

STATES OF JERSEY



BUDGET 2004: AMENDMENT

**Lodged au Greffe on 18th November 2003
by the Deputy of St. John**

STATES GREFFE

BUDGET 2004: AMENDMENT

PAGE 47 –

- (a) *To reduce the estimate of revenue expenditure of the Employment and Social Security Committee from £80,401,400 to £79,401,400 by subtracting –*

£1 million from the amount set aside for the Disability Transport Allowance.

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- (b) *To increase the estimate of capital expenditure of the Environment and Public Services Committee from £7,265,000 to £8,265,000 by adding –*

£1 million to the amount set aside for Foul Sewer Reconstruction and Extensions.

DEPUTY OF ST. JOHN

REPORT

Members will recall that no new monies were voted for foul sewer extension in the 2003 budget as members were told that existing votes had to be used up, but assurances were given that money would be forthcoming to assist with future mains drain extension if there was a shortfall.

In the 2004 budget book, yet again, no money is proposed for mains drains extension but several lines exist on page 22 which read as follows –

“Two ‘user pays’ proposals were put forward and accepted by the Presidents for implementation in 2004. The Sewerage Charge, following the States debate on the principle of such charges, has been deferred until 2005 but the introduction of a mechanism to cover the cost of the current subsidy on scrap metal disposal is incorporated in the budget.”

As the user pays policy has been debated by the States, members will recall that P.63/2003 of Senator Syvret was adopted on 24th June 2003, arising from which the States agreed that any new charge had to be brought to the Assembly. I do not see how funding can reasonably be raised for 2004 by this means, as the Environment and Public Services Committee has not brought its proposals to the Assembly as were proposed. In the 2003 budget book, page 28, it reads–

“In addition, the department is taking a pro-active position in identifying the types of charges that it makes in order that the ‘user-pays’ principle can be followed wherever possible. This may lead to new charges for waste disposal being introduced as well as the implementation of a sewerage charge, which is being considered. It is anticipated that these charges will take effect late in 2003 or early in 2004.”

To fund my proposals, I propose to use money from the Employment and Social Security Committee from the vote set aside for the Disability Transport Allowance. Members will know that over recent years serious concerns have been raised by members that these funds are not in all part being used for the purpose originally envisaged: this is acknowledged by the Employment and Social Security Committee in the year budget book, page 46 –

“Disability Transport Allowance to be held at current levels, pending proposals to narrow future entitlement and direct resources more effectively”,

and members will note I have only asked for less than one-sixth, thereby allowing sufficient funds to the Employment and Social Security Committee to continue with its allowance to these people out in the community with real transport needs, but will concentrate the Committee’s mind to deal with some of those people who are in full-time care who claim this allowance but in fact do not use disabled transport.

There are no additional manpower implications for the States arising from this proposition.

EXTRACT FROM:

ANTI-INFLATION STRATEGY (P.125/2000)

(Lodged au Greffe on 4th July 2000 by the Finance and Economics Committee)

(vi) Action on States charges

21. For many years the Finance and Economics Committee has sought, with limited success, to contain increases in States charges to 2.5 per cent per annum. With the adoption of an explicit 2.5 per cent inflation target, together with the need to damp down inflationary expectations and focus more on efficiency savings, this objective now becomes an imperative. The Finance and Economics Committee has therefore accepted the view of the Task Force that the 2.5 per cent limit must now be met as a matter of course, and a Code of Direction will accordingly be issued presently. This is covered by proposition (d).
22. It is recognised that there may be legitimate and compelling instances where an increase above 2.5 per cent is desirable. These may be, for example, for 'user pays' reasons (i.e. if one particular group receiving a valuable service from the States is charged below cost, then that group is simply being subsidised by taxpayers generally) or in pursuit of health or environmental objectives, where the purpose of raising a charge may be to signal the relative undesirability of a given activity. So the Code of Direction will allow for increases above 2.5 per cent in exceptionally compelling circumstances, but any such cases will require the Finance and Economics Committee's prior approval. The Committee is anxious to emphasise that this will be an exceptional procedure and will not be an 'escape route' for departments to increase charges (which may well be monopolistic) in excess of inflation when perhaps more attention should be given to reducing costs thus overriding the need to increase charges in the first place.

EXTRACT FROM:

FISCAL REVIEW WORKING GROUP: SECOND REPORT (R.C.37/99) (Presented to the States on 28th September 1999 by the Finance and Economics Committee)

Sewage disposal charge

58. The Group was asked for a view on the possible introduction by the Public Services Committee of a sewage disposal charge. The Group considered the proposal in the context of the general criteria set out in paragraph 5 of this report and concluded that –
- while it could be argued that what was proposed was in accordance with the user pays principle, the Group is of the view that this principle applies more appropriately to those situations where, through a charge for a service, users can be discouraged from placing additional demands on the service provider. Thereby the Island's limited resources would be used more effectively. A sewage charge would not satisfy this condition and would be concerned more with collecting revenue than seeking to influence the demand for the service;
 - if the purpose behind the charge is to raise revenue there are simpler ways of doing this. By comparison with other forms of taxation there would be a relatively high administration cost incurred in collecting a sewage charge;
 - the group is not in favour of the funds raised from the sewage charge being “ring fenced” and set aside to meet the ongoing total costs of the sewage programme. It is felt that this would have the disadvantage that expenditure on sewer extensions would be removed from the States' capital programme prioritisation exercise and high cost/low benefit schemes could well be implemented simply because the money was available rather than that they were justified;
 - applying a sewage charge on the basis of the rateable values of the properties served, as is proposed by the Public Services Committee, will present problems because of the variation in rateable values between individual parishes;
 - the imposition of a service charge would be inflationary - although it is recognised that this would be the case with any form of indirect taxation;
 - there would be hardship for those on relatively low incomes, and some arrangement would need to be found for relieving that hardship, recognising that this would add further to the administration costs.

CODE OF DIRECTION No. 24

INCREASES IN STATES FEES AND CHARGES

Introduction

- 1.1 This Code of Direction is issued under Article 27 of the Public Finances (Administration) (Jersey) Law 1967 as amended (hereafter referred to as The Law).
- 1.2 The purpose of this Code is twofold –
 - firstly, it intends to set the parameters within which States Committees review their fees and charges; and
 - secondly, it aims to meet the requirements of the States Anti-Inflation Strategy (P.125/2000).
- 1.3 The Anti-Inflation Strategy states that increases in States fees and charges should be limited to 2.5% per annum with compelling cases to be subject to the prior approval of the Finance and Economics Committee.
- 1.4 The aim of the States Anti-Inflation Strategy, as agreed by the States in September, 2000, is to bear down on inflation in the Island. It was recognised from the outset that, because of the wide ranging involvement of the States in the Island’s economy, action on States fees and charges would need to be an important element of the Strategy.
- 1.5 Committees should when reviewing fees and charges, first thoroughly satisfy themselves that any increase is absolutely necessary and that there is absolutely no scope for either holding or reducing fees and charges through efficiency and productivity gains. There should be no presumption of automatic increases “in line with inflation” without this process having been demonstrably undertaken first.
- 1.6 The Anti-Inflation Strategy recognises both the need to address inflation and to promote the principle of “User Pays”. The report attached to the Anti-Inflation Strategy states –

“It is recognised that there may be legitimate and compelling instances where an increase above 2.5 per cent is desirable. These may be, for example, for “user pays” reasons (i.e. if one particular group receiving a valuable service from the States is charged below cost, then that group is simply being subsidised by taxpayers generally) or in pursuit of health or environmental objectives, where the purpose of raising a charge may be to signal the relative undesirability of a given activity.”

The Finance and Economics Committee is well aware that these two issues may conflict. The Committee is determined that States funds are allocated to high priority “core” areas, which may mean that if lower priority or non-core services are to continue the full cost of service provision will have to be met by the user.
- 1.7 The procedures detailed in this Code apply to ALL States Committees – Trading as well as Non-Trading Committees for the time being. (However, it is intended that the Jersey Competition and Regulatory Authority (JCRA) will take over responsibility for monitoring the charges levied by the Incorporated Bodies). The Code also relates to fees and charges which are governed by States Orders and Regulations.
- 1.8 All fees and charges whether directly reflected in the Island’s Retail Prices Index (RPI) or not, are covered by this Code.
- 1.9 Any proposal for the increase or introduction of a new charge which is effectively a duty or tax (for cross subsidy or other purposes) must be submitted to the Finance and Economics Committee for consideration. (Proposals of this nature undoubtedly need legislation and will therefore require comment from the Finance and Economics Committee).

2 Procedures to be followed

2.1 Annual Fee/Charge Increases of 2.5% or less

- (i) In the first instance Committees should be able to demonstrate that –
- they have actively reviewed all costs relating to a service; and
 - every effort is being made to control or reduce costs and improve productivity
- before an increase to a fee or charge is levied.
- (ii) The prior approval of the Finance and Economics Committee to increase an existing fee or charge WILL NOT be required where the average increase in the fee or charge does not exceed 2.5% per annum compounded.

2.2 Proposed Fee/Charge increases of more than 2.5% per annum

- (i) As in 2.1 (i) above Committees should, in the first instance be able to demonstrate that –
- they have actively reviewed all costs relating to a service; and
 - every effort is being made to control or reduce costs and improve productivity
- before an increase to a fee or charge is levied.
- (ii) The prior approval of the Finance and Economics Committee WILL NOT be required where increases are calculated by reference to statute, or by a formula which has already received the approval of the States or the Finance and Economics Committee.
- (iii) Where a fee or charge increase exceeds 2.5% per annum it will be the responsibility of the requesting Committee to ensure that –
- the approval of the Finance and Economics Committee is gained before any increase is levied; and
 - the requesting Committee provides the necessary justification for the level of increase.
- (iv) The Finance and Economics Committee will delegate the task detailed in (iii) to the Treasurer of the States where –
- requests do not need to be submitted to the States for their approval; and
 - requests relate to non-contentious issues;
 - Committees are able to demonstrate that they are increasing charges in order to fulfil the “User Pays” principle.

3. “User Pays” principle

- 3.1 It is recognised that there are instances where one particular group receives a valuable service from a States Committee at a charge which is below cost and they are, therefore, being subsidised by taxpayers generally. In these circumstances it is expected that Committees carefully consider whether there is a case for the user to meet either the full cost of a service or a greater proportion of the cost of service provision. (When assessing the cost of providing a service Committees should ensure that all direct costs as well as overhead costs are taken into account).
- 3.2 In the circumstances in 3.1 above Committees are requested to follow the procedures detailed in section 2.

- 3.3 There may be instances where a Committee decides to introduce or increase a charge in order to indicate the undesirability of a given activity on health or environmental grounds. For the avoidance of doubt this also relates to import duties. If it is intended that the charge purely covers the cost of service provision Committees will be expected to follow the procedures in Section 2 above. However, if the level of charge exceeds the cost of service provision this is effectively a tax and its potential imposition will need to be fully discussed with the Finance and Economics Committee.

Foul Sewer Extension Schemes

Remaining list, priority confirmed by Sewer Working Party (SWP)

Reference No.	Scheme Title
46	Perruque, St. John
2A	Area north of Becquet Vincent, Trinity
22	La Rue des Niemes, St. Peter
22A	La Presse, St. Peter
34	Ville au Bas, St. Ouen
61	La Rue du Vieux Ménage, St. Saviour
32B	Mont Mado Phase 2, St. John
45	Tas de Geon (west), Trinity
5/94	Boulivot de Bas, Grouville
23	St. Ouen's Church area
19	Mont Cochon, St. Helier
60	Old Beaumont Hill, St. Peter
51A	Rue d'Elysée, Phase 1, St. Peter
41	Jubilee Hill, St. Peter
33	Park Estate, St. Brelade
4	Bouley Bay, Trinity

Remaining list, priority yet to be confirmed by SWP

Reference No.	Scheme Title
45A	Tas de Geon (east), Trinity
21	Mont Matthieu, St. Ouen
27	Les Tombettes, St. Mary
11A	Rue de Guillaume et d'Anneville, Faldouet
82	Sunset Nurseries, St. Ouen
2B	La Rue des Haies, St. John
71	La Citadelle Estate, St. Lawrence
35	Mont Rossignol, St. Ouen
5A	La Charrière du Bourg, Grouville
62	Rue de la Chouquetterie/Bouillon, St. Martin
88	La Rue des Cabarettes, St. Martin
47	St. Peter's Arsenal, St. Peter
49A	La Maison de Maufant, St. Martin
66	La Rue du Sud, St. Ouen
24C	La Verte Rue/Rue des Catieaux, Trinity
51B	Rue d'Elysée, Phase II, St. Peter
76	La Route de Rozel/Côte du Nord, St. Martin
47A	Area to east of St. Peter's Arsenal, St. Peter
24B	La Rue Jacques/Brabant, Trinity
138	5 Props Spec. School, Queen's Road
58B	Le Chemin de Herupe, St. Lawrence/St. John
98	Le Rondy, St. John
127	Le Mont au Prêtre (top of Trinity Hill), Trinity
117	Route Orange, St. Brelade
126	Highview Lane, St. Helier
70	La Rue des Sapins, St. Peter
131	Southern end of La Blinerie Lane, St. Clement
115	Rue Flicquet, St. Helier
132	La Ville au Neveu, St. Ouen
144	La Rue des Nouettes, St. Clement
87	East of Manor Park, St. Helier

91	Le Coin, La Rue du Bocage, St. Brelade
113	Les Grupieaux, St. Peter
102	La Ville es Vibert, St. Mary
44B	Gargate Mill area, St. Peter
64	Le Mont des Routeurs, St. Peter
103	Les Varines, St. Saviour
85	La Rue de la Blanche Pierre, St. Lawrence
92	Portelet area, St. Brelade
53	Rue Mahaut, St. Ouen
134	La Rue de l'Epine, Trinity
74	Devil's Hole, St. Mary
52A	Route de Vinchelez, St. Ouen
93	La Route des Champs, St. Saviour
83A	La Route des Mans, St. Brelade
96	La Fosse de Pathais, St. Ouen
101	Le Mont des Louannes, St. Peter
15C	La Rue du Nord, Trinity
120	La Rigondaine, Grouville
27B	La Rue du Cerf, St. Mary
84	Le Coin, top of la Haule Hill, St. Brelade
123	La Rue des Champs Rault, Trinity
104	Oaklands Lane, St. Helier
89	Le Mont de la Guerande, Gorey
73	Le Marais, St. Mary
32C	La Rue de Fremont, St. John
79	La Rue des Huriaux, St. Martin
133	Les Arbres, near Warwick Farm, St. Helier
77	La Rue de Sous les Bois, Trinity
58A	La Rue de la Mare Ballam, St. Lawrence/St. John
83	La Route du Franc Fief, St. Brelade
34C	Croix du Marais, St. Ouen
36C	Victoria Village east, Trinity
40C	La Rue de la Mer, St. Ouen
139	Grantez, St. Ouen
99	La Rue Militaire, St. John
19A	Le Mont Cochon, St. Helier, area to west
105	La Rue des Raíses, St. Martin
72A	La Rue des Potirons, St. Mary
135	La Rue des Fontaines, Trinity
64A	La Rue des Hêtres, St. Peter
118	Pont Marquet, St. Brelade
44C	La Rue de Panigot, St. Peter
63	Northern Exchange, St. John
109	Back of St. Lawrence Church, St. Lawrence
112	La Rue de la Fontaine, St. Peter
69	Le Chemin de l'Etocquet, St. Ouen
110	La Rue de la Hauteur, St. Helier
57	La Rue de la Fontaine, St. Martin, St. Lawrence
78	La Rue des Catieux, Trinity
121	Le Côté Vautier, Grouville
122	La Rue du Rue, St. Martin
26	Rue des Servais, St. John
27C	Rue es Abbés, St. Mary (north end)
99B	Les Chenolles, St. John
95	La Botellerie, St. Ouen
140	Flicquet Bay

38	Route de la Hougue Bie/La Commune
145	La Rue a l'Eau, St. Ouen
81	La Ville es Nouaux, St. Martin
136	Marais a la Cocque, Grouville
141	Mont de la Mare Ste. Catherine
68	La Rue du Creux Baillot, St. Ouen
114	Ruelle de St. Clair, St. Lawrence
90	St. Brelade's Church area, St. Brelade
27A	Mourier Valley FSE, St. John
59	La Rue Parcqhée, St. Lawrence
100	La Rue es Bœufs, St. Mary
97	Le Chemin du Herupe, St. John
106	Portelet Common, St. Brelade
46A	La Rue de Sorel, St. John
143	La Rue des Pelles, St. Martin
142	La Rue es Philippes, Grouville
42B	La Rue es Abbes, St. Mary (south end)
129	Rue des Issues, St. John
108	Area adjacent to Desalination Plant, St. Brelade
107	La Croix au Maître, St. Martin
44D	La Rue de la Vallée, St. Peter
80A	La Ville Bree, St. Martin
15D	La Rue de l'Allée, Trinity
72	Gigoulande, St. Peter
14B	Halfway Hill Extensions, Grouville
99A	La Rue des Courts Champs, St. John
76A	La Ville Machon, La Rue des Côtes du Nord, St. Martin
128	La Gabourellerie, St. Ouen
116	La Vieille Charrière, St. Martin
86	North-east of Dannemarche Reservoir, St. Lawrence
75	La Rue de la Mare des Pres 2, St. John
125	La Prêterie, St. Peter
32D	La Rue de la Mare des Pres 1, St. John
124	La Rue de la Fontaine, Trinity
67	Les Landes, St. Ouen
137	La Commune, Victoria Village