

**WRITTEN QUESTION TO THE MINISTER FOR TREASURY AND RESOURCES
BY DEPUTY M.R. HIGGINS OF ST. HELIER
ANSWER TO BE TABLED ON TUESDAY 2nd NOVEMBER 2010**

Question

Will the Minister publish the research and estimates he has for the number of private sector job losses he expects to occur as a result of the proposals to cut public spending and raise taxes over the next 12 to 18 months?

Answer

Very few if any private sector job losses are expected to occur as a result of the proposals to cut public spending and raise taxes.

With specific regard to reductions in public expenditure, there is little reason to expect any significant private sector job losses as a consequence. Firstly, the reductions in public expenditure represent a relatively small proportion of economic activity. Secondly, in comparison to jurisdictions like the UK, the private sector in Jersey is much less dependent on public expenditure. In fact, it is likely that, as resources are freed up from the public sector, that private sector employment may increase.

With regards to tax increases, the proposals put forward in the draft Budget are the result of extensive research and consultation on the options to raise additional revenue. The effects of different taxes on employment and competitiveness have been a key factor in the considerations of the various options. As a consequence, we can be confident that the proposals to increase taxes will have a minimal impact on private sector jobs. For example there is a wealth of international evidence recommending broad-based consumption taxes such as GST as least harmful to growth and employment.

Further, both the reductions in expenditure and increases in taxes are being phased in gradually over the next three years. During this period the economy is expected to have returned to growth, and the Council of Ministers has committed to doing all it can to ensure that the Island maximises its potential for sustainable economic growth and opportunities for employment.