

2017.06.20

**3.16 Deputy M. Tadier of the Minister for Economic Development, Tourism, Sport and Culture regarding the impact of the proposed liquid waste charges on business, particularly in the hospitality and agricultural industries: [1(368)]**

In light of answers he has previously given and the lodging of the Draft Drainage (Jersey) Law 2005 (Appointed Day) Act (P.38/2017), what further information, if any, does the Minister have on the impact the proposed liquid waste charges will have on businesses, particularly in the hospitality and agricultural industries, and is it his assessment that sufficient consultation on the proposals has taken place with businesses?

**Senator L.J. Farnham (The Minister for Economic Development, Tourism, Sport and Culture):**

I and other Members have now had the benefit of the data presented by the Department for Infrastructure in the accompanying report to P.38/2017 and last week the Council of Ministers also discussed the distributional impact assessment. For some months now, the department has been engaging with the industry but as the time for the introduction of the charges draws nearer, it is fair to say, I think, there is a lot more engagement with the industry happening. I raised concerns at a discussion at Council of Ministers last week on behalf of the business sector in relation to this. While we all accept the principle of this charge, and businesses do want to make their fair share of contribution to the Treasury, I am concerned about the timing of the charge. I have had discussions with Deputy Noel about this because given the impact of Brexit and the sharp fall in sterling businesses across all sectors of the economy which are seeing a sharp rise in input costs, together with the liquid waste charge, a solid waste charge, additional control of housing and work fees, planning and development fees and other charges, I think further discussions need to be had about perhaps a phasing-in of these.

[11:30]

It was agreed at Council of Ministers last week that the Minister for Infrastructure and myself would meet with the Minister for Treasury and Resources to discuss this in short order.

**3.16.1 Deputy M. Tadier:**

Does the Minister believe that the prime driver for this proposed law is first and foremost environmental or is it fiscal?

**Senator L.J. Farnham:**

Well I think it is both. There is no doubt that the Minister for Infrastructure and the Minister for Environment are very strong on this. I have no doubt that in certain businesses and certain cases it will deliver environmental impact. But, of course, when this charge was conceived, I think we were looking at a very different fiscal landscape. We were not in possession of the good news of the bonus we have had recently with the very good performance of our investments. I think there is an opportunity for us to look at this and work with our industries at this important time of the economy to ensure that we can introduce it in a manner that suits industry.

**3.16.2 Deputy D. Johnson of St. Mary:**

Is the Minister aware of the statement made by the Minister for Infrastructure at a public hearing last week before the Scrutiny Panel acknowledging that we had already lost a lot of our hotel beds and a lot of our hotels to residential and other uses, and I quote: "But there is still enough capacity for the visitors that we currently have"? Would the Minister care to advise whether he agrees with

that statement and what policy does he have in relation to maintaining the number of beds to maintain a successful tourist industry?

**Senator L.J. Farnham:**

Yes, that is a fact. Despite losing a number of hotel beds, the industry has reinvented itself somewhat in line with the demands of the modern visitor. We have enough hotel beds if we were to fill the Island 100 per cent year-round to I think we have about 3 million hotel beds available. But I am pleased to say that because of the increase in demand and the rise in tourist visitors to the Island, we are seeing further new investment and new hotels are currently being planned and being built.

**3.16.3 Deputy M. Tadier:**

Does the Minister's evidence for the figures given in the distribution analysis, for example, saying that a medium-sized hotel would effectively equate to 37 pence per night, the charges for them, that a medium restaurant would see an increase equivalent of 8 pence a meal and that a medium-sized office could pay a charge of 10 pence a day per employee, does he think under his estimations and in conversation with the industry that these are accurate or are they a vast underestimation of the real impact it would have on businesses?

**Senator L.J. Farnham:**

If I can be so bold as to say, the Minister for Infrastructure and I do disagree from time to time but I think we do it in a spirit of wanting to do our best for the Island. I think the figures listed here, while informative, are largely irrelevant and businesses simply are not going to add 37 pence to the cost of a room or so much to the cost of a cup of coffee. There is a saying that businesses do not pay taxes, consumers do. While some of the larger businesses can soak up - no pun intended - these charges in their margins, some of the smaller businesses will certainly have to pass these on. Given a time where we are expecting high inflation; in fact, the U.K. has just announced its highest inflation figures at 2.9 per cent for 4 years, I think we want to do all we can to avoid putting additional pressure on our inflation forecasts.