

**WRITTEN QUESTION TO THE MINISTER FOR TREASURY AND RESOURCES
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ANSWER TO BE TABLED ON TUESDAY 18th FEBRUARY 2014**

Question

Given that the graph for General Revenue Income provided on page 1 of the section ‘supplementary notes on income forecasts for budget 2014 (September 2013)’ (R.8/2014 refers) (“page 1”), appears to indicate a drop in forecast revenue in the order of £30m, would the Minister provide an updated forecast for the years 2013 to 2016 inclusive, utilising the revenue figures used in the Long Term Revenue Plan as referred to on page 1, using updated expenditure forecasts, and presenting such forecast in the format used in table 4.2 on page 25 of the 2012 budget (P159/2011)?

Answer

The ‘Supplementary Note on Income Forecasts for the Budget 2014’ provided States members with an extract from the work, which was carried out for the Long Term Revenue Plan (LTRP). This LTRP extract covered the period 2013 to 2015 and provided a summary of the initial review of the forecasts for General Revenue Income only. This did not include information on expenditure forecasts.

The figures for States Income forecasts, which formed the basis for the graph on page 1 of the supplementary note, have been updated and all include the impact of the agreed 2014 Budget measures and are as follows:

		Forecasts		
		2013 £'000	2014 £'000	2015 £'000
States General Revenue Income				
States Income				
Income Tax	MTFP adjusted	454,965	474,965	499,475
	LTRP assumptions	446,000	462,000	473,510
Goods and Services Tax	MTFP adjusted	79,761	81,955	84,508
	LTRP assumptions	78,381	80,132	81,939
Impôts Duty	MTFP adjusted	54,534	54,903	55,012
	LTRP assumptions	55,891	56,774	57,102
Stamp Duty	MTFP adjusted	24,529	27,402	28,961
	LTRP assumptions	18,549	19,238	21,654
Other Income	MTFP adjusted	20,545	21,926	24,764
	LTRP assumptions	23,122	19,092	24,584
Island Rate	MTFP adjusted	11,670	12,032	12,453
	LTRP assumptions	11,665	11,956	12,255
States Income Forecast		646,004	673,183	705,173
States Income LTRP Forecast		633,608	649,192	671,044

Note: the ‘MTFP adjusted’ forecast represents the MTFP original forecasts adjusted for the measures agreed in the 2013 and 2014 Budget, as used in the Answers for Written Questions Q8128 and Q8129 for this States sitting.

It is important to note that the LTRP is a much longer term planning tool, looking beyond the next MTFP. As with all longer term planning, the longer the timescale, the greater the uncertainty and hence the more prudent the assumptions used.

The central MTFP forecasts, updated for the agreed 2013 and 2014 Budget measures (including the 1% reduction in marginal income tax rate), remain the central forecast.