

**WRITTEN QUESTION TO THE CHIEF MINISTER  
BY DEPUTY G.P. SOUTHERN OF ST. HELIER  
ANSWER TO BE TABLED ON TUESDAY 9th MARCH 2010**

**Question**

Will the Chief Minister inform members of the estimated costs to States revenues over a 6-month period in lost Income Tax and indirect taxes, Social Security contributions, and Income Support payments of the redundancy of an employee on the average wage, in the absence of any redundancy payments, if that employee is –

- (a) single;
- (b) married with 2 children, wife not working, and either
  - (i) in appropriate States social rental accommodation, or
  - (ii) Owner/occupation with a mortgage of £200,000?

**Answer**

I can confirm that the estimated costs to States revenues over a six month period of the redundancy of an employee on the average wage\*, in the absence of any redundancy payments is as follows:

	<b>Household type</b>	<b>Income Tax</b>	<b>States Contribution to Supplementation</b>	<b>Income Support payments</b>
(a)	Single	£2,644	Gain of £719.50 (supplementation not being paid)	If occupying a 1 bed flat at fair rent then IS = £291.76 per week x 26 weeks = £7,585.76
(b)	married with 2 children, wife not working, and either			
(i)	in appropriate States social rental accommodation, or	£804	Gain of £719.50 (supplementation not being paid)	If occupying a 3 bed House at fair rent then additional IS = £607.25 x 26 weeks = £13,218.40.
(ii)	Owner/occupation with a mortgage of £200,000.	£0	Gain of £719.50 (supplementation not being paid)	£363.37 per week x 26 weeks = £9,447.62

- Average wage based on average weekly earnings per full-time equivalent employee was £620 (June 2009, Statistics Unit).

It is not possible to determine a meaningful estimate of the effect of redundancy on indirect taxes because the influence of any potential behavioural change resulting from redundancy on the distribution (not the level) of expenditure by an affected household is unquantifiable.