



STATES OF GUERNSEY

## Personal Tax, Pensions and Benefits

*A joint review by the Social Security and Treasury and Resources  
Departments*

### Public Consultation – Report

*Summary of responses*

August 2013

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## 1. Executive summary

We would like to offer our thanks to all those who took the time to complete the consultation on the Personal Tax, Pensions and Benefits Review. The number and diversity of responses received showed the complexity of the issues involved and their importance to us all. We have been impressed with the quality of responses received and the information gained from this exercise will be invaluable in informing the review and ensuring that the final proposals reflect what is best for Guernsey and Alderney in the long-term.

This report provides a summary of the responses to the public consultation on the issues covered and an outline of some of the alternative options available, which could be further investigated.

The objective of the review is to strike the right balance between the fairness, efficiency and sustainability of the tax and benefits regime in the long-term. At a political level, sustainability is considered the core principle with States' members of the two boards feeling that a sustainable tax system is key to providing high quality public services in the long-term.

The consultation highlighted the issues presented by the projected increase in the number of older people in our population. In March 2012 the Policy Council<sup>1</sup> published a report containing a projection of government expenditure over the next three decades, assuming a continuation of current services. The report stated that:

*'What is apparent from the projections is that either revenue must rise as a share of GDP, or projected spending must fall—or some combination of the two outcomes must be achieved to ensure the States remains in balance over the projected period.'*(to 2040)

Setting the scene for an analysis of the rest of the responses, most respondents felt that there was a limit to the amount of household income which the government could take to fund public expenditure. Limits provided averaged approximately 27%, slightly higher than the current 26% combined marginal rate of tax and social insurance experienced by most employed people. A key theme of responses to this question was the need to maintain Guernsey's competitive status as a relatively low tax jurisdiction.

In general, respondents were not in favour of increasing taxation to cater for all the increased cost associated with providing for the projected increase in demand for public services caused by ageing demographics. The general preference was for a reduction in expenditure (by implication, 'other' expenditure perhaps), whether by a move towards a greater level of personal responsibility for the costs involved or a reprioritising of public services. However, many people felt that a combination of the two approaches would be most appropriate – a view mirroring the conclusions of Policy Council's 2012 report referenced above. The need for efficient provision of services was a key theme within the responses received with many people feeling that the States should demonstrate that the services provided are value for money before increasing revenues.

On the subject of how to continue the provision of the universal old age pension, education and personal responsibility were recurring themes expressed in the responses. The majority (63%) of respondents were supportive of the current scheme, but only 38% would be willing to pay more to continue it. Most would prefer to maintain the long-term sustainability of the old age pension scheme by either limiting increases in pensions to inflation or further extending the pension age to reflect increases in life expectancy (with the latter option receiving more support than the former).

Respondents were more willing to favour an increase in taxation in some form to pay for the increased demand in health than for pensions. Far fewer respondents were in favour of decreasing the level of tax funded healthcare (41%) than were in favour of limiting growth in States' spending generally (69%), with almost as many (37%) feeling that the level of tax funded healthcare should not be reduced. The theme of personal responsibility, although recurring in the section on health and long-term care, was balanced by a feeling that everyone should be entitled to access a good standard of healthcare and people should not be excluded for financial reasons.

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<sup>1</sup> [Potential long-term implications of demographic and population change on the demand for and costs of public services, Policy Council, March 2012](#)

In the area of welfare (in this context mainly supplementary benefit type expenditure) the majority of people expressed the view that a benefits system should provide sufficient income to fund essentials (food, fuel, housing and clothes etc.) but that it should not be generous enough to provide what respondents considered luxury items (e.g. Sky TV, alcohol, tobacco). One of the key themes recurring in response to the questions in this section was that the system should incentivise work and that people should be encouraged to become self-sufficient and not remain on benefits long-term. A majority (75%) of respondents felt that some form of benefit limitation should be retained; the largest consensus in the consultation.

The consultation presented three examples of how the tax system could be modified without raising additional revenues. Ranked in order of preference, with the most preferred first, these were:

- **Removing specific tax allowances and Family Allowance and increasing the universal personal tax allowance**
- **Introducing different income tax rates for low and high earners**
- **Reducing the general rate of income tax and introducing Goods and Services Tax**

Of the three options presented the removal of specific tax allowances and Family Allowance combined with an increase in the universal tax allowance received by far the largest number of favourable comments, with several respondents stating they viewed this as a simplification of the current system as well as creating a more transparent and equitable system. Most comments focused on the removal, reduction or limitation of Family Allowance and the limitation or removal of mortgage interest relief.

The introduction of different tax rates for lower and higher incomes received a more mixed response. Some expressed the opinion that higher earners could afford to pay more, whilst others felt that this would be unfair, particularly in light of the recent increases in the upper earnings limit on social insurance contributions. The overriding concern expressed by many would be the potential for this to damage Guernsey's competitive position in attracting and recruiting firms and highly skilled professionals to the Island.

Respondents were, in general, not in favour of the introduction of a Goods and Services Tax (GST), even when offset by a lower general tax rate, referring to it as regressive and inflationary (albeit technically the inflation effect is a 'one off', impacting headline inflation figures for only twelve months), and a burden on business. A minority of people were in favour of this highlighting the difficulty in avoiding consumption taxes and the benefit of broadening the tax base.

The consultation documentation also set out a number of ways in which the States could raise additional revenue from the personal tax system. The seven examples, ranked in order of preference with the most preferred at the top, were:

- **Removing specific tax allowances and Family Allowance**
- **Raising domestic tax on real property**
- **Increasing social insurance contributions**
- **Introducing environmental taxes**
- **Introducing a higher earners' rate**
- **Increasing the general tax rate**
- **Introducing GST**

The removal of specific tax allowances and Family Allowance received the most positive comments. An increase in TRP also received, on balance, more positive comments than negative. Increases in social insurance contributions and the introduction of environmental taxes each received a similar number of positive and negative comments. A higher earner's rate, an increase in the general tax rate and introduction of GST all received more negative than positive comments with the latter receiving more than four times as many comments against its introduction than in favour of it.

It is recognised that, as far as identifiable<sup>2</sup>, responses from Alderney had a different viewpoint to those from Guernsey. Hopes were expressed that consideration would be given to the possibility of different approaches for the

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<sup>2</sup> Respondents were not asked to identify which Island they were resident on.

two Islands. It is acknowledged that the difference in economic circumstances in Guernsey and Alderney would warrant this being considered and the issue of whether or not a differential approach is possible or appropriate will be reviewed.

As with all public consultations of this type, we must accept that the views submitted represent only those of a small proportion of the population and that some sectors of the population are more likely to respond to this type of exercise than others (a breakdown of the sample distribution is provided in **Appendix 1** together with the best available data on the distribution of the population as a whole). As such, the review of Personal Taxes, Pensions and Benefits will proceed with careful deliberation, with due consideration given both to the opinions expressed in this consultation and the potential impact of any changes on all members of our community.

## **2. Introduction**

This report provides a summary of the responses received to the public consultation phase of the Personal Tax, Pension and Benefits Review. The analysis highlights not only the broad distribution of responses but also key ideas and themes identified.

Quotations from individual responses have been used to provide a flavour of the range of opinion received and although these have been selected as representing a common point of view, they are not necessarily representative of all the responses.

## **3. Next steps**

This review is being conducted over a two year period in two phases.

The progression of phase one will continue with both Boards following their routine budgetary processes. In addition, the Social Security Department will also be presenting a report on the Modernisation of the Supplementary Benefit Scheme to the States later this year. The Boards will give due consideration to the public opinion expressed in the consultation in their usual deliberations.

In phase two, during 2014, the Treasury and Resources and Social Security Departments will bring a joint report to the States outlining the findings of the review including its recommendations (in favour or otherwise) regarding the wider issues in the review and more significant structural changes.

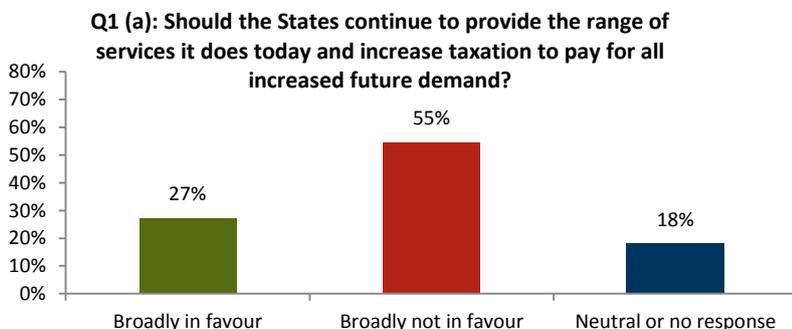
## 4. Response to Questions

This section provides analysis of the responses received. A written summary of the responses received is provided for each question, or group of questions, together with a small selection of quotes extracted from the responses received.

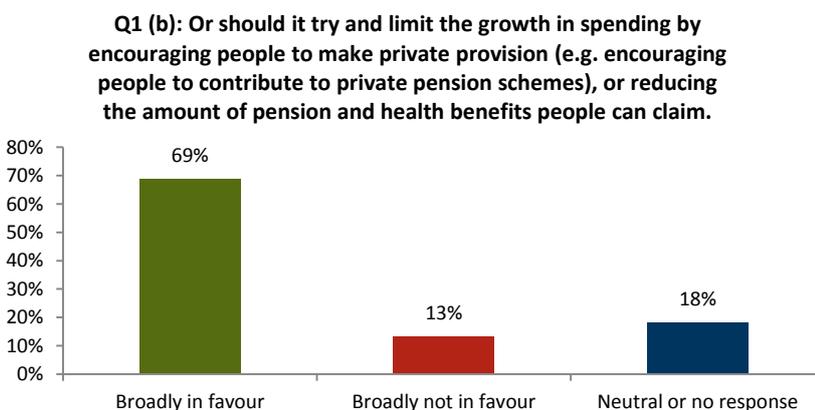
The written summaries are intended to highlight the general consensus and the most significant issues apparent in the responses. Although every effort is made to make this as unbiased as possible it is not possible to cover every point raised. The quotes used are not necessarily representative of the general view but used to illustrate the range of responses received and the type of issues highlighted.

### 4.1. What are your views on the total level of service provision in Guernsey?

Respondents were generally of the view that the States should not increase taxation to pay for *all* increases in expenditure required, with only 27% of respondents supportive of this. More than half of respondents (55%) said they would not accept an increase in taxation to pay for *all* increased demand, although some would accept some increase in combination with measures to reduce costs.



Almost 70% of respondents were supportive of limiting growth in public spending by encouraging greater private provision or reducing pensions or health benefits. 20% of respondents thought this should be done in combination with some increase in taxation creating a balance between increased taxation and reduced expenditure.



Common themes raised in the responses to these questions included support for those who are vulnerable, the efficiency and prioritisation of service provision and personal responsibility (particularly with reference to pension provision).

*“The States must balance what money is available to the Island against what services are essential/required; the result of that must be a considered, balanced solution and may result in some services being ample rather than exemplary. It is not simply a case that personal taxes must raise so that our States can spend money on services indiscriminately.”*

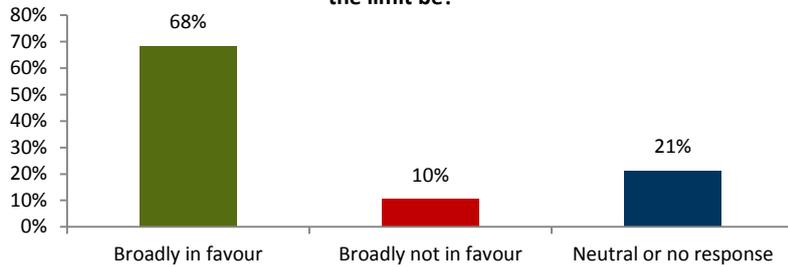
*“When it comes to pension and health, these should not be reduced. It is already too expensive in Guernsey to access primary care, and the state pension is already not enough to live on.”*

*“The States have a duty not just to maintain but to increase and improve its services, which in many cases I believe already and have done for years fall short of the services that are available in the U.K.”*

*“The States cannot commit to provide the same range of services that it does today. Demographic changes, increased costs of services, above inflation increases in health services all militate against such a policy.”*

*“The States needs to review the services and charge where it can. Raising taxes without reviewing the expenditure of central costs is wholly unacceptable”*

**Q2: Do you think there is a limit to how much of a household's income the States should take to fund public expenditure (be it on public services, pensions or welfare) and if so, what should the limit be?**



This question outlined one of the most widely supported principles in the consultation, with 68% of respondents indicating that there is a limit to how much of a household's income the States should take to fund public expenditure.

Most found this difficult to quantify but approximately a third of respondents gave an indication as to what that limit should be. The limits provided ranged from 10% to 50%. The majority of these fell between 20% and 40%, with the average being 27% of a household's income (slightly higher than the 26% marginal rate of income tax and social insurance currently experienced by the majority of employed individuals).

Several households stated that they felt that there are many households which are struggling financially with increasing costs and stagnant wages. A number of respondents thought that wealthy people should pay a higher percentage. Others said households should pay as little as possible and that the States should provide essential services only.

*"Some limitation must exist even if means tested. It is important people have disposable income to spend to generate cash flow in the economy and ensure small businesses survive thus aiding employment and income tax returns"*

*"Not as long as the percentage taken is a fair percentage for all households. i.e. we all pay the same percentage. Allowances should be made for the very poor and vulnerable"*

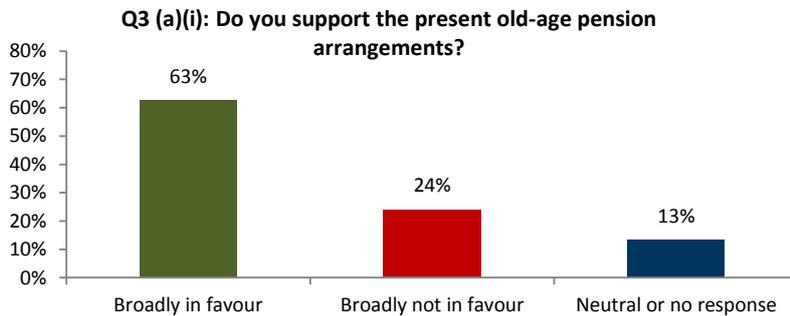
*"The limit is already reached and surpassed. No increases in taxation"*

*"Yes. Many families are struggling while all services are increasing in cost but wages are not. Before raising taxes make efficiency savings such as means testing family allowance & parents have to apply. Unsure on what limit should be - but a fair amount depending on income"*

*"Of course, there should be a limit on the % of household income that the States should take to fund public expenditure and this should NEVER exceed 40% of household income"*

*"20 to 25%, with a cap on earnings taxed. In relation to the cap, it should be borne in mind that most other tax regimes permit deductions for donations to charitable causes whereas this is not the case in Guernsey"*

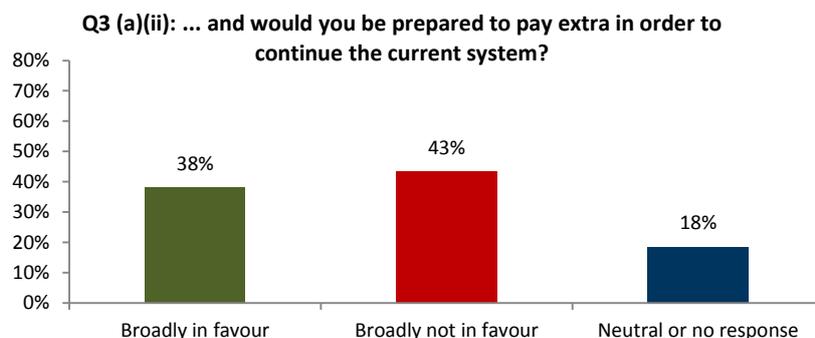
## 4.2. What are your views on old-age pension provision in Guernsey?



The majority of respondents (63%) support the current pension arrangements, but approximately a quarter of respondents did not. Of those supporting the current system, many expressed the view that providing at least a basic state pension is important.

Of those who did not support the current system the reasons given included: that greater emphasis should be placed on taking personal responsibility for retirement; that the current system is unsustainable; that the level at which pensions for the lower paid are subsidised by those better off is too high and that the current system is biased toward older people who will have paid less in the boom years.

Responses were more divided with regards to paying more to continue the current system with 43% indicating that they would not be willing to pay more to continue the current system. Many of these respondents indicated that they would prefer an increase in retirement age (effectively paying more by working longer) to an increase in the rate of contributions.



*"I largely support the present old age pension arrangements. They should not be means tested and the funds should remain ring-fenced. They should always increase by inflation because pensioners do not have the options to increase their income that the rest of us have..."*

*"Yes, I support it and would pay more rather than have it reduced"*

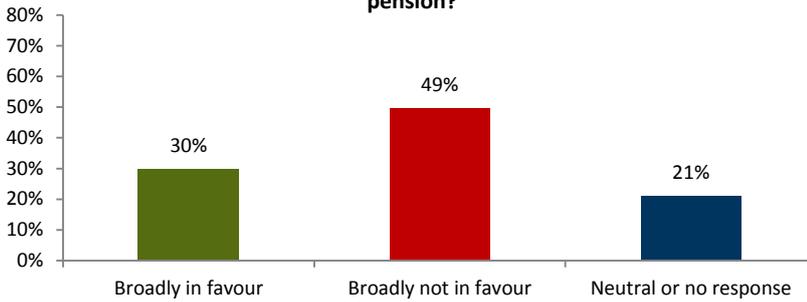
*"I do support the present old age pension arrangements, however, I do not believe pension increases of above inflation rates are sustainable and should be reduced to inflation levels. No I would not want to pay more than I currently do as I think private pensions should be encouraged"*

*"In principle, the current system meets the needs of old age pensioners and its removal would be very difficult given that people have contributed over time and therefore have an expectation of return. But it would be acceptable to incentivise private arrangements and reduce the growth in the current state pension as both a carrot and stick approach. The current increases above RPI are unsustainable and should be stopped immediately"*

*"I would not be prepared to pay extra, therefore if the benefit has to fall then so be it"*

*"No, as a higher paid individual I accept a certain amount of subsidising the less well paid in respect to contributions but that limit is well below the current position."*

**Q3 (b): Would you be prepared to pay more for a higher old-age pension?**



Only 30% of respondents were in favour of paying more for a higher old age pension with some of these suggesting that this should be voluntary.

Of the 49% of respondents who would not be prepared to pay more for a higher old age pension many stated that they would prefer to make their own provision via private schemes. Some also felt that ensuring an individual has sufficient pension provision should not be the responsibility of the States and that separate private pension provision should be encouraged instead.

**Q3 (c): How could the States encourage people to make greater private pension provision?**

Suggestions for encouraging private pension provision fell into three broad categories: tax relief, education and legislation.

Many respondents acknowledged the existing tax relief on private pension contributions, and described it as adequate. However, a number of respondents suggested making pension payments tax-free or taxing them at a reduced rate indicating some of the population may be unaware of the existing tax relief on pensions contributions.

A large number of respondents felt education was the key to encouraging greater private pension provision with a focus on encouraging young people to start saving for their retirement early in their careers and emphasising the subsistence nature of the old age pension.

Many respondents felt that it is necessary to make private pension contributions compulsory though a small number of respondents were concerned about the lack of choice of private pension providers on the Island and about the cost of pensions offered by such providers. Suggestions included compulsory workplace pensions, where the employer is also required to contribute; or a selection of States' sponsored schemes. Several respondents felt that a States-sponsored pension scheme should be set up for those who cannot afford a private scheme.

*"Yes, but only if there was a direct link between what you put in and what you take out. Individuals should have their own "ring fenced" pension... this will encourage "ownership" and greater responsibility, and reduce the risk to the States"*

*"I think the current levels (adjusted for RPI) are high enough, so no"*

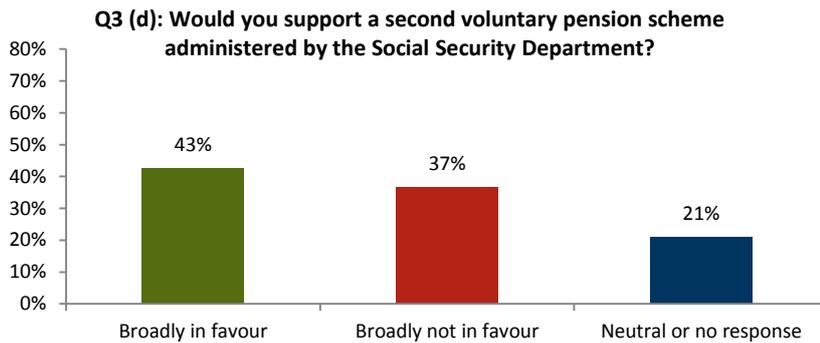
*"No. The pension should be set at a basic level for survival and people should save or pay into their private pension fund as a top-up"*

*"No is the short answer, there is already the opportunity to fund a pension privately. Incentives will encourage more people to contribute if tax breaks are offered during funding, or perhaps a reduced tax of say 10% on the receipt of your private pension in later life"*

*"Encourage employers to set up schemes, set up a matching contribution scheme whereby the States match any contributions to a private scheme (subject to a limit), This could be used to lower/cap the states pension. Ensure tax/social security reliefs are available"*

*"It's all about education. I strongly believe that all school children should be taught the fundamentals of personal finance and have to pass some kind of test to show that they have understood. This should include savings/budgeting/pensions and investment for the long term, renting and buying property"*

*"I believe that the current arrangements for making private or occupational pension contributions non-taxable adequately incentivise people."*



There was a very mixed response to this question, with 43% of respondents in favour of such a scheme and 37% against. In addition, 12% of respondents said that they would support such a scheme if it was run efficiently, well-managed, received good returns compared to a private scheme and was run on a not-for-profit basis.

Approximately 22% of respondents against a second States run scheme stated such schemes should be administered within the private sector. Reasons given included that operating such a scheme would add to the cost of running Social Security, and third party providers would have the expertise to run the scheme more efficiently. A small number of respondents felt that such a scheme should be compulsory instead of voluntary.

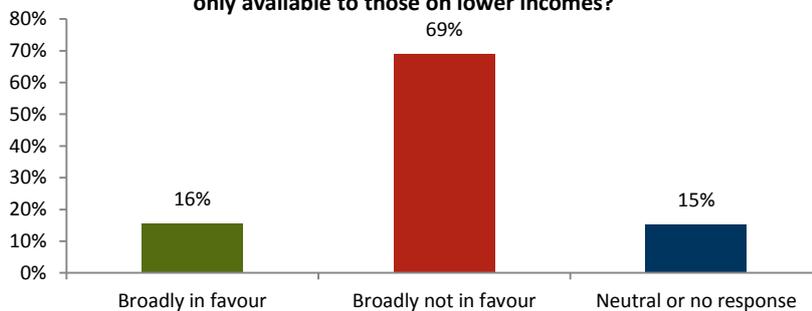
*“Yes. If it was underwritten by the States and had a defined benefit. Similar to the Civil Service scheme”*

*“Yes. I would, however, have concerns with SSD administering it - I believe that commercial pension providers have the expertise and track record of providing such services in a competitive environment where there are real responsibilities for controlling costs...”*

*“Leave it to the private sector to offer products”*

*“The States should not be taking on further services which can be left to the private sector. However there may be a role for the States to facilitate more provision by the private sector. Only if the private sector is unwilling to provide a competitive product should the state step in”*

**Q3 (e): Should the States consider means testing pension payments, effectively limiting old-age pensions so that they are only available to those on lower incomes?**



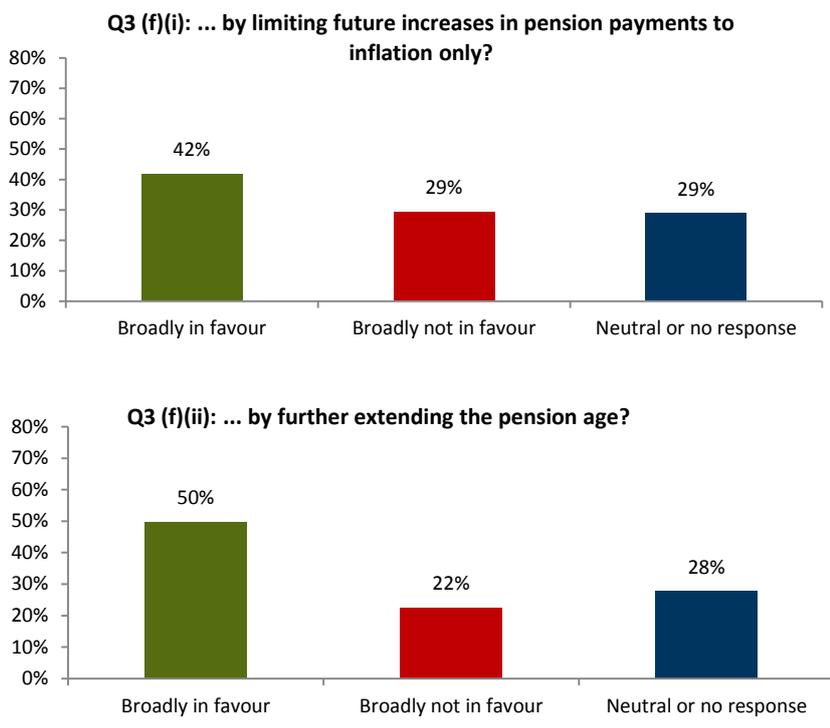
The majority of respondents were against means testing pension payments, with 69% of people not in favour. Most felt that, having contributed to the scheme, people have a right to an old age pension, particularly for those who work and contribute to it all their life. Some felt that means testing the old age pension would discourage people from making private provision.

16% of respondents felt that pensions should be means tested on the basis that those who are wealthy and can afford to support themselves should not be entitled to a public pension they do not need.

*“No. I believe it would be wrong to expect everyone to pay into a pension pot during their working life, and to receive very little or nothing for themselves even though they contributed all their working life”*

*“Absolutely not. If you means test old age pension, you merely reward those who chose not to make provision for their old age and punish those who did.”*

**Q3 (f): Should the States make payments less generous ...**



Considering the two approaches presented together, 18% of respondents were not in favour of making pensions less generous by either method, whilst 64% of respondents were in favour of making the payments less generous in some way. However, there was a mixed response to this question in terms of how this should be done.

Limiting payments to inflation was supported by 42% of respondents. However, several respondents suggested that the scheme should be flexible enough to limit increases to inflation when necessary but also allow above inflation increases when money is available.

More respondents (50%) would support a further increase in the pension age. Several respondents felt that the pension age should be increased to be in line with life expectancy changes and should be reviewed regularly. A small number of respondents said that the pension age could be increased sooner than the current policy<sup>3</sup>.

28% of respondents would support both of the suggested approaches (limiting increase to inflation and increasing the retirement age).

*“Further extending the pension age would be preferred. We live for decades after retirement now, unlike previous generations”*

*“At times of Austerity, it could be wise to limit the pension to inflation only. This would then allow it to be monitored and changed as required as things improve”*

*“Pension increases should be in line with inflation - provided the index being used represents a realistic measure of the cost of living in Guernsey”*

*“Extensions to the pension age may be counter-productive, as forcing people to continue to work into their old age may reduce the opportunities for progression for new employees and increase the incentive for younger workers to leave the Island -reducing the economically active population, and therefore the States' ability to generate revenues”*

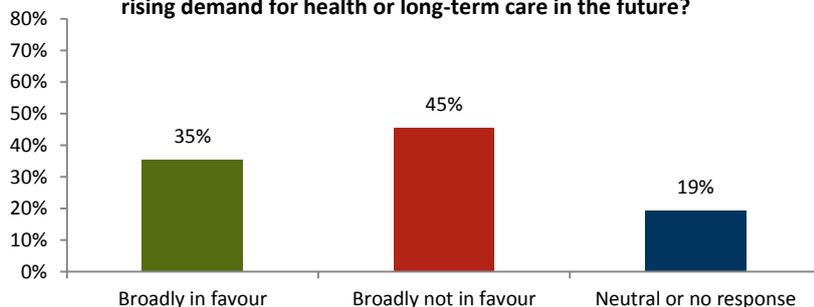
*“I support the current general policy of uplifting pensions at the rate of RPI plus 1pc. If you start to uplift only by inflation, there will be more of a burden on the general revenue budget by way of supplementary benefit payments. I agree with extending the pension age.”*

*“The States should make payments less generous by increasing the pension age. The fact that people live for longer should not mean that the “pension life” should simply be extended; people should have to spend more time in employment as well.”*

<sup>3</sup> In 2009 the States’ agreed a resolution to increase the age at which the old-age pension is claimable from 65 to 67 between 2020 and 2031.

### 4.3. What are your views on the provision of health and long-term care in Guernsey

**Q4 (a): Would you accept an increase in taxation to fund all rising demand for health or long-term care in the future?**

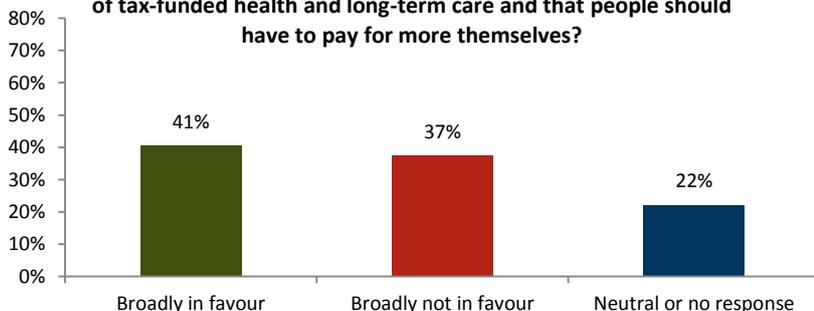


Again, there were mixed views on accepting an increase in taxation to fund all rising demand for future health or long-term care. Only 35% of respondents would accept an increase of taxation, whilst 45% would not.

A number of the respondents who were against an increase in taxation (approximately 18%) indicated cuts and efficiencies had to be found elsewhere to bring on-going costs under control. Other respondents suggested a thorough review of health contracts; a focusing on prevention of illness and an increase in charges for some services.

A few who disagreed with the increase to fund all increased demand felt that it was unrealistic to think you can ever meet all the demands of healthcare. A small number of people supported the increase for healthcare but not for long-term care.

**Q4 (b): Or do you think that the States should reduce the levels of tax-funded health and long-term care and that people should have to pay for more themselves?**



In terms of reducing the levels of tax-funded health and long-term care, requiring people to pay more for themselves, the view of the respondents was fairly balanced. 41% of respondents said that the level of care should be reduced and that people should pay more for themselves. Some went on to say that private health insurance should be encouraged by the States by introducing tax relief for individuals who take out private insurance. Others suggested that there should be some degree of means testing whereby healthcare for lower paid individuals continues to be funded by the taxpayer, but those who can afford it pay more.

37% of respondents said that levels of tax-funded care should not be reduced as many people cannot afford private insurance, particularly the elderly. Again, some respondents suggested cuts and efficiencies could be found elsewhere to reduce expenditure without reducing health services.

*“No, the States needs to understand that it has an obligation to live within its means which should not be an excuse for reducing services. Real evidence of efficiencies is required”*

*“I think it is inevitable, but efforts should be made to limit the rises by looking very closely at all healthcare contracts with outside providers...”*

*“A conditional yes to more expenditure, but no to meeting all future demand. It will not be possible”*

*“I think guaranteeing health is one of the key roles of the state and we should make sure there are enough resources to cope with demand... I am, however, undecided whether this needs to be funded by greater taxation, or diverting from other departments”*

*“The use of health insurance should be wider in the working and able population. There should be less reliance on the States to meet healthcare provisions and more reliance on health insurance provisions”*

*“No - there are already people who struggle with the high costs of medical treatments”*

*“If the current level is maintained & run efficiently this would not be required. The encouragement of private healthcare would allow the health service to derive income from another source other than the States”*

*“Yes, the cost of running state retirement and long term care homes needs immediate investigation a cost comparison with private establishments will show significantly lower figures”*

#### 4.4. What are your views on the payment of benefits in Guernsey?

##### Q5 (a): What principles should be considered when setting benefit levels?

The principles that respondents most frequently thought should be considered when setting benefit levels included:

- Benefits should be claimable where there is genuine need.
- Benefits payments should enable the claimant to maintain a reasonable standard of living, covering the cost of essential items such as food, clothing, housing and fuel but should not be sufficient to provide luxuries.
- Benefit levels should not be set at a level at which they prove a disincentive to work.

Other principles highlighted included:

- Benefit payments should reflect the contribution history of the claimant, their employment opportunities and the overall economic situation.
- Benefit levels should reflect the average cost of living in Guernsey.
- Benefits should be a short-term safety net with encouragement to become independent in the long-term.
- Benefits should not exceed the income of the average working family.
- Benefit levels should be set at a level which is affordable and sustainable.

##### Q5 (b): What factors should be taken into account when assessing the needs of a household?

Respondents suggested a wider range of factors which should be considered when assessing a household. The most common of these included:

- |                                 |                                      |
|---------------------------------|--------------------------------------|
| • Household income and assets   | • Housing costs                      |
| • Number of children/dependents | • Fuel costs                         |
| • Capacity to work              | • Cost of food and other necessities |
| • Contribution history          | • Medical costs/Health requirements  |
|                                 | • Childcare costs                    |

Overall the responses to these two questions indicates that respondents would prefer a subsistence type benefits system which supports basic living cost but does not provide for luxuries. Several respondents suggested that benefits could be paid in kind (i.e. food vouchers, fuel credits etc.). There is also clear support for incentivising work and valuing contribution.

The treatment of children within the benefits system received mixed comments with some respondents suggesting priority should be given to children in low income families, whilst others suggested that there should be a limit on the number of children for which a household can claim benefits.

*“Benefits should be paid only to those who are able to demonstrate a genuine need. The level of benefits should be set such that they cover only essential living costs, and provide a real incentive to seek work. The situation should never arise where a person turns down work because to accept would leave them worse off than to receive benefits...”*

*“To have a large family is a life style choice and there should not be a higher benefit payment to facilitate this. As an earner if I have a larger family I have to earn more money... to meet my outgoings. This should be the same throughout society...”*

*“First we need a coherent social policy to ensure that those in need are given proper support to become economically active where possible. Benefits should then be directed to support those genuinely in need.”*

*“Children should not be brought up in poverty.”*

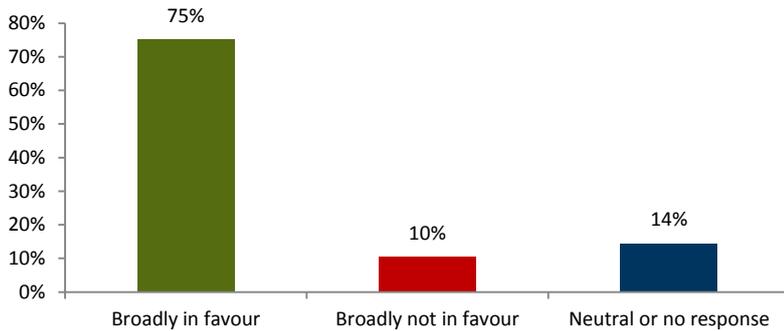
*“Basic needs - food, utility bills etc. Not cigarettes, alcohol, Sky TV, new car. If there are savings then medical benefits etc. should not be payable.”*

*“Contribution history, genuine need, willingness to help themselves.”*

*“The needs should be based on the cost of living in Guernsey. If the family is on low income then they should have help with housing costs as these are extremely high in Guernsey. However they should be encouraged to increase their earnings by training and education as much as possible.”*

*“... Where adults in a household are capable of work, benefits should provide for only limited periods on unemployment.”*

**Q5 (c): Should there be a limit on the total amount a household can claim?**



The concept of a benefit limitation was supported by 75% of respondents; only 10% of respondents thought that there should be no limit.

Although many respondents did not specify what they felt the limit should be, there were a variety of suggestions made regarding the level and format of the limit. Some respondents indicated it should be no more than minimum wage in order to incentivise work; others said it should be limited to the cost of providing necessities for a family with 2 to 3 children. Several respondents felt the current cap of £500 for supplementary benefit as being adequate.

There were a few suggestions made about introducing a system of vouchers issued to be spent on certain essential items to encourage the benefit to be spent in the way it was intended.

*“Yes. I don't know how it could be decided what that is. But surely they should have enough to cover rent, bills and the food needed for the week. There shouldn't be extras if they are not making some effort to earn them...”*

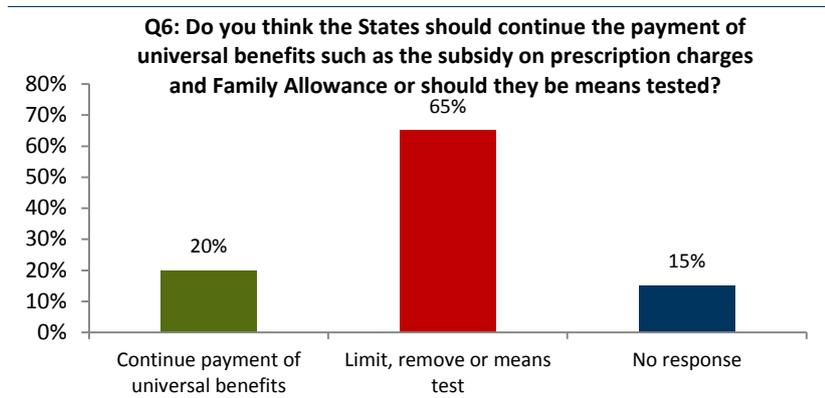
*“Yes. The current limit seems very fair”*

*“I agree with some form of benefit limitation but we have to acknowledge that larger families struggle as a result of it at present”*

*“Yes, the limit should be based on the requirements for a household with two children”*

*“No. But there should be conditions attached to payment demonstrating attempts to reduce reliance on benefits”*

**Q6: Do you think the States should continue the payment of universal benefits such as the subsidy on prescription charges and Family Allowance or should they be means tested?**



The continued payment of universal benefits under the current system was supported by approximately 20% of respondents, some of whom were against means testing in principle due to the costs involved, whilst others felt it important to maintain the interest of higher income households in the social insurance system.

A total of 65% of respondents were in favour of some form of limitation, removal or means testing on some or all universal benefits. Approximately 30% of respondents said that universal benefits, particularly Family Allowance, should be means tested. However, many of those that were in favour of means testing felt that the upper limit should be set above average earnings so only the high earners were affected.

Fewer than 10% thought that Family allowance should be abolished completely with fewer respondents in favour of completely removing prescription subsidies/all universal benefits.

The remainder of respondents had a range of suggestions for reducing or limiting universal benefits which included:

- Capping the number of children for which you can claim Family Allowance, typically to 2 children.
- Limiting prescription subsidies to those with long-term conditions.
- Limiting health benefits to certain groups, e.g. pensioners and children.

*“Primary care charges are too high already and I think all health services like GP & prescriptions should be supported, since they are not discretionary. Family allowance should be scrapped.”*

*“On balance yes, but Family Allowance should be limited to payment for a maximum of two children.”*

*“No, such benefits can be removed for those on higher incomes.”*

*“No they should not and these two benefits should be means tested. There is absolutely no need for free prescription charges for all.”*

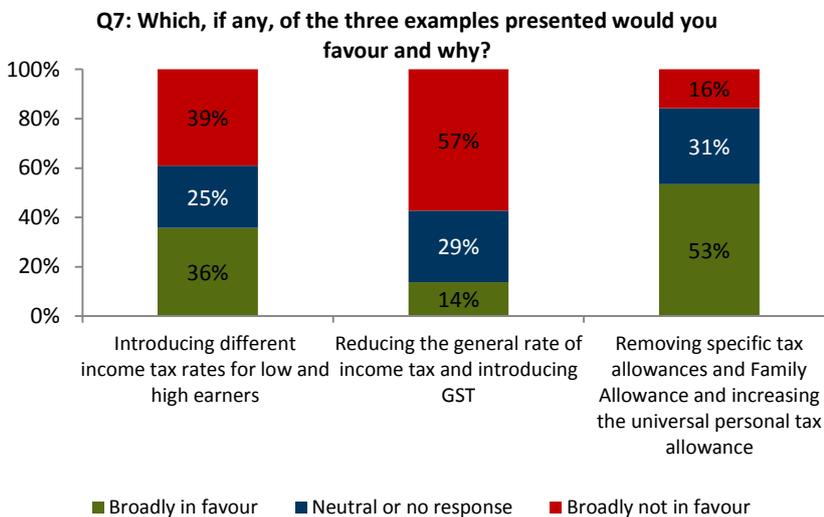
*“Yes, the current system is simple and easy to run. Adding a level of means testing would add to the cost of running the scheme.”*

#### 4.5. What are your views on the income neutral examples presented?

Due to the structure of responses received, responses to questions 7a and 7b have been combined in this section. When scoring responses positive scores were awarded for comments made in favour of the general principles outlined in the options presented, even if the respondent had different views on the implementation (e.g. they support the idea of different tax rates for low and high earners but would prefer the higher rate to be set at a higher level of income). Some respondents favoured more than one option whilst others did not favour any of the options.

The three options presented are:

- **Introducing different income tax rates for low and high earners**
- **Reducing the general rate of income tax and introducing GST**
- **Removing specific tax allowances and Family Allowance and increasing the universal personal tax allowance**



Of the three income neutral examples presented, the most popular was removing specific tax allowances and Family Allowance and increasing the universal personal tax allowance, with 53% of responses favouring it. The option for different income tax rates for low and high earners was the second favourite, with 36% of respondents indicating that they would accept such a proposal.

The example of lowering the general rate and introducing GST received the most negative comments with 57% of respondents indicating that they would not be in favour of such a scheme. However, there was more support for this example among professional bodies who felt that GST would broaden the tax base, increasing the sustainability and efficiency of the Guernsey tax system. It was also highlighted that almost all jurisdictions use some form of consumption tax.

*"I favour the last option [removing specific tax allowances and Family allowance and increasing the Universal personal tax rate]. Different rates of income tax encourage tax avoidance schemes. Disposable income from high earners is required for a more buoyant economy. GST is a lazy easy way of raising taxes and penalises the lower income groups"*

*"Introducing GST, some differentiation for low and high earners"*

*"I favour option three because it is the least bad option. Different rates for higher earners seems wrong because they pay more tax anyway and have the power of paying themselves more, or of leaving the island, so the laws of unintended consequences seem likely to come into effect. GST: Guernsey is not big enough for GST. ... The result will be regressive unless they choose to increase the price of luxury items by more than the price of essential items. Their [businesses] accountancy costs will increase as will the costs of the tax collecting States departments.... My support for the third option comes from a belief that subsidies are generally undesirable."*

### **Introducing different income tax rates for low and high earners**

The most common comments in favour of introducing different income tax rates for low and high earners were that those with higher income can afford to pay more. However, many thought that the threshold for the higher earners' rate should be at a higher level than that used in the example.

The most common comments made by those not in favour were that Guernsey would not be internationally competitive; it would prove a disincentive for people to progress financially and may encourage wealthier individuals to leave the Island.

### **Reducing the general rate of income tax and introducing GST**

It was clear that the introduction of a GST, even in combination with a reduced tax rate, was not popular. Particular concerns were its inflationary effect, particularly with regards to food and essential items; its regressive nature and effect on low income households, and the impact on local businesses with particular reference to the cost of administration.

Those who would support this option commented on the more efficient nature of consumption taxes, the benefits of diversifying the tax base and capturing more revenue from visitors to the Island.

### **Removing specific tax allowances and Family Allowance and increasing the universal personal tax allowance**

There was general support for removing specific tax allowances and Family Allowance and increasing the universal personal tax allowance with more than three times as many people commenting in support of this measure compared to those who made negative comments. Comments made in favour highlighted the advantage of simplifying the tax system and providing a more equitable system. More specifically many felt that the distorting effect of mortgage interest relief should be withdrawn or the financial risk posed by it should be limited.

Arguments made by those not in favour of removing the specific tax allowances and Family Allowance include the intention of these allowances to encourage particular behaviours such as home ownership. Others felt that the removal of mortgage interest relief would put a financial strain on first time buyers and might lower house prices.

*"Higher tax for higher earners makes sense as they have a smaller proportion of their household budget allocated to essentials and more on luxuries."*

*"Different rates of income tax are inefficient, cause extra work, cause distorting effects/behaviours at the margins and are less effective than simple 'flat rate' taxes (such as we have at 20%) in numerous studies"*

*"GST seems an especially poor idea. It damages high street growth and is particularly indiscriminate in those who it targets."*

*"GST, fair and its worked well in Jersey... You pay tax on what you consume"*

*"I favour the third option of removing specific tax allowances. I don't think child benefit should be paid to couples who are working and earning good wages and should only be paid if the parents are on low income. I also don't think that individuals over 65 should automatically have a higher tax allowance..."*

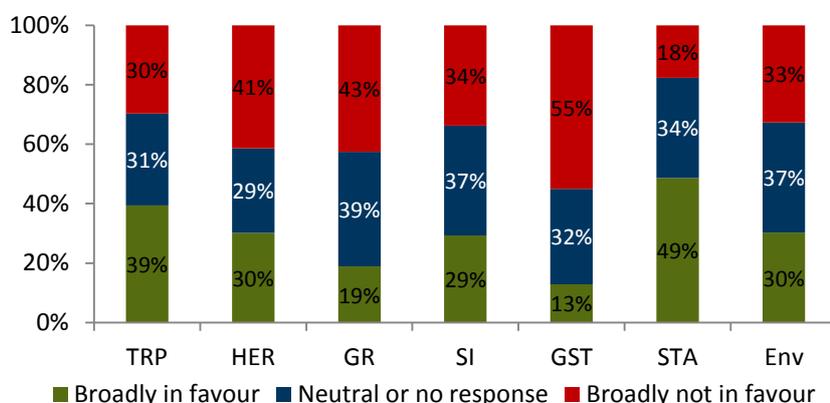
*"I think an increased universal personal allowance would create as many anomalies as it might try to solve - better in my opinion to have specific allowances that promote what we want in our society, i.e. home ownership and building a family"*

## 4.6. What are your views on the revenue raising examples presented?

The options presented are:

- Raising domestic tax on real property (“TRP”)
- Introducing a higher earners’ rate (“HER”)
- Increasing the general tax rate (“GR”)
- Increasing Social Insurance contributions (“SI”)
- Introducing GST (“GST”)
- Removing specific tax allowances and Family Allowance (“STA”)
- Introducing environmental taxes (“Env”)

**Q8: What are your views on the pros and cons of the approaches, particularly with regards to the fairness, efficiency and sustainability issues?**



Once again many respondents liked more than one option whilst others favoured none. Of the revenue raising examples, the clear preference was to remove specific tax allowances and Family Allowance, with 49% of respondents finding this option attractive. The second favourite was increasing domestic TRP, which received favourable comments from 39% of respondents. GST was the least favourite, with only 13% of respondents commenting in favour of this option.

### Raising domestic tax on real property (“TRP”)

There were more people respondents supportive of this option than not and many described this option as fair. TRP was also commonly described as an efficient tax. Many of those in favour felt the current level of tax was low and that there was room for an increase; many felt that “five times as much”, as used in the example, would be excessive. There was some support for focusing on raising the tax on higher value, second or vacant properties or those dwellings only occupied on a part-time basis. One respondent supported an increase in TRP on permanent homes and associated out buildings but not on land, in order keep the costs to farmers down. Other suggestions were to increase TRP but abolish document duty as TRP is harder to avoid.

Many of those against a rise in TRP thought it would hit lower income families. A few respondents thought raising TRP to be unfair as they did not believe that house size necessarily reflects the owner’s ability to pay the tax. Some of those against TRP were against any increases in taxes. Some commented that the States must curb spending first before raising taxes.

*“Sustainability: We regard this principle as the most important of the three [objectives], although it cannot be divorced from the other two. To be sustainable, a tax regime cannot be viewed as unfair by a majority of taxpayers and it must be efficiently administered.”*

*“Fairness is subjective but if we are looking to the future with a long transition period it should be assessed without reference to winners and losers compared to the current system which is not fair in many respects.”*

*“...In the end, the fairest tax system is simply proportional. Everyone then contributes proportionately according to their resources and means...”*

*“In a small economy, it is important that the regime can be administered as efficiently as possible. Equally, we agree that, as far as possible, a tax and benefits regime should not of itself influence the behaviour of its citizens. In a business context, a company’s tax affairs should be a consequence of their commercial behaviour; their commercial behaviour should not be determined by tax measures.”*

*“Raising taxes on property is very sensible. For those on low incomes who occupy high value properties there could be a mechanism to defer payment until the property is sold”*

*“TRP is very low by UK standards and could be increased over say 5 years by say 50% without too much of a ‘backlash’”*

*“I believe that raising TRP would be inefficient, and potentially unfair - the size of home you own does not necessarily reflect your ability to pay tax..”*

### Introducing a higher earners' rate ("HER")

Those in favour of a higher earners' rate felt this option was fair as it targeted those that could afford to pay more. However, some questioned its sustainability. Some felt the higher rate should be applied at a high threshold (£50,000 and £100,000 were among the thresholds suggested). Other respondents felt that the cap on income tax should be removed, whilst some felt the tax rate on higher earnings should be kept low to deter emigration.

The majority did not favour a higher earners rate. Many thought this approach was unfair as it did not apply to the entire population, and higher earners already contribute more. Many also thought it would discourage businesses and high net worth individuals moving to the Island. A few felt this tactic would discourage talent and that it is a tax on success.

### Increasing the general tax rate ("GR")

Increasing the general tax was the second least popular option but for those in favour, it was considered the most fair as it applies to everyone. It was also considered efficient as it is already in place, therefore, easy to administer with no additional costs. Many of those in favour approved only of a small increase e.g. 1-2p. A few expressed that it needs to be tailored to ensure it does not adversely affect the least wealthy.

For those against an increase in general tax, many were concerned that Guernsey would lose its competitiveness with its neighbours. Some also cited the States as needing to control expenditure.

### Increasing Social Insurance contributions ("SI")

The public were uncertain on this issue with approximately a third supporting it, a third against and a third undecided. Of those in favour many approved of this option to fund the pension gap or maintain healthcare. A few respondents preferred a higher earners' tax rate before increasing social security contributions and some would approve of removing the current upper limit on Social Insurance contributions. Some also indicated that employers should bear the burden of any increase in contributions. Similar to increasing the general income tax rate it was commented that this option already existed so would "maintain simplicity".

There was a common opinion amongst those not in favour of this option (and some in favour), that social security contributions are no longer *insurance* but have become a "stealth" tax. Many consider for this reason that it should no longer be administered separately to general tax. Some also support the combining of income tax and social insurance as this will simplify the system, saving on costs.

An issue also raised with regard to social insurance contributions was the current higher level of contributions paid by those who are self-employed (10.5%). This has been acknowledged and will be taken into consideration in any further investigations in this area.

*"Differential marginal tax rates are the best solution as it shifts the burden to those with most ability to pay"*

*"No. This is divisive in society, and is not fair as higher earners already contribute, in fact, a greater percentage of funds used for the whole public than do lower earners"*

*"I believe the cons outweigh the pros for higher earners rate, increasing the general tax rate, increasing social insurance contributions and introducing GST. In all cases these would lead to Guernsey being less competitive in terms of attracting new business and individuals"*

*"Increase the General Tax rate is the easiest and fairest way."*

*"Any increase in Social Insurance contributions would be welcomed, but it would need to be tied to specific benefits, such as paying for all general healthcare needs on the Island specifically through social security payments"*

*"Social Insurance Contributions could increase if this is what will fund more age-related pensions and some healthcare. This would be fair in matching 'cause and effect'."*

*"Social Insurance contributions are a tax on jobs and risks reducing the number in employment"*

### Introducing GST (“GST”)

Introducing GST was unpopular with 55% of respondents against this option. Many commented that this was an unfair tax that would hit lower income earners the most. Others commented that GST was an inefficient tax, difficult to administer and a burden to businesses. Some respondents were concerned this would drive people to buy more on the internet; therefore, avoiding GST. A few people thought goods were already expensive in Guernsey when compared with the UK. A few also believed that once introduced, GST would be too easy to increase in the future.

Only a small percentage (13%) of respondents favoured GST and some of those in favour only approved of its introduction if it were imposed on luxury or non-essential goods only. Once again, professional bodies were more supportive of a GST than individuals.

### Removing specific tax allowances and Family Allowance (“STA”)

The removal of specific allowances was the most favoured option. Several respondents in favour of this option clearly stated support for the removal of mortgage interest relief and/or Family Allowance. A reduction in mortgage interest relief, limiting Family Allowance to a specified number of children or means testing Family Allowance were alternative suggestions. These types of allowances were cited as unfair but efficient and sustainable.

### Introducing environmental taxes (“Env”)

There was a fairly balanced opinion on introducing environmental taxes. Many of those in favour were keen to solve the traffic problem by making it more expensive to buy and/or drive a car and to encourage greater use of the bus service. Many felt “user pays” was a fair policy.

Some respondents, from both sides of the camp, were concerned this type of tax would impact those with a low income (unfair) and one suggested additional schemes may need to be run to transition away from coal to more environmentally friendly fuel. People, both in favour and opposed to environmental taxes felt this tax was not appropriate for revenue raising as funds raised in this manner should be reinvested in green initiatives e.g. subsidies for solar panels, improving bus service. A few thought environmental taxes may be inefficient, though sustainable.

*“Forget GST. It's the tax of last resort and is incredibly inefficient and punitive to commerce and the lower paid”*

*“GST would have a very damaging effect on the retail industry and would further drive spending off Island via the internet”*

*“Wherever possible, distorting allowances such as Mortgage Interest Relief should be abolished (on a phased basis). Thereafter, all other allowances should be means-tested”*

*“Increase the earnings cap for social security, remove family allowance for the very wealthy keep mortgage tax relief if you can afford to do so”*

*“I like the idea of environmental taxes from a green standpoint but I do not think it would be appropriate to use a green tax to raise revenues unless they were specifically ring fenced for green initiatives “*

*“Environmental taxes sound fine, but have unintended consequences, are often difficult to collect and do not make a great deal of difference in practice. They may be politically correct, but the net gain in introducing them would need to be rigorously considered and justified.”*

## 4.7. What could be done to make the system simpler

Some respondents believe Guernsey's system is simple now and, therefore, no changes are required, whilst others were of the view that taxation is a complex issue and that efforts to simplify the system would be unsuccessful. However, many ideas were put forward regarding how Guernsey's personal tax and benefit systems could be simplified.

As expected the most common suggestion for making the system simpler involved amalgamating, in some way, the Social Security and income tax systems. Combining the systems that process collections into one joint collection system was a common recommendation. Many of respondents favouring this felt that the ring-fencing on Social Insurance funds should remain but that this could be achieved in a unified system as easy as it is using two separate systems. Others would like the States to go one step further and merge income tax and social insurance contributions into a single tax; removing the need to assess individuals for two separate payments.

Another suggestion was to introduce self-assessment or simplify tax returns to enable automated assessment with little or no manual intervention by administrative staff<sup>4</sup>. Other suggestions to increase the efficiency of processing the returns from individuals with simpler tax affairs included raising the tax allowance to remove more people from the system, removing specific tax allowances and allowing the banks to deduct tax on interest at source. Abolishing the cap on income tax and Social Insurance contributions was also suggested as a method of simplifying the system.

With respect to the provision of benefits a streamlining of the social housing and supplementary benefit systems into a single system was supported by a number of respondents. Whilst some respondents were in favour of means testing others felt that this would further complicate the system and make it more expensive to administer.

## 4.8. Do you have any further comments or suggestions you wish to put forward?

Many of the responses to this question mirrored the responses to other questions asked in the consultation, for example, comments in relation to the States reducing spending levels or amalgamating the Tax and Social Security Departments. However, additional suggestions were presented in this section covering a range of topics.

The introduction (or reintroduction<sup>5</sup>) of a motor tax was favoured by some with variations on this idea including higher rates on larger or more polluting vehicles. Other transport related proposals included the introduction of a vehicle importation tax and paid parking. One respondent would like to see a reintroduction of horse and cycle tax, while another would prefer to see tax breaks for healthy lifestyle choices including cycling.

Although outside the scope of this review, corporate taxes were raised by a number of respondents who felt that businesses should carry or share the burden of increasing costs. Some suggested that the 10% corporate rate of tax should be extended to include other finance sectors<sup>6</sup> whilst others would see this extended to incorporate other sectors.

Others would like to see capital gains taxes introduced; some specifically thought property developers building apartments should be targeted. The possibility of the differential treatment of Alderney was also raised, highlighting the difference in the current economic conditions in the two Islands and the different impact any changes may have.

Suggestions for reducing expenditure included an increase in sharing services with Jersey to reduce some of Guernsey's costs. Several respondents felt that the public sector pension arrangements should be changed to reflect those in the private sector. The reconciliation of health spending, which is currently divided between general revenue and social insurance, was also suggested.

A number of respondents highlighted Singapore, where pensions are accrued on an individual basis, as a better model on which to base pension policies than the systems employed in the UK.

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<sup>4</sup> It should be noted that income tax returns filed online are already automatically cross checked against data held in the income tax computer database and against certain predetermined criteria, to enable, where possible, assessments to be issued automatically..

<sup>5</sup> Motor tax in Guernsey was removed in 2008 and replaced by an additional premium on motor fuels.

<sup>6</sup> The 10% company intermediate income tax rate was extended in 2013 to domestic insurance business, insurance management business and fiduciary business.

## **5. Alternatives to increasing revenues**

There are a number of possible alternatives to maintaining the long-term stability of States expenditure which could be investigated further. Some of these options were outlined in the consultation document; others have arisen in response to suggestions made by respondents.

### **5.1. Increase in private provision**

Increasing private provision of pensions, health and long-term care would increase the level of personal responsibility enabling a scaling back of tax-funded services. The likelihood is that this would take the form of either voluntary or compulsory insurance type schemes.

Such a move would require careful planning and a long lead in time before tax-funded benefits are reduced to enable individuals to acquire sufficient cover to meet their needs. It must also be accepted that lower income households are unlikely to be able to afford sufficient private insurance or pensions to cover their needs in the long-term and as such some level of tax-funded provision or subsidy for lower income households would be required.

Options for reducing the level of tax-funded benefits could include the limitation of increases in the old age pension to inflation. Although this would limit the increase in the cost of providing old-age pensions, the decrease in the value of the old-age pension relative to earnings could result in an increased number of pensioners claiming supplementary benefit partially offsetting the benefit of the limitation.

### **5.2. Extension of the pension age**

At its inception in the 1930s, the age at which you could claim an old age pension in Guernsey was later than average life expectancy and was designed to support those who had become physically too infirm to work. Life expectancy has increased considerably since then, with the average person now expected to live for a further 20 years after they begin to claim their pension, a number which is still increasing. Many people will spend most of these years in relatively good health. Moves to increase pension ages and, in some cases link them to increases in life expectancy, are common in many western economies including the UK and throughout Europe.

The extension of the pension age would mean people paying into the scheme for a longer period of time and claiming for fewer years, improving the sustainability of the scheme. However, at the present forecast, assuming a continued long-term increase in benefits of 1% above inflation, the fund which supports the old age pension in Guernsey and Alderney is expected to be heavily depleted by the time the current proposed increase in pension age to 67 is completed in 2031. As a result, any further increase after this point, although reducing the year on year cost, has only a very limited impact on available reserves.

In order for a further extension of the pension age to be effective in improving the sustainability of the fund over the period of imbalance, it would need to be combined with either an acceleration of the current increase in retirement age, a restriction of the increase in the pension payment or an increase in contributions.

More flexible arrangements on an individual basis, such as voluntary deferral of old age pension claims in return for an increased pension payment or lump sum or other incentives to encourage people to extend their working life, could also be considered.

### **5.3. Increased means testing**

The public consultation indicated that there would be little support for means testing pensions, however, there are other areas where a level of means testing could be considered. Family Allowance is one area in which respondents felt that means testing may be appropriate although most felt that the level at which it was withdrawn should be set at a relatively high level. Other potential areas in which means testing could be investigated include medical prescriptions, GP and other medical subsidies and long-term care.

As highlighted in many responses in the consultation, means testing requires a substantial amount of administration and the cost associated with the increase in staff time required to assess claims would be likely to erode some of the benefit of introducing further means testing of benefits.

## 5.4. Reconciliation of health spending

At present, healthcare in Guernsey is funded by two separate but interrelated systems and various aspects of healthcare funding were highlighted by respondents as an area in which they felt the States could achieve better value for money. Primary care subsidies and care provided by the Medical Specialist Group are primarily funded from Social Insurance contributions supported by the Guernsey Health Service Fund. Other health services, such as hospital treatment and mental health are funded from General Revenue. Although outside the remit of this review, a review of the structuring of healthcare funding is recommended in the Health and Social Services 20:20 vision review.

## 5.5. Withdrawal of tax allowances for higher earners

Termed “20 means 20”, the intention of such a proposal is to withdraw the universal tax allowance for high income households, effectively charging them 20% tax on their entire income. There are two ways in which this could be done.

The system implemented in Jersey involves the use of a higher “marginal rate” of tax (27%) in combination with allowances. Households are assessed both against this marginal rate with allowances and against a flat rate of 20% without any personal allowance and pay the lower of the two assessments. The result is that lower income households pay 27% tax on part of their income whilst higher earners pay 20% on their entire income. This system, whilst avoiding very high marginal rates caused by the phased withdrawal of allowances, is administratively complex and difficult for the public to understand.

The system employed in the UK is a withdrawal of the personal allowance by £1 for every £2 earned over £100,000. Although easier to understand, such a system results in high marginal rates (the percentage of tax paid on each additional £1 earned) for those earning just above the limit. For example, if such a system were implemented in Guernsey and assuming the continuation of the flat 20% tax rate, an individual earning £100,002 would pay 20% on their additional £2 of income (£0.40) and 20% on the £1 lost from their personal allowance (£0.20) resulting in a marginal tax rate of 30%.

Both options, although increasing the amount of revenue raised would add a level of complication to Guernsey’s currently very simple tax system and would require an increase in administration.

## 5.6. Streamlining of income collection

Although, for the most part, assessed on the same income, at present income tax and Social Insurance contributions are collected by two separate Departments. There is little support either publically or politically for removing the ring fence on Social Security’s funds, however, there is scope for combining the collection of funds into a single department with funds subsequently diverted to General Revenue or Social Security as necessary. There are potential efficiencies in such a measure, with a single point of assessment likely to reduce administration.

However, at present the assessments of Social Insurance contributions and income tax are conducted on a different basis in many areas, for example, income tax of married couples can be assessed together, whilst social insurance contributions are assessed on individual incomes. As a result, the reconciliation of the two systems and the development of software capable of processing the combined systems would likely require a significant amount of initial investment.

## 6. Conclusion

The public consultation revealed a wide range of opinion on the future of Guernsey's personal tax, pensions and benefit system. The majority of respondents felt that there was a limit to how much revenue the States could raise from personal taxes. A range of limits were suggested but on average it was felt that this was little higher than the current level.

Although it was acknowledged by many that some level of increased revenue generation may be necessary to support the provision of public services in the long-term, the majority of respondents felt that alternative options, such as the extension of the pension age or the restriction of universal benefits, were preferable to an increase in personal taxation sufficient to cover all the increased demand resulting from the changing demographics.

When asked to consider changes to the current personal tax regime, respondents generally preferred a streamlining of the current system by removing specific tax allowances combined with an increase in the personal allowance. More structural changes to the tax system, such as the introduction of higher and lower earners' rates or a Goods and Services Tax, combined with a decrease in the general tax rate, were considered less favourable.

The Treasury and Resources and Social Security Departments will be presenting the General Revenue Budget and the Social Security annual reports on benefits, contributions and pensions to the States in October 2013. Whilst some preliminary measures may be presented in conclusion of phase one of the project, the Review's recommendations for phase two, regarding any longer term measures, will be presented to the States in 2014 with a view to incorporating recommendations, where appropriate, into the 2015 budgetary process.

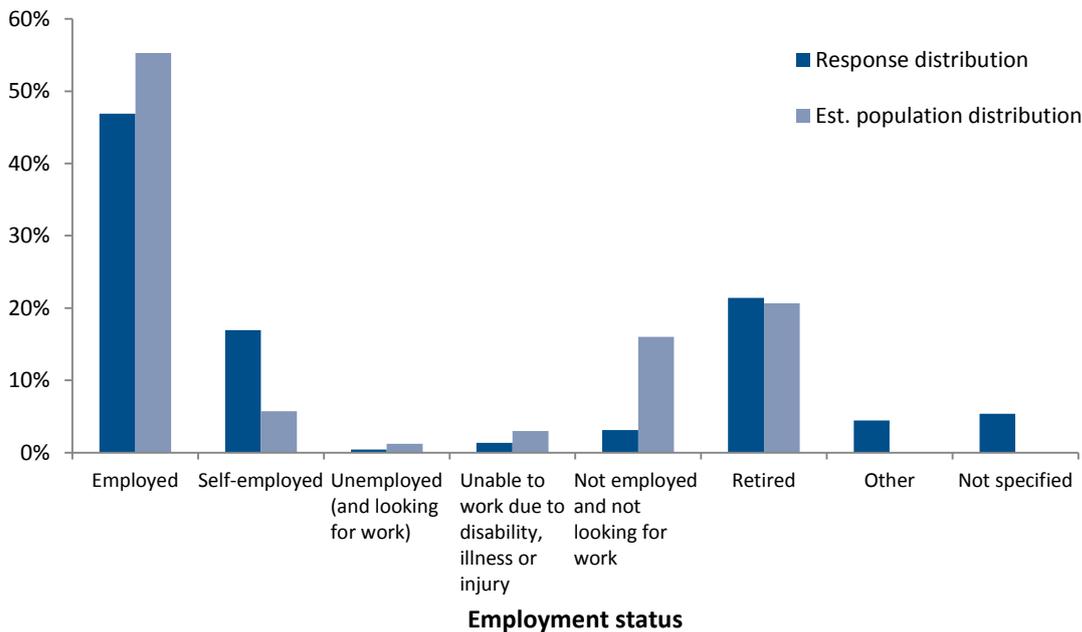
## Appendix 1. Coverage of Responses

In total, 248 responses to the consultation were received. Although responses to the consultation were diverse, some groups are inevitably under represented. It must be noted that consultations of this type are more accessible to some groups than others and as a result the distribution of personal responses are skewed towards middle to higher income households.

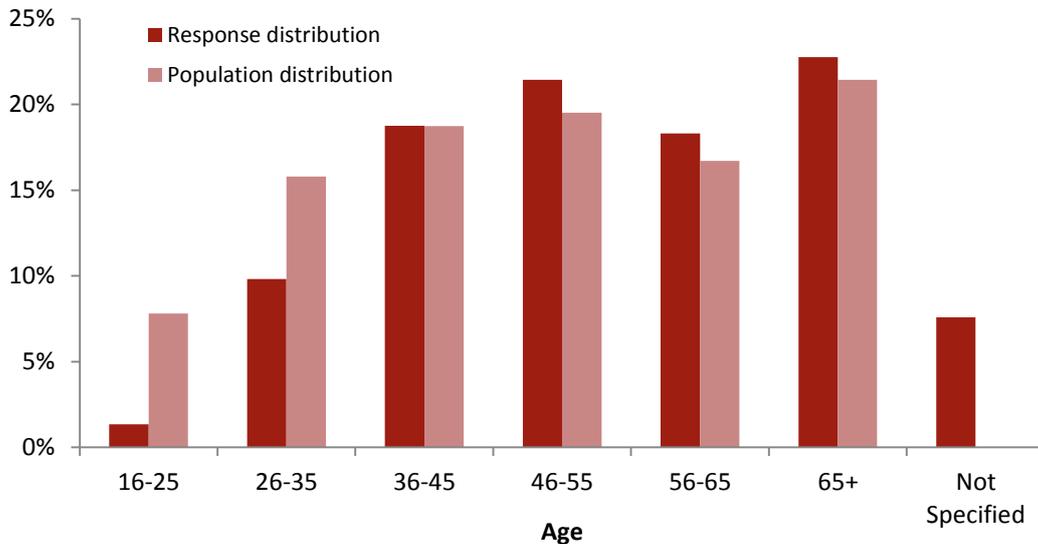
In order to capture the interest of those groups who are less likely to engage with the consultation process, Non-Government organisations were invited to respond, representing the interest of their members. 14 organisational responses were received. Some represented the interest of a specific group (such as older people or employers); others presented a more general view.

Figures 6.1.1a to 6.1.1c below provide a breakdown of the personal responses received by the categories listed.

**Figure 6.1.1a. Breakdown of personal responses by employment status**



**Figure 6.1.1b. Breakdown of personal responses by age group**



**Figure 6.1.1c. Breakdown of personal responses by household income bracket**

