

23.10.03

11 Deputy S.Y. Mézec of the Minister for Treasury and Resources regarding the proposed Liquid Waste Charge (OQ.192/2023)

Will the Minister advise what consideration he is giving to the form that the Government Plan's proposed liquid waste charge takes, and can he assure the Assembly that he will not propose a new tax which meets the definition of a "regressive" tax?

Deputy I.J. Gorst (The Minister for Treasury and Resources):

The development of a liquid waste charge has not yet commenced and requires States approval to do so. The Minister for Infrastructure will be in the lead, as set out in the proposed Government Plan. We will, as ever, seek to develop taxes and other levies in line with the tax policy principles set out on page 26 of the proposed Government Plan and I would expect any charge to be low, broad, simple and fair so that everyone should make an appropriate contribution to the cost of providing services.

3.11.1 Deputy S.Y. Mézec:

So does that mean therefore that we can take it from that answer that the form that the tax will eventually take will not be regressive, i.e. a tax whereas the taxable base increases the effective rate decreases?

Deputy I.J. Gorst:

Much as I would like to appropriately answer that question, I fear I am going to be in breach of the previous States decision which says that Ministers cannot consider a liquid waste charge until the Assembly has made the decision to allow it to consider it, so all I can do at this stage is fall back upon the principles as set out on page 26.

3.11.2 Deputy R.S. Kovacs:

Can the Minister explain if these taxes on liquid and solid waste are intended to be similar with what used to be the so-called toilet tax imposed on the population a few years ago? Does he agree that taxing waste would increase fly-tipping or improper disposal of the rubbish on the Island?

Deputy I.J. Gorst:

There are all sorts of arguments about taxing of solid and liquid waste. The reason that the previous Assembly, I think back in 2016, they decided something in principle and then worked through those principles and the Assembly did not approve it. So at that point the decision was made that Ministers would have to come back to the Assembly to be given permission to consider so that those questions can be answered.

3.11.3 Deputy R.S. Kovacs:

Does the Minister also agree that taxing domestic waste could also have an effect on the inflationary price of housing?

Deputy I.J. Gorst:

I am not sure, if I tried to avoid answering directly about the form of any charge, whether one could argue that a separate tax or charge for waste was inflationary on the price of housing when the drainage systems and waste systems have to be put into any house which is built. It is about the

removal of that waste and I do not think that that would be directly inflationary upon the price of housing or I find it difficult to see that it would at this point.

3.11.4 Deputy S.Y. Mézec:

The Minister will remember his previous attempts to introduce a commercial waste charge which was defeated in this Assembly. Some of those who voted against it did so on the basis that it was tax based on use rather than the profitability of those businesses and hence a concern of the negative economic impact such a tax would have. Could he confirm whether he has learned the lessons from that debate and will ensure that if he does seek to come back with any proposals for a liquid waste charge that it will take into account those views expressed then and will not be one which risks causing economic damage by taxing use rather than profits?

Deputy I.J. Gorst:

Of course I could flippantly say I have learnt the lesson and that is why I said the Minister for Infrastructure will be leading. **[Laughter]** The reality is that these are complex matters and I have no doubt that the Minister and all Members of the Council of Ministers and this Assembly, that if the States agree to allow Ministers to consider such a charge, they will be taking into consideration the matters that the Deputy raises.