

## If only.....

Written by Chris Blyth

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With three major "government consultations" currently in progress - covering the Scope and Structure of Government, Taxation Strategy 2012-2016, and Social Care Policy - the public have an opportunity to comment on some very significant matters of political and personal interest.

More significantly, our government - facing a dramatic decline in its revenues as a result of the VAT raid, and which has so far hidden its impact upon the public purse by a dependence on robbing the reserves - now faces the difficulties of "coming clean" as to the full impact.

That includes the intent to amend many (to date) universal benefits such as free bus passes for OAPs, free eye tests and prescription charges, unemployment and child benefits. It will also mean the introduction of new tenancy agreements and increased rents for social housing, the introduction of means testing and much stricter entitlement criteria for benefits such as disability living allowances or unemployment benefits, and possibly a raft of much more intrusive (and in some cases potentially humiliating) assessments and sanctions by social workers and administrative staff.

There will clearly be some months of public unease, if not fears, until the shape of the latest proposals becomes clear, BUT, as a result of those three consultations, the Government also has a once-in-a-lifetime opportunity to produce the most radical and reforming legislative programme in

our history - and all justified against the backdrop of major economic upheaval, yet at the same time enabling a very clear demonstration of "joined up" government.

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How so ? Well, if (a very big "if") our MHKs and members of Legco were so minded, the three consultations could be packaged to provide a blueprint for future public administration on the island.....

- A revised Scope and Structure of Government - a slimmer, more efficient public sector, more focussed on the essential priorities of Government (health, education, social care, civil order, justice etc) and not the inessentials (airport, bus services, and post office, for example) with significant cost savings available.
- The reform of our taxation system. We currently operate a low tax regime - but where the reality is that "only the little people pay taxes" (to borrow a phrase from Mrs Leona Helmsley, an american businesswoman - but equally applicable to the manx tax situation) where employees and pensioners pay income tax, but companies, their owners and high net worth individuals can avoid significant liabilities. By definition, a low tax regime results in a considerable "taxable capacity opportunity" - so, for example, the removal of the current tax cap of £120,000 could generate up to £35 million EXTRA income tax, or the introduction of a new 25% tax band for earnings over £100,000 might raise many more millions. This, at just the time our government needs the revenue, yet still allow the claim of a low tax regime when compared with our nearest neighbours, who have a 45% maximum income tax rate, and a 28% company tax.....
- And finally, the opportunity to re-align our social care services such that current objectives are achieved - the cessation of totally universal benefits, but yet a fair reward to those who have contributed to society and paid their dues, with full protection of our vulnerable, and perhaps an adequacy of tax revenues that would allow the government genuinely to stimulate economic growth and provide employment opportunities (with action, not just words) etc

The three way compromise - involving government focussing its attention on providing a "value for money" regime with a slimmed down operation, a broadening of our tax base to a genuinely progressive model which scraps the "tax cap" and includes a positive tax rate for business (not "zero"), and a re-alignment of priorities in the Social Care Department - would provide a much fairer blueprint for future government administrations - a genuinely reforming package of measures, genuinely engaging, and a demonstration of a reality that "we're all in this together".

Do I think it will happen? It's unlikely given the very pedestrian nature of most of our MHKs, the in-built complacency which seems to go with the job, and the comfort zone of self-interest provided by their army of admin staff - but it would be nice to think it might.....