

- 11 -

On the subject of reserves, bearing in mind that the General Reserve is essentially to provide for inflation in the year in question, the total reserves excluding this one, are expected to amount to £54 Million which is equal to 30% of gross revenue expenditure. It is the view of my Committee that this is still too low a level of reserves, and it is our intention to continue in future years to recommend to the States appropriations to reserves, so that they will represent, in due course, at least 50% of the annual revenue expenditure of the States.

I would now wish to turn to my Committee's proposals for a Tax package for 1987.

My Committee has again given careful consideration to Income Tax allowances with particular reference to those members of the community in the lower income groups. Full details of our proposals are shown on Pages - Roman numerals - (viii) to - Roman numerals -(x).

Last year our Tax proposals had the effect of actually removing 700 taxpayers from the liability of paying Tax altogether and I am pleased to tell the House today that our proposals for 1987 will remove a further 800 people from Tax liability.

We are also proposing changes to improve considerably a married woman's earned income allowance as this appeared extremely unfair as against a single working person.