

**WRITTEN QUESTION TO THE MINISTER FOR TREASURY AND RESOURCES
BY DEPUTY G.P. SOUTHERN OF ST. HELIER
ANSWER TO BE TABLED ON TUESDAY 2nd NOVEMBER 2010**

Question

Does the Minister accept that cuts to public services have a disproportionate impact on households on the lowest incomes, and what research, if any, has the Minister undertaken on the combined impact of Stages 1 and 2 of the CSR savings proposals across income bands, and if none, why not?

Answer

It is difficult to estimate the impact of public expenditure cuts on households at different income levels. This is the case both in general and in particular as the CSR savings will be achieved, as far as possible, through efficiencies and providing services differently without significant impact on frontline services. The IFS (Institute for Fiscal Studies) have stated with reference to analysis of UK spending cuts:

“Given the difficulties, conceptual and empirical, involved in the valuation of the benefits of public services, producing a single set of numbers that represent the distributional impact of the entire package of cuts to spending on public services necessarily involves making a series of contentious assumptions which may crucially impact the outcome; an alternative and no less plausible set of assumptions could yield quite a different outcome.”

Nonetheless, by ensuring that we close the forecast deficits in a way that minimises the impact on the economy and facilitates economic growth this will benefit Islanders at all income levels including those on low incomes.