple 'A' credit rating [which is the highest they can award]. 'Continuing to maintain a top rating reflects the Government's astute management of the economy, in particular the ratio of reserves to public spending. The Isle of Man Government is required by law to budget for a surplus, which is currently estimated at £14 million,' he said.

"plan for a rainy day"

Mr Bell said the Isle of Man 'should be proud' that it had prepared for 'a rainy day' and been able to produce a balanced budget without the need to

increase taxes or curtail strategic spending in important government departments like the DHSS. 'This is very good news for the Isle of Man and gives confidence to international investors that we can get through the difficult times ahead. All in all, this budget is a very positive message for the Isle of Man.'

Key budget points:

A pledge to keep tax down with personal standard rate staying at 10 per cent and the higher rate at 18 per cent;

Single people may have incomes of £19,700 before paying tax at the higher rate, while for married couples it's £39,400;

Cap on total income tax payable per person remains at £100,000 per annum or £200,000 for a married couple;

£127 million capital programme to help boost the construction industry;

£5.6 million extra for public services - including a £13.3 million injection for the DHSS;

£14 million budget surplus in the current year;

£30 million transfer to various reserve funds;

£5 million more for promoting the Island internationally.

Mr Bell emphasised the need to maintain the excellent quality of the Island's public services, as well as delivering its £127 million capital programme. The Government is therefore looking to bring forward additional schemes that will further support the construction industry. These include new housing and repairs to schools.

No external borrowing

He also stressed that the Isle of Man did not rely on any external borrowing. Next year's net spending, which is the

amount that has to be funded by direct and indirect taxation, is to increase by £5.6 million to £572.1 million.

"look at our success and be part of it"

'This is the most difficult Budget I've had to prepare but the Island's economy is stronger and more diverse than in any previous slow-down. It is not in recession and there are still good news stories amongst local companies.

To the outside world my message is plain: Look at our 25-year record of unbroken growth. Look at our success and be part of it, because when the world starts to recover it will find the Isle of Man ready and able to be part of that recovery.'

He cited sustained confidence in the Island's banking sector as the best testimony to this. Deposits in Isle of Man banks remained at record levels, he said, with the current figure standing at £66 billion.

The Isle of Man's status as a well-regulated jurisdiction had been enhanced, he added, by the fact that the Government had operated a depositors' protection scheme since 1991 which has recently been enhanced and extended.

The Isle of Man is currently awaiting the result of its latest review by the International Monetary Fund. This chiefly concerns the Island's international negotiations and impacts on global issues such as tax cooperation and Mr Bell said he was confident of receiving an equally positive report.

For further information contact:

Isle of Man Finance
+44 (0) 1624 686400
enquiries.fs@gov.im
www.isleofmanfinance.gov.im

