

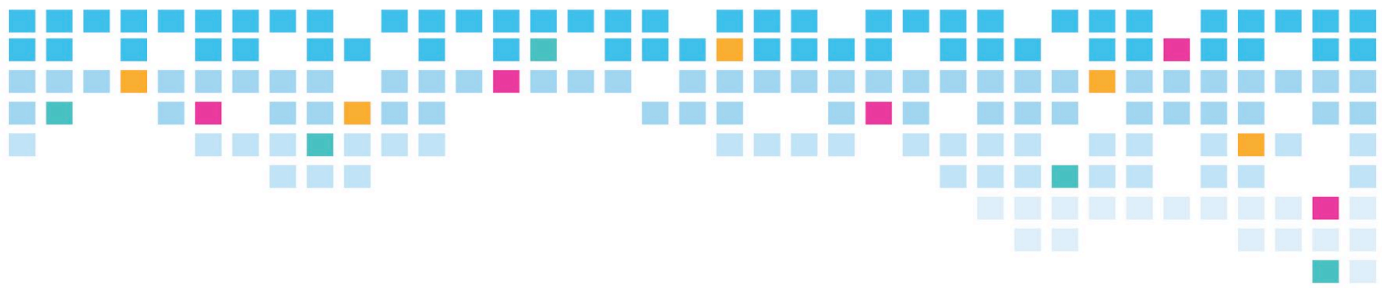
## **RESPONSE TO THE DRAFT 2015 BUDGET STATEMENT**

The Council's remit is to improve levels of information enabling the Jersey consumer to make informed decisions. The Council aims to make the Jersey consumer's voice heard and to make it count'

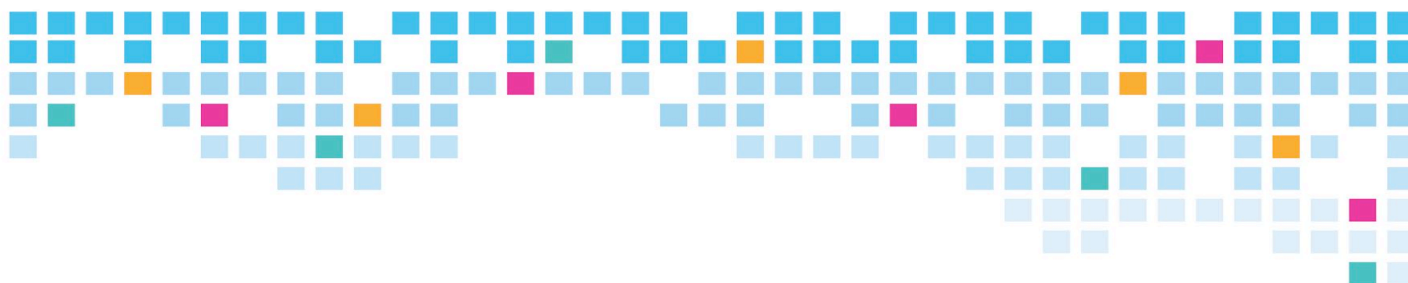
We welcome the opportunity to respond to the draft 2015 Budget Statement.

Our detailed response is as follows:

- 1. To consider the proposals of the Minister for Treasury and Resources in the Draft 2015 Budget Statement in respect of**
  - a) **Income Tax.** It is worrying that a potentially large shortfall in Income Tax receipts compared to those forecast in the Medium Term Financial Plan has only now been detected. The Council would urge that any proposals to transfer monies from other funds to maintain a positive balance on the Consolidated Fund, should tax levels fall to the predicted levels, do not expose Islanders to a shortfall in funds in years to come, such as in the 'Long Term Care Fund' and pensions.



- b) **Goods and Services Tax.** Although receipts are lower than forecast, and that no rate change in GST is being proposed for 2015, as many individuals and families are struggling financially, it is vitally important that other forms of revenue raising are found, such as tax revenue from growing the economy , before tampering with the current GST rate of 5%. At the same time, Government spending has to be curtailed. Any planned rise in GST should be deferred until more evidence is obtained to say that families on low and middle incomes will not be damaged.
- c) **Impots. Although** The Council does not like to see any price increase for the consumer, it agrees with the increase in duty on tobacco by 4.7% on health reasons and the continued policy of increasing the rate of duty on tobacco in general, again for health reasons.
- d) **Stamp Duty.** The Council welcomes the proposal of introducing no Stamp Duty on properties up to 300K as it could encourage more movement at the bottom of the market and in turn may allow home owners who wish to move up the market to do so more easily, as their properties will become more marketable.



## e) Other Tax proposals

### **2. To consider the Capital Programme for 2015 as presented in the Draft 2015 Budget**

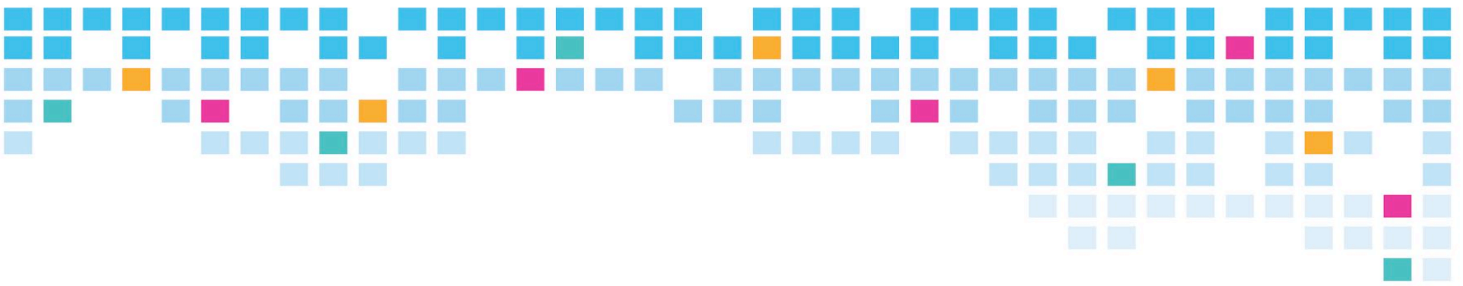
**Statement.** The Council agrees with the prioritisation of the second phases of additional Primary School accommodation and of the Sports Strategy infrastructure. Clearly, a forecasted significant increase in pupil numbers over the next few years has to be accommodated and the provision of additional classrooms on existing sites should be welcomed.

Phase 2 of the Sports Strategy infrastructure programme should be encouraged given that any increase in the numbers of Islanders, children or adults, participating in Sport on a regular basis is likely to lead to a reduction in the Island's Health bill in the long term. In the Council's opinion, this should not be allowed to be deferred for any reason, as it less likely to be prioritised after the Island Games have taken place in 2015.

The Council also agrees with the £1m allocation of funds for phase 3 of the schools ICT Project being the final part of the 3 year strategy from 2013 to 2015.

Health and Social Services Department – Future Hospital – Feasibility Study and Initial Phases – Design and Planning: (£23m for 2015).

The Council does feel, however, that 23m for design and enabling appears excessive to the general public and has to pose the question as to what it actually covers and how much is being spent on consultancy work out of island?



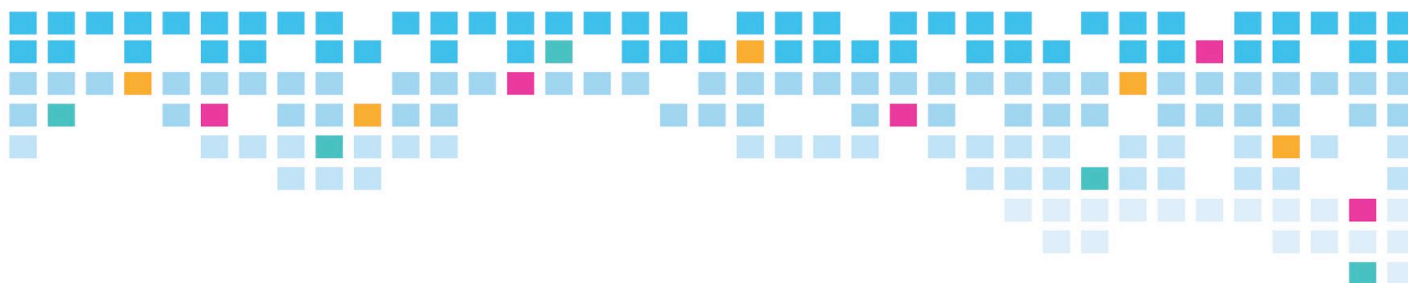
It has to be the right solution for Jersey not a muddled best fit. We should be providing for the short and longer term by taking a holistic approach with joined up thinking and incorporating all States departments. Another way of reducing States spending. For instance Health and Transport could be looked at together.

**3. To consider any transfers which the Minister may propose in the Draft 2015 Budget Statement between the Consolidated Fund and other Funds.**

The Council does not feel qualified to pass comment on transfers between the Consolidated Fund and other Funds other than any planned ‘raiding’ of funds where monies are set aside for health or pensions should be avoided, even if there is a promise to replace the funds at a later date.

**General comment for next 2 to 3 years**

- States of Jersey Government to be more open and transparent
- Reduce Government spending as opposed to increasing revenue through more taxation
- Introduce measures to grow the economy which, in turn, will reduce unemployment and generate increased income for Government through taxation.
- No increase in GST. The ordinary ‘man in the street just cannot afford to pay more for goods and services, particularly on food. Ref ‘Money Matters’ Survey.
- Prioritise Health Funding



- Avoid deferring injections into or transferring money from Long Term Health Care Funds or similar Funds that may adversely affect the elderly

In light of the results of the Council’s recent ‘Money matters’ survey carried out in the Spring of this year, increased taxation is not an option. The survey highlighted the fact that many consumers are now drawing significant amounts regularly from their savings to stay afloat and to supplement household income. It showed that 42% of respondents are struggling each month to meet all domestic financial commitments. This figure is frighteningly high.

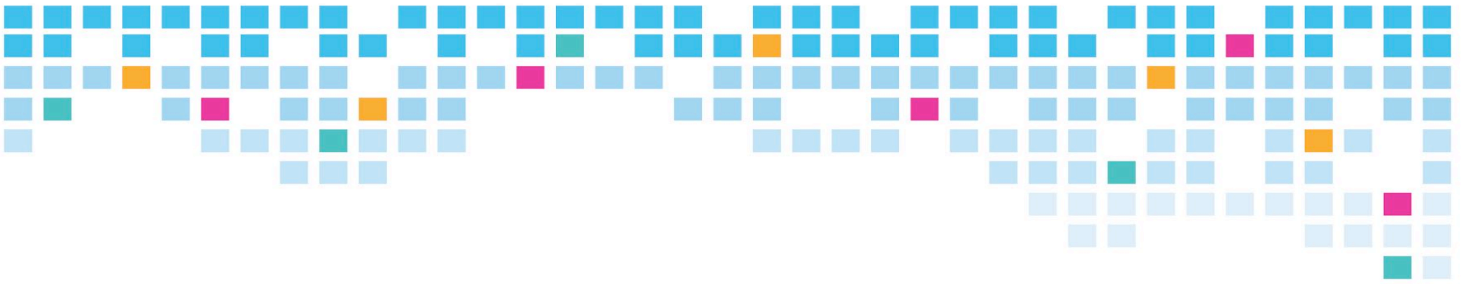
It is the Council’s opinion that increased tax revenue should come from growing the economy and Government spending should be tailored to balance the books. Growing the economy should be Government’s primary objective. Regrettably, there appears to be little in the Draft Budget to help achieve this.

Make it easier and more attractive for small businesses to start up by reducing red tape and offering incentives such as tax breaks to those businesses. Revisit the level of social security contributions for the self employed, which many find crippling.

Our social media channels attracted the following comments when we asked the consumers what choice they would make ... cut spending or increases taxes to help balance the books...what would your decision be if you had to make the decision?

*‘cut expenditure’*

*‘review building projects’*



## **To Conclude**

In conclusion, there are many issues facing Islanders at present, none more so than Financial. Unemployment is high, basics such as food and utility bills are rising on a regular basis. Wages, especially in the private sector are not. There is little point in introducing 'easy fixes' to generate more revenue which result in that revenue being lost through 'hand outs' from other departments (Social Security).