



Isle of Man
Government

Reiljts Ellan Vannin

The Treasury

Yn Tashtey

FROM THE OFFICE OF THE TREASURY MINISTER

Minister for the Treasury

Government Office, Douglas

Isle of Man, British Isles

IM1 3PU

Telephone (01624) 686433

Fax (01624) 685662

Mr L Hooper MHK
Legislative Buildings
Finch Road
Douglas
IM1 3PW

E-mail: treasuryadmin@gov.im

Government Website: www.gov.im

Our Ref: ALC/mjf

Your Ref:

Date: 23 February 2018

Dear Lawrie

I have set out a carefully considered budget plan designed to reduce the Government budgetary deficit to a point in 2020 / 2021 where income exceeds expenditures and reserves can start to be replenished.

It is in the best interests of the Island that we return our finances to a surplus position as soon as possible and last year I asked you to join the Treasury sponsored SAVE team to help us secure £25m worth of additional efficiencies to contribute towards achieving this objective.

As you are aware, the disciplined and focused budgetary plans I have laid do not include inflation increases of between 3.8% and 6.4% for public spending, as outlined in your response to the Budget on Tuesday.

As you were nonspecific, I have averaged your spending plans at 5.1% therefore and applied these to the Police and other front line services in Health and Education as well as Welfare and Benefit Payments. These were the key areas highlighted in your speech.

Based on your implied spending plans, I estimate at least £14.5m will need to be found next year on top of the awards made in the budget. This may have ramifications for costs across the whole of Government and would significantly impact the medium-term financial plan.

In addition you have called for further tax incentives for employers, new residents, university students, low income and hard working families. All these measures were uncoded.

I do not presume to understand how you propose to pay for all this but your expressed views and your vote against the Budget mean therefore that your position on the SAVE team is now irreconcilable.

I would like to thank you for your contribution to this Treasury initiative.

Yours sincerely,

Hon. A L Cannan MHK
Minister for the Treasury