WRITTEN QUESTION TO THE MINISTER FOR TREASURY AND RESOURCES BY DEPUTY J.H.YOUNG OF ST. BRELADE ANSWER TO BE TABLED ON MONDAY 22nd SEPTEMBER 2014

Question

Would the Minister provide an explanation of the words “comparable basis to the existing financial forecast” used in his reply to my written question (No. 8476) of 9th September 2014 which stated that on this basis, the draft 2015 Budget presented to the States indicated a forecast breakeven position in revenue income over expenditure in 2016 and 2017; and inform the Assembly whether he has become aware of any further information since these forecasts were produced which effects their reliability; whether these forecasts take account of the downturn in 2014 tax revenues; whether they are considered to be reliable by his internal and external advisers and whether there is any qualification or limitation placed upon the forecasts?

Answer

The words “comparable basis to the existing financial forecast” mean that they are based on the same set of economic assumptions and ITFG forecasts as used for the draft Budget 2015 forecasts for 2014 and 2015. The presentation of a forecast breakeven position assumes that the next MTFP will continue to follow a strategy of balanced budgets, but this will be a decision for the next Council of Ministers and States Assembly.

The Minister has published, in R136/2014: Long-Term Revenue Planning Review and in the answer to the Deputy’s written question No.8516, the detail of the indicative income forecasts for 2016 and 2017.

These indicative income forecasts are based on the latest information in respect of economic assumptions and incorporate the forecasts from the Income Tax Forecasting Group. The forecasts therefore take account of the revision in 2014 tax revenues.

The Minister continues to remind Members that the indicative forecasts are a central forecast and, as with all longer-term forecasts, there is significant uncertainty around the indicative forecasts to 2017. As a result it is advisable to use a range with upper and lower levels based on 5% either side of the central forecast and therefore a total range of 10%.

The Minister also wishes to remind the Deputy that the Treasury is now providing much longer-term forecasts than previously, which, subject to all the caveats relating to uncertainty associated with all long-term planning, provides States Members with information which, if used appropriately, is designed to improve transparency and provide better information, which in turn offers more options and better decision making as we move away from short-termism.