

**WRITTEN QUESTION TO THE CHIEF MINISTER
BY DEPUTY J.A.N. LE FONDRÉ OF ST. LAWRENCE
ANSWER TO BE TABLED ON TUESDAY 28TH JUNE 2016**

Question

Would the Minister complete a table utilising the description of household identified in Appendix B of P.58/2006, and for each of the household scenarios there set out, indicate the amounts payable by that household scenario for each of the years 2005, 2010, 2012 and 2015 in respect of:

- a) income tax ;
- b) GST, based on estimated household expenditure, per the relevant / most recent household spending survey;
- c) long term care charge (“LTC”);
- d) social security costs, assuming that all income is earned, all earners are employed rather than self employed, and also assuming a 60% / 40% split of income between the couples where both are working ; and
- e) Where children are referred to, take account (where necessary) of any changes in nursery education funding, and assume (where indicated) that one child may also be at a States fee paying school. Assume that any changes in States funding of education costs / grants during the period from 2005 to 2015 was fully passed on to the household by the year in question.
- f) Please provide a net total for each of the categories (a) – (e) specified above for each relevant year

Answer

The level of detail being requested in this question (and in questions 9501, 9502, 9503, 9504, 9511) requires significant research and evaluation covering the years 2005 – 2019, and 200 different household types. It also covers all individual benefits, charges and tax changes - some of which have altered significantly (for example Income Support was not in place in 2005) and some of which remain under development (such as the Community Infrastructure Levy). There is also an element of subjectivity where assumptions would need to be made, for example:

- In the estimation of GST costs for household types
- Whether there is additional support, financial or otherwise, available privately (for example from extended families) for education costs
- Property tenure and rental levels to determine Income Support eligibility.

As such, this is a significant and intensive piece of work, toward which resources will be directed over the summer period, with the aim of providing a practical, informative and representative response to Members at the beginning of September 2016, and prior to the MTFP Addition debate.

At the same time, we should not focus solely on how income is raised and benefits are applied. Equally important is how the wide range of government expenditure is prioritised and allocated, who it helps, and the impact of these decisions on the wider economy, our cost of living, and our standards of living.

This is why the MTFP Addition is supported by the distributional assessment considering how income and expenditure measures affect different income groups, and the findings of the Fiscal Policy Panel on the economic impact of the MTFP Addition.

All this means that very extensive work is being undertaken as part of the planning of our public finances, making sure they deliver the best possible outcome for Islanders.