



Deputy D. Johnson
Chairman
Environment, Housing and Infrastructure Scrutiny Panel
States Assembly
Scrutiny Office
Via email to s.mckee@gov.je

Monday 22nd May 2017

Dear Deputy Johnson

Thank you for affording the JHA the opportunity to provide feedback to the Environment, Housing and Infrastructure Panel as part of its review of proposed charges for solid and liquid waste charges for non-householders.

I hope the following feedback will provide an insight into the likely effect that the proposed wastage charges will have on Jersey's Hospitality and Tourism Industry which is starting to exhibit signs of growth after many years of managed decline.

Who we are

The Jersey Hospitality Association (JHA), is an organisation with close to 200 members from all areas of Jersey's Hospitality/Tourism Industry. Our aim is to positively promote the industry's priorities through partnerships with government, trade partners, other associations and organizations by effectively representing hospitality and tourism in Jersey. We aim to identify key industry concerns and then provide objective, balanced and practical feedback to reflect the views and needs of our diverse range of industry partners. In terms of turnover and work force our industry represents an essential part of Jersey's economic infrastructure and its social landscape. Where possible we look to work in collaboration/partnership to achieve a positive outcome for all stakeholders. Our goal is to create a tourist destination of choice by putting our visitors/guests/customers (both locally and off island) at the heart of improving our products and services.

Rationale for Proposed Wastage Charges

When the proposed wastage charges were first discussed, in the MTFP September 2016, as outlined on pages 72,83,96, 104 to 107 and the Focus Group that the JHA attended in December 2015, it was understood that these charges were considered necessary to fund future capital projects such as a new sewage treatment works to replace the current one which is over 70 years old.

At this time there was no indication that any charges and revenue raised were to be ring-fenced for investment in Health and Education, simply that the 'user pay' funding would "ease pressure on central tax funding for investment in Health and Education". At the recent Dfl briefings there has been no mention of any investment being made into capital projects such as a new Sewage Treatment Works. This change in fact does not instil trust particularly as the proposed charges have now been made public and have not taken on board any of the feedback provided by businesses in the Focus Groups. So our concern is what happens when funding is required for a new Sewage works in the next couple of years, will businesses be once again required to stump up and pay for this too?

When wastage charges were first cited in 2016, representatives from the JHA met with the Infrastructure Minister and his Team in August 2016 and outlined initial thoughts and concerns particularly in regard to the fairness of this charge and its effect on Hospitality Businesses. Additionally, we asked how providers of Airbnb would be charged as they provide accommodation in a domestic setting. As a sector, we recognise Airbnb is growing and provides visitors with alternative accommodation options to experience Jersey so we welcome it if it means visitors come to the island, however if these types of accommodation are not going to be treated as other businesses then this does not seem fair. At the meeting the department had not appreciated that Airbnb were active in Jersey, there were 60 listed in 2016 and today there are 85 listings and this is set to continue to grow.

Business types

DfI whilst promoting that the proposed wastage charges will apply to all businesses does not appear to recognise that not all businesses are created equal in terms of the costs they will incur from the new charges. The charges for an office block that has regular office hours and is purpose built pursuant to the latest building regulations will not attract the level of wastage charges that Hotels/Guesthouse/Restaurant/Cafe will. A hospitality business, in particular a hotel, will by nature of its business utilise far greater volumes of water and therefore incur unsustainable charges under the proposed charging scheme.

Island wide Issue not just a business issue

If the cost of disposing wastage is costing tax payers too much money, as wastage is not currently charged, it would surely make more sense to implement a charge for both Household and Businesses. This would achieve the following:

- Spread the burden of wastage charges perhaps by reducing the £ per m³, businesses would still pay more if they are using more but it would be fairer
- Focus the island's attention as a whole on managing their waste
- Encourage speedier adoption of 'looking after our environment' & ensures everyone plays a part

We understand that introducing a charge for Household is not being considered due to the political challenge this could entail with an election coming up in 2018. These seems not only short-sighted in terms of progressing wastage reform and protecting the Islands environment but also does not seem to take on board that Business Owners are also voters.

Within the Hospitality Sector many business owners are small family run businesses that already are paying taxes, GST and under continued pressure regarding licences and recruitment of suitably skilled staff to work in the sector. We believe the proposed method of imposing these charges will impact visitors and residents alike. Jersey will struggle to be competitive as a Tourist destination, countless jobs will be put at risk and Jersey's future potential will be extinguished.

In some cases, a business will just decide it's not worth continuing and close or try to continue and then must close a few years down the line. Both scenarios will impact our Tourism offer as a destination and damage our local infrastructure which the sector helps keep secure, such as air routes from and to the island. If Tourism numbers fall now due to closure of hospitality businesses from increased cost's, then we could see attractions closing. Businesses incurring large costs will need to pass these on and will need to make cuts.

Calculation of charges

To date there has not been a clear explanation of how proposed Volumetric Charge of (£2.27/m³) has been arrived at and why. Furthermore, there is no indication of any likely increases in coming years. There has not been confirmation of the detail that will be included on a bill for a business to calculate and budget for their charges nor is there any indication of any kind of Customer Service provision for enquires to be made to. The proposed wastage charges are effectively another utility bill but without the detail that a business expects when being charged.

Economic impact

To the best of our knowledge there has been no economic impact study undertaken to assess the potential effect on the Hospitality Sector which is not only disappointing but also seems very reckless due to the challenges it faces as outlined previously.

There has been no consultation on the proposed charges but a “briefing” provided on what is being proposed, this approach comes across as a combination of arrogance from the Minister and his team plus a very poor attempt at communicating and understanding the likely effects on the sector. No consideration has been given to the far reaching effects of these charges or the unintended consequences such as the effects of businesses cutting water usage on their ability to maintain best practice for Health & Safety/Hygiene standards.

Challenges of the Hospitality sector

Recruitment/Training & Licences

Brexit

****Here are some facts about the sector and the contribution it makes to the Islands Economy**

- 8.3% of the Economy is accounted for by Tourism
- 1 in 8 jobs are supported or related to Tourism
- There were 40 separate air routes to Jersey in 2016
- By seat numbers Jersey is BA's Biggest Market out of London Gatwick
- £228m was spent in the island by Visitors
- 692,000 visitors to Jersey in 2016
- There has been three years of consecutive growth in staying leisure for the first time in 20 years
- £11.4 m was generated in GST by the sector
- Businesses that directly benefit from Tourism include:
 - 58 Hotels
 - 35 Guest Houses
 - 6 Camping sites
 - 32 Self Catering Units
 - 130 restaurants
 - 4 coach companies
 - 85 buses
 - 255 taxis
 - 76 Pubs

All the above in turn create business for builders, plumbers, electricians, Advertising Agencies, Utilities, Local food producers, banking services, retail sector.

** Provided by Visit Jersey

Headcount of Staff

Taken from the Jersey Statistics unit the overall headcount of the “Hotels, Restaurants, and Bars “sector was 6,770 in June 2016 almost identical to the 6,740 it was in 2001 and continues to have high demand at the high season with a drop off for the remainder of the year. We therefore continue to be disappointed that any increase in the Island population is blamed on the sector as the population has grown from 87,000 in 2001 to 103,000 in 2015, this is clearly not due to the Hospitality sector.

Balancing the books by the States of Jersey

On Wednesday 17th May 2017, Senator Ian Gorst, Chief Minister announced that the States books have been balanced nearly three years ahead of schedule, the statement from the Chief Minister comes, just two years after ministers warned there would be a budget shortfall of £125 million by 2019. Senator Ian Gorst said that accounts due to be issued within the next few weeks would show that the Island’s economy had grown by 2.2 per cent – more than double the forecast – with income higher than the Council of Ministers had expected. While this should be regarded as positive after a predicted shortfall of £125 million in States finances – dubbed the ‘black hole’ – which sparked a wave of public sector job cuts and proposals for a new health charge, benefits cuts and user-pays fees, to fund priorities in health and education. The Chief Minister has now said there had ‘never been any black hole’ and added that the growth in the economy showed that the Council of Ministers’ plans were working. He said the financial services industry now employed over 13,000 people – more than in 2007, before the global crisis – with States income showing a good return on investments because of the Brexit ‘bounce’. In the private sector, assets under administration and management had grown, with jobs growth in areas other than banking, He has also further commented ‘Our economy is doing incredibly well, although that brings challenges. Our finances have turned the corner and are healthy, income is above what is expected, departments have spent less,’ Senator Gorst added ‘We must do all we can, but balancing the books early on is a good thing.’

With this positive statement by the CM, as a Sector we are now confused as to why therefore the implementation of the proposed wastages charges are still being pushed through. We are therefore very concerned that the lack of detail in the MTFP when debated was still adopted in principal and wastage charges that have not had any detailed impact assessment undertaken on the affect they will have on the Hospitality and Tourism Sector are still being debated.

We can only hope that common sense will prevail and that through the Scrutiny review undertaken by the Environment, Housing and Infrastructure Scrutiny Panel regarding the proposed wastage charges that a suitable solution can be found before the debate in July.

As we head to the Debate the JHA will be increasing its lobbying on this subject along with other recently proposed charges from the Population Office which again seem to have little of a joined-up approach apart from being another cost to a business, which in some cases will signal its timely closure as government policy makes it too expensive and difficult for sectors outside of the Finance sector in Jersey to flourish.



Please do not hesitate to contact me or our Association Manager, Helen Hart if you would like any further information.

Yours Sincerely

Fiona Kerley
President
Jersey Hospitality Association