

STATES OF JERSEY



TELEVISION LICENCES FOR THE OVER-75S FUNDED FROM STAMP DUTY ON SHARE TRANSFER PROPERTIES

**Lodged au Greffe on 29th November 2005
by the Deputy of St. Martin**

STATES GREFFE

PROPOSITION

THE STATES are asked to decide whether they are of opinion –

to agree, in principle, that from the date of the coming into force of legislation to charge stamp duty on all transactions of residential and commercial immovable property in Jersey in accordance with the decision of the States of 19th January 2005, all persons aged 75 years and over living in domestic accommodation should be eligible for free television licences and to charge the Social Security Minister, in consultation with the Treasury and Resources Minister, to take the necessary steps to establish the scheme.

DEPUTY OF ST. MARTIN

REPORT

The issue of the free television licences in Jersey has become very much a political football with procrastination and frustration being the only winners. I believe that if it is good enough for the provision of free licences to be given to persons aged 75 years and over in the U.K. then it is good enough for Jersey residents.

I was one of the 24 members who voted against Senator Michael Vibert's proposition last year when he unsuccessfully attempted to provide for free TV licences for which funding would be provided by increasing the impôts on beer. I did not vote against because I thought the licences should only be for the benefit of those perceived to be in need. I voted against because I did not believe that the revenue should come by increasing impôts on beer, it is wrong in principle. The increase will not only be inflationary but will also affect those persons who are perceived to be in need.

Means-testing always creates anomalies and is a bitter pill to swallow if one is considered to be just on the wrong side of whatever criteria is established. Means-testing is not applied in respect of free bus passes, Christmas bonuses and telephone rental and local call charges. Only recently States Members agreed to do away with the means-testing of their allowance. The main reason for the removal was because it was considered to be unfair.

There will always be the argument that unless means-testing is applied, those who can afford a free TV licence will be getting something at the expense of those whose need might be perceived to be greater. I would argue that by the age of 75 years people who are perceived to be wealthy will have paid a considerable amount of taxes, and at that time of their life they should be spared the ignominy of being means-tested for something that is made freely available elsewhere in the U.K.

Clearly funding for the licences will have to come from somewhere. Increasing the impôts on beer will be inflationary and will also affect those perceived to be in need. I believe funding should come from revenue raised from a scheme that could be perceived to be a tax avoidance device. That scheme is share transfer, whereby no stamp duty is paid following the sale of property.

On 19th January 2005 the States debated my Proposition P.211/2004, which sought approval to agree in principle that stamp duty should be payable on all transactions of residential and commercial immovable property in Jersey undertaken through share transfer and to charge the Finance and Economics Committee to prepare the necessary legislation for consideration by the Assembly in 2005 to give effect to the proposals. There was general consensus that the share transfer scheme was inequitable and my Proposition was unanimously approved, however the legislation has not been lodged, let alone considered by the Assembly.

On 5th July during Oral Question Time the Assembly was assured by the Vice-President of the Finance and Economics Committee that his Committee intended to bring forward proposals before the end of the year. At the States sitting on 27th September in answer to a similar Oral Question, the President of the Finance and Economics Committee advised the Assembly that although there had been difficulties, it was still his Committee's intention to lodge the legislation before the end of this session. To date the legislation has not been lodged.

Clearly the Finance and Economics Committee has failed to carry out the wishes of the Assembly. Whilst there may be reasons for the failure, it is a fact that many thousand of pounds in revenue are being lost and the inequitable practice still exists. I believe that the Finance and Economics Committee needs some inducement or incentive to carry out the wishes of the States. What better way could be sought than to link the funding of the TV licences with the abolishment of the share transfer scheme?

If members approve my Proposition, all Jersey residents aged over 75 years would be eligible for free TV licences without having any impact on the cost of the living. The inequitable share transfer practice will come to an end, and not only will sufficient revenue be raised to pay for the TV licences, but there will be still some left over to go into States general revenue.

Financial and manpower implications

The cost of the free licences is in the region of £700,000 per annum but this is, of course, offset by the income

that will be raised from stamp duty on share transfer properties. It is estimated that one half-time employee would be needed to administer the scheme.