

**QUESTION TO BE ASKED OF THE PRESIDENT OF THE FINANCE AND ECONOMICS
COMMITTEE ON TUESDAY 13th MAY 2003, BY DEPUTY G.P. SOUTHERN OF ST. HELIER**

Question

The process of Fundamental Spending Review, involving a complex combination of reductions in services and “user pays” charges, has resulted in the following proposed budget adjustments for 2004 -

	<u>£ (million)</u>
Health and Social Services	+3.4
Finance and Economics	+3.1
Education Sport and Culture	+1.1
Employment and Social Security	+0.1
Home Affairs	-0.2
Policy and Resources	-0.2
Economic Development	-0.9
Housing	-1.8
Environment and Public Services	-2.5

- (i) Does the President accept that such figures, where additional or increased charges are involved, are effectively equivalent to an additional taxation burden?
- (ii) Can the President give an estimate of the total additional income that will be raised through such additional or increased charges?

Answer

- (i) It is difficult to generalise about whether every single proposal contained within the net figures quoted by the Deputy regarding increased charges was effectively equivalent to an additional taxation burden. Nevertheless, taking the question in general terms, I accept that where additional or increased charges are concerned, the financial effect, on those incurring the charges, may appear to be similar to an additional taxation burden. There is however an important distinction to be made and it is this; any proposed ‘user pays’ charges must be commensurate in value with the service provided, whereas taxation is a compulsory levy raised by government which bears no relationship to any service provided. Thus, with a ‘user pays’ principle there is a higher level of relationship between the user, the service, and the cost of that service.
- (ii) Until all Committees have agreed the package of measures they are prepared to take for the coming year it is not possible to quantify the total additional income which might be raised through such additional or increased charges. At this stage I can simply indicate that the options agreed at the final fundamental spending review meeting included agreed savings generated on the ‘user pays’ principle of approximately £5 million. These will of course be subject to consideration by the States at the time of the debate on the Resource Plan.