

STATES OF JERSEY



PROPOSED GOVERNMENT PLAN 2024- 2027 (P.72/2023): FOURTEENTH AMENDMENT

WASTE CHARGES

Lodged au Greffe on 24th November 2023
by Deputy S.Y. Mézec of St. Helier South

STATES GREFFE

PROPOSED GOVERNMENT PLAN 2024-2027 (P.72/2023): FOURTEENTH
AMENDMENT

1 PAGE 3, PARAGRAPH (b) –

After the words “domestic liquid and solid waste” insert the words –

“, but excluding the consideration of any charges that are regressive and do not take into account the proportionality of payments to the income of the payee”

DEPUTY S.Y. MÉZEC OF ST. HELIER SOUTH

Note: After this amendment, the proposition would read as follows –

THE STATES are asked to decide whether they are of opinion –

to receive the Government Plan 2024 – 2027 specified in Article 9(1) of the Public Finances (Jersey) Law 2019 (“the Law”) and specifically –

- (a) to approve the estimate of total States income to be paid into the Consolidated Fund in 2024 as set out in Appendix 2 – Summary Table 1 to the Report, which is inclusive of the proposed taxation and impôts duties changes outlined in the Government Plan, in line with Article 9(2)(a) of the Law;
- (b) to refer to their Act dated 30th September 2016 and to approve the application of existing resources for work on the development of ‘user pays’ charges in relation to all aspects of waste, including commercial and domestic liquid and solid waste, but excluding the consideration of any charges that are regressive and do not take into account the proportionality of payments to the income of the payee;
- (c) to approve the proposed Changes to Approval for financing/borrowing for 2024, as shown in Appendix 2 – Summary Table 2 to the Report, which may be obtained by the Minister for Treasury and Resources, as and when required, in line with Article 9 (2)(c) of the Law, of up to those revised approvals;
- (d) to approve the extension of the use of the existing Revolving Credit Facility to include the provision of funds that would otherwise be implemented through bank overdraft or bank overdraft facilities under Article 26 (1)(a) of the Law, should they be needed, subject to the limits outlined in that article;
- (e) to approve the transfers from one States fund to another for 2024 of up to and including the amounts set in Appendix 2 – Summary Table 3 in line with Article 9(2)(b) of the Law;

- (f) to approve a transfer from the Consolidated Fund to the Stabilisation Fund in 2024 of up to £25 million, subject to a decision of the Minister for Treasury and Resources based on the availability of funds in the Consolidated Fund as at 31 December 2023 in excess of the estimates provided in this plan, or from budgeted underspends identified before 31 December 2024;
- (g) to approve each major project that is to be started or continued in 2024 and the total cost of each such project and any amendments to the proposed total cost of a major project under a previously approved Government Plan, in line with Article 9(2)(d), (e) and (f) of the Law and as set out in Appendix 2 - Summary Table 4 to the Report;
- (h) to approve the proposed amount to be appropriated from the Consolidated Fund for 2024, for each Head of Expenditure, being gross expenditure less estimated income (if any), in line with Articles 9(2)(g), 10(1) and 10(2) of the Law, and set out in Appendix 2 – Summary Tables 5(i) and (ii) of the Report;
- (i) to approve the estimated income, being estimated gross income less expenditure, that each States trading operation will pay into its trading fund in 2024 in line with Article 9(2)(h) of the Law and set out in Appendix 2 – Summary Table 6 to the Report;
- (j) to approve the proposed amount to be appropriated from each States trading operation’s trading fund for 2024 for each head of expenditure in line with Article 9(2)(i) of the Law and set out in Appendix 2 – Summary Table 7 to the Report;
- (k) to approve the estimated income and expenditure proposals for the Climate Emergency Fund for 2024 as set out in Appendix 2 – Summary Table 8 to the Report; and
- (l) to approve, in accordance with Article 9(1) of the Law, the Government Plan 2024-2027, as set out at Appendix 3 to the Report.

REPORT

Summary

If adopted, this amendment would prevent the government from considering and, eventually, recommending to the States the introduction of a mechanism for charging for liquid and solid waste that is regressive. Instead, they will be limited to consideration of proportional or progressive charging mechanisms.

Definition

A regressive tax is a tax where the effective rate increases as the taxable base decreases. In essence, this means those with the least ability to pay will pay a greater percentage than those most able to pay (even if the absolute amount they pay is a lower amount).

This contrasts with progressive taxation, where the rate increases as the taxable base increases.

Background

Part (b) of the Government Plan 2024-27 proposition seeks to overturn a previous decision of the States Assembly to explicitly withhold consent for the government to examine the potential introduction of domestic waste charges.

Currently, Jersey's public waste disposal infrastructure is funded from general tax revenues. Many consider this to be a perfectly normal way of funding this public service. However, the States is now being asked to allow the government to consider changing how this service is funded. They plan to charge users directly instead.

In 2016, the Ian Gorst-led austerity government considered multiple attempts to increase taxes (both directly and indirectly) on Islanders to fill the blackhole they had created in public finances. These attempts were ill conceived, badly explained and were proposed in direct contradiction of many of the election pledges made by government ministers to oppose raising taxes.

It is unclear whether any current members of government ran for election pledging to their voters that they would seek to introduce charges for waste disposal.

Rationale

The purpose of this amendment is to allow the government to go ahead with investigating mechanisms for sustainable funding of liquid and solid waste disposal, but to rule out from the start any mechanism that is regressive and risks harming businesses and households that would struggle with what could be regarded as a stealth tax being imposed on top of all their other taxes and charges.

If we are serious about supporting Islanders with the cost of living and supporting small and medium sized businesses, then the principle of this amendment should be uncontroversial. After all, why would we want to even spend time considering measures that may harm them?

Hospitality industry

I have heard directly from members of Jersey's hospitality industry of the current economic situation, and their concerns of a 'perfect storm' hitting many smaller businesses, from increases to alcohol duty, to utility bills going up, and on top of this now a suggestion that a new stealth charge/ tax for waste will be added too.

It is vital that Jersey protects its hospitality industry for so many reasons. This is not just for the huge direct economic benefits that it provides to the Island, but the immense contribution it makes to our quality of life. It would be tragic to lose any of the smaller ventures that provide such vibrancy to Jersey's hospitality offering.

If a charging mechanism for liquid and solid waste is made which is based purely on the use of services, rather than the profitability of those businesses, then we risk just putting extra costs of doing business on those smaller ventures, pushing them closer to the point of unviability.

The principle of charging based on the ability to pay would clearly be more equitable. This is the same principle that applies to Income Tax.

Financial and staffing implications

There are no direct financial or staffing implications. If anything, it could make the work to investigate charging mechanisms for waste more efficient, as energy would be less likely to be expended on investigating non-starter options or presenting a proposal only for it to be rejected by the Assembly.