

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

Question

Will the Minister inform members of the total package he has proposed for low-income households to compensate for the impact of the 2% increase to GST and state how it will be affected by the impact of the £1.8 million cuts to benefits already agreed and the proposed £4 million cuts in Income Support to be made by Social Security?

Would the Minister outline how such proposals help to build a more equal society?

Answer

For households on low incomes I have proposed to:

- compensate all households receiving income support
- maintain an adequate GST bonus for those on low incomes but not receiving income support.

I have also proposed that income tax exemption thresholds increase in line with average earnings growth, which will give most help to those on lower incomes who pay tax.

As stated in an answer to a written question asked of the Minister for Social Security by Deputy Southern –

“Income Support provides comprehensive financial support to working age families both in and out of work. The single benefit ensures that individuals affected by the loss of a job or restricted working hours can be compensated for their reduced earning capacity by an increase in their Income Support benefit.”

The Income Support rates were adjusted in line with the introduction of the 3% rate of GST in early May 2008. The proposal to increase the rate to 5% in June 2011 includes a similar increase in the Income Support budget and the budget for the "GST bonus". This will ensure that lower income families that do not pay income tax will be protected from the full impact of the increase in GST.”

The spending cuts of £4 million in Income Support are to be achieved by the end of 2013 and it is anticipated that Jersey will have returned to economic growth by that time and the need to support working age families will have decreased as they find jobs in a more buoyant labour market.

The Social Security department will be providing additional support to jobseekers in the next few months to ensure that they are well prepared to take up employment as soon as possible.

The increased protection in respect of the GST increase will contribute to the Strategic Plan aim of creating a more equal society by helping to ensure that the additional tax measures are balanced by additional support for those on lower incomes.

Planning to balance the Island's finances by 2013 will help towards creating an equal and fair society by securing economic growth, jobs and the ability to fund public services in the long term.