

STATES OF JERSEY



DRAFT BUDGET STATEMENT 2009 (P.158/2008): SECOND AMENDMENT (P.158/2008 Amd.(2)) – COMMENTS

**Presented to the States on 1st December 2008
by the Minister for Treasury and Resources**

STATES GREFFE

COMMENTS

The Draft Budget Statement 2009 (P.158/2008) includes proposals to allocate £2.4 million of the £5.8 million agreed in P.138/2008 in September to an increase in income tax exemptions limits by 5% instead of 3% in 2009. The balance of £3.4 million is being allocated to targeted benefits through the additional expenditure proposals (P.163/2008) for the Income Support Scheme and GST Food Costs Bonus Scheme.

Those proposals represent respectively the Minister for Treasury and Resources' and the Minister for Social Security's interpretation of the States' decision on P.138/2008.

Deputy Ferguson is presenting this amendment, and a complementary amendment to P.163/2008, as an alternative interpretation which would transfer £500,000 from those less well-off in receipt of benefits on Income Support to those low to middle-earners who pay tax at the marginal rate. The effect of the amendment would be to allocate the £5.8 million funding approximately equally between those on the Income Tax system and those who are in receipt of benefits, either through the Income Support Scheme or GST Food Costs Bonus Scheme.

The Minister for Treasury and Resources takes the view that the majority of the £5.8 million should be targeted to the less well-off. However, the Minister accepts that it is ultimately for the States to determine the appropriate allocation. It is important that Members are aware that the Deputy's intention is that this proposal is neutral to the financial position of the States, and Members should only contemplate supporting it if they are also prepared to support the complementary amendment to P.163/2008.