

**WRITTEN QUESTION TO THE MINISTER FOR TREASURY AND RESOURCES
BY DEPUTY G.P. SOUTHERN OF ST. HELIER
ANSWER TO BE TABLED ON TUESDAY 17th APRIL 2012**

Question

Does the Minister accept that the RPI figure for inflation stood at 4.5% in June and rose further to 5.4% in September 2011 and that this renders the answer he gave to question 6787 on 20th March 2012 concerning the squeeze on disposable earnings incorrect, and would he now agree that there was a reduction in disposable incomes at this time?

Answer

The RPI figures quoted are as already published by the Statistics Unit. At June 2011 RPI was 4.5% and rose to 5.4% in September.

The answer to question 6787 was not incorrect. That question stated that the July 2011 FPP report said “that Jersey workers from all earning bands had suffered a reduction in disposable incomes of around 7 to 9% since 2008”. In the answer to the question, the Minister pointed out that this statement does not, in fact, appear anywhere in the report.

The Minister went on to recognise in his answer to question 6787 that this has been a difficult time for households, partly due to factors beyond Government’s control, like global prices and recession. However, to get an indication of whether the more recent rise in inflation highlighted in this question (which is forecast to ease later this year) has resulted in a squeeze on disposable incomes, it will be necessary to understand what has happened to earnings over the entirety of this period and not just to June 2011 (which covers changes in earnings between last weeks of June 2010 and June 2011). This will require the information on average earnings up to June 2012, which will only be available in August 2012. It will also be necessary to take into account that the 2012 Budget announced a number of measures that should ease the direct tax burden for some households – income tax exemption thresholds will rise by 4.5% this year and measures have been introduced to support working parents through generous tax relief for childcare costs.