

**DRAFT AMENDMENT (No. 25) TO THE TARIFF OF HARBOUR AND LIGHT DUES (P.195/2000):
AMENDMENT**

**Lodged au Greffe on 21st November 2000
by Deputy P.F.C. Ozouf of St. Helier**



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DRAFT AMENDMENT (No. 25) TO THE TARIFF OF HARBOUR AND LIGHT DUES (P.195/2000): AMENDMENT

PAGE 6, proposed new Section A.5 -

After sub-paragraph (b) there shall be inserted the following sub-paragraph -

“(ba) For each metric tonne of ready-made
concrete building blocks unloaded from
a ship on importation into the Island
£1.00”.

In sub-paragraph (c), after the words “or 5(b)” there shall be inserted the words “or 5(ba)”.

PAGE 6, proposed new Section A.5(c) -

*After the word “refers” there shall be inserted the words “, or agricultural produce being loaded for export from the
Island”.*

DEPUTY P.F.C. OZOUF OF ST. HELIER

Explanatory Note

The effect of the first two amendments would be to provide a harbour due at the rate of £1.00 per metric tonne on ready-made concrete construction blocks unloaded from a ship on importation into the Island.

The effect of the third amendment would be to exclude from liability for harbour dues agricultural produce loaded into a ship for export from the Island.

REPORT

Currently, the current charges do not relate to the cost of the services provided. The costs of maintaining the commercial port and the other services provided which allow for safe operation of commercial shipping are significantly less than the charges currently levied. In the absence of accurate activity based costing data, which shows the cost of providing the services to port users, it is impossible for the Harbours and Airport Committee to take long-term strategic decisions and decide how the charging structure should be changed. I understand that this work is underway and I would want to encourage the Harbours Department to accelerate this important work.

Jersey harbour dues act as a barrier to trade as they impose a disproportionate cost on importers and exporters. In the case of goods used on the Island, it means that the normal functioning of the competitive market is not possible. Local manufacturers are protected as their prices can be higher than they otherwise would be if the import substitute was lower. This is inflationary.

In the case of exporters, high harbour dues act as a disincentive to export and impose a potentially heavy tax on exports.

Harbours and Airport will no doubt argue that due to the absence of data, they find it impossible to compare underlying expenses to charges and changes to the current structure cannot be made. Because there is a lack of consistency in the costs that make up harbour dues around the world, it is difficult to benchmark Jersey rates in comparison with others absolutely. Despite this, it can be said with a fair degree of confidence that Jersey harbour dues are significantly higher than the charges levied by most other places in the industrialised world. The unshakeable conclusion of this comparison leads to the conclusion that, despite the absence of actual costings data, the levels that harbour dues charged are higher (perhaps much higher) than the cost of providing the service.

I have identified two areas where, even with the absence of accurate costings data, changes could be made which would benefit the economy of the Island. The two amendments can be taken in isolation of the longer term review of harbour dues and, if accepted, signal to the Harbours and Airport Committee the States' clear desire to see reform in this important area.

Agricultural exports

In the past, identical harbour dues have been charged on exports and imports. The existence of harbour dues on all agricultural exports places an export tax on farmers. At the rates charged, this is an important element of cost which farmers have to bear. Elimination of these costs provides farmers with an added incentive to export all possible crops. It also places farmers on a more level playing field to their competitors, who do not have to bear this cost.

The removal of harbour dues is fair to all farmers. It does not discriminate against the sectors of the industry. It benefits the large and small proportionately, unlike many of the other subsidy schemes that are currently handed out. This measure is a "hand-up" not a "hand-out". If accepted, it signals to the agricultural community that the States are not only willing to assist the Industry, but the States will enthusiastically support ways which reflect accepted economic thinking across the world.

Concrete blocks

Currently the list price for standard concrete blocks locally is 81 pence per block. In the United Kingdom, identical blocks can be bought for a maximum of 45 pence per block. This is an extraordinary difference, which does not appear to be justified in terms of additional on-Island costs.

There are very few standard concrete blocks imported into the Island. My research suggest that the price of concrete blocks is set at a level slightly below the cost of importing blocks into the Island.

One important component on the import prices is harbour dues. At current levels this represents an additional (equivalent) cost of 13 pence per block.

There are two possible consequences if this amendment is accepted -

- (a) a fall in the price of concrete blocks as local market prices are adjusted to take account of the reduced substitute cost of importing blocks;
- (b) the local building industry will organise itself in such a way that concrete blocks are imported because they are cheaper.

Both consequences have the effect of lowering the price of blocks. The price of concrete blocks is a significant cost of building, and it can be expected that building prices may fall as a consequence. This has a positive deflationary effect.