

STATES OF JERSEY



RATES: THE STATES' LIABILITY (P.147/2008) – COMMENTS

**Presented to the States on 16th January 2009
by the Minister for Treasury and Resources**

STATES GREFFE

COMMENTS

Whilst the Minister broadly supports the Working Party's argument that the States should pay rates on its properties from an equity standpoint, such are the significant pressures on public finances it is not feasible to absorb the additional cost within already pressured States spending limits.

The cost of implementing the proposal will be in the order of £1.65 million per annum at a time when the States has numerous unfunded challenges, such as the cost of maintaining the reciprocal health agreement with the United Kingdom, and significant property and infrastructure works backlogs, which must take priority.

Pressures on States funding are likely to increase during the current period of economic uncertainty, and no funding has been included in States' spending proposals to meet the additional costs associated with the proposition.

To preserve the States budget position there would need to be a compensatory measure. The Minister met with the Connétable and agreed a process to resolve the matter. Property Holdings would commence work to evaluate those States properties from which a commercial activity is undertaken, resulting in the delivery of a chargeable service that recovers its costs, with a view to moving to the payment of full rates over time for these properties. Consideration will also be given to charging the residual States liability to the Island-Wide Rate commercial element.

The Minister believed that an agreement had been reached to move forward on this basis to find a constructive compromise position for the Parish accounting year commencing May 2010, at the earliest.