

# STATES OF JERSEY

## Environment, Housing and Infrastructure

### Scrutiny Panel

### Waste Charges Review

**THURSDAY, 15th JUNE 2017**

**Panel:**

Deputy D. Johnson of St. Mary (Chairman)

Deputy T.A. Vallois of St. John (Vice-Chairman)

Connétable S.A. Le Sueur-Rennard of St. Saviour

Deputy M. Tadier of St. Brelade

**Witnesses:**

The Minister for Infrastructure

Director of Operations, Department for Infrastructure

Assistant Director, Department for Infrastructure

Chief Officer, Department for Infrastructure

Business Development and Change Manager, Department for Infrastructure

**Also present:**

Panel advisers

[9:01]

**Deputy D. Johnson of St. Mary (Chairman):**

Welcome to the Environment, Housing and Infrastructure Scrutiny Panel. This hearing is being held solely to deal with the proposed waste charges and while it will concentrate on the liquid waste charges, it is to be noted that there will be a follow-up on the solid waste at some stage later. For the record, perhaps we could all go around the table and identify ourselves. I am David Johnson, Deputy of St. Mary and chairman of the panel.

**Deputy T.A. Vallois of St. John:**

Tracey Vallois, Deputy of St. John, vice-chair of the panel.

**Deputy M. Tadier of St. Brelade:**

I am Deputy Montfort Tadier, St. Brelade.

**Connétable S.A. Le Sueur-Rennard of St. Saviour:**

I am Constable Sadie Le Sueur-Rennard of St. Saviour.

**The Minister for Infrastructure:**

I am Deputy Eddie Noel, Minister for Infrastructure.

**Chief Officer, Department for Infrastructure:**

John Rogers, Chief Officer for the Department for Infrastructure.

**Director of Operations, Department for Infrastructure:**

Ellen Littlechild, Director of Operations for the Department of Infrastructure.

**Business Development and Change Manager, Department for Infrastructure:**

Hugo Willson, Business Development and Change Manager, Department for Infrastructure.

**Assistant Director, Department for Infrastructure:**

I am Duncan Berry, Assistant Director, Liquid Waste, Department for Infrastructure.

**The Deputy of St. Mary:**

Perhaps on their behalf I could introduce our 2 expert representatives from the company, Eunomia, David Baxter and Sam Taylor. If it is all right, Minister, we can perhaps ask them to participate as and when the questions so demand. Right, we have quite a long agenda, so we will try and keep the questions brief and make any answers too. Just to get going, back in 2015 it was understood that the charges were considered necessary to fund future capital projects such as a sewage treatment works. However, now the fees are being specifically ring-fenced for Education and Health. Could you elaborate as to the rationale for the change?

**The Minister for Infrastructure:**

That is not correct. The correct position is that my department's budget has been reduced by the end of 2019 by some £11.5 million and that is monies being reinvested in education and in health services. The purpose of the charges is to replace that revenue stream so we can continue to provide the services to non-households for their waste disposal.

**The Deputy of St. Mary:**

Okay, we will come back to that later. The proposal as to charging only non-households, are they consistent with the general user-pays policy?

**The Minister for Infrastructure:**

They came about through feedback from States Members. It is not what necessarily businesses wanted. The feedback that we have from businesses is that they wanted it to be for both non-households and households, but the States decision back in the M.T.F.P. (Medium Term Financial Plan) last September excluded us from considering household waste charges. Therefore we have done what the States have asked us to do and brought back detailed proposals to introduce non-household waste charges.

**The Deputy of St. Mary:**

It is perhaps too early: is there any hidden agenda to bring in households at a later date?

**The Minister for Infrastructure:**

As you know, because I circulated it yesterday, I am about to lodge a report and proposition today to make any charges for households in relation to waste subject to a separate States decision at some point in the future for either myself as Minister, or a future Minister, to tie their hands so they cannot bring in such charges without going back to the States for the States approval.

**The Deputy of St. Mary:**

Thank you for that. It obviously does satisfy one of our concerns that as it stands, if we just approve the Appointed Day Act as it is, that would enable charges to be extended without it coming back to the States, so I am grateful for that, thank you.

**The Deputy of St. John:**

Can I just clarify, could you explain the user-pays policy that we have in the States and how that works with the proposal that you have for the drainage law?

**The Minister for Infrastructure:**

The way I see it - and it might not be as it is effectively written - it is where we have a cost of providing waste services to non-households totalling some just over £11 million by the end of 2019 and that is the income that we are replacing by user-pays charges. So what is not being done is it is not a profit exercise. For us, my department will be in a no better situation than it is currently. It is merely replacing direct tax-funded revenue to my department with a user-pays charge. This is purely to cover the cost of providing those services, including the capital.

**The Deputy of St. Mary:**

Moving on, the question of non-householders, how precisely will they be identified?

**The Minister for Infrastructure:**

We have been working on a database and my colleagues will be able to go into more detail with that database. We have sourced that database from a number of sources. Jersey Water have been very kind to us and under the data protection rules have been able to give us some of their data. We have looked at numerous other databases and effectively now we probably have the best database on non-households in the Island. It has come from the control of undertakings work, it has come from Social Security, it has come from the Parishes themselves in some respect and now we have a very robust database of who we consider to be non-householders.

**The Deputy of St. Mary:**

Okay, a subsidiary point really: what about Airbnb businesses? We have got a few other questions about mixed households. I mean, how are you going to differentiate?

**The Minister for Infrastructure:**

Particularly with something like Airbnb, it is not necessarily under our housing rules legal at the moment and I believe that colleagues at Economic Development, Tourism, Sport and Culture are looking at ...

**The Deputy of St. Mary:**

It is coming into tourism more, is it not? Yes.

**The Minister for Infrastructure:**

Yes, they are looking at that. There are always going to be outlying effected business, non-household activity that we will not capture, but it is going to be very much at a de minimis level.

**The Deputy of St. Mary:**

Will there be a formula therefore identifying those or ...

**The Minister for Infrastructure:**

We do have a formula for businesses that are run from people's homes and that is based on experience with Jersey Water and other organisations.

**The Deputy of St. Mary:**

A strange sight on my agenda, but the term "non-household", there is no actual definition in the law of that at the moment.

**The Minister for Infrastructure:**

We started using that term, Chairman, because our media colleagues kept dropping the word "commercial" when we were talking about commercial charges, so the headlines were: "D.f.I. (Department for Infrastructure) Minister introducing charges." So we just tried to find a term that could not be amended when it was used in the public domain.

**The Deputy of St. Mary:**

Fine. Either way - and I do not blame the media for asking that question - whether it is non-household or commercial, the term does need to be defined.

**The Minister for Infrastructure:**

For us, it is interchanging and it is defined in the reports and in the legislation where it is needed.

**The Deputy of St. Mary:**

So where would it come in, the definition?

**Director of Operations, Department for Infrastructure:**

It is included within section 5 of the report. There is something on customers who we are identifying as non-householders, so that is businesses, States departments, community facilities, charities, waste delivered to D.f.I. in events, and who we are excluding from that are household customers, residential care homes and those that provide accommodation to people, because that is kind of a debate ...

**The Deputy of St. Mary:**

So it is purely in the report, it is not in the law?

**Director of Operations, Department for Infrastructure:**

No, it is in the report.

**The Deputy of St. Mary:**

Right. We might come back to that and see if it can be incorporated in the law.

**The Minister for Infrastructure:**

For liquid waste, the law is already there. What we are merely doing is turning on a piece of that law.

**The Deputy of St. Mary:**

Yes, but the law does not differentiate between householders and non-householders at the moment. That is the point I make.

**The Minister for Infrastructure:**

No, which is the main purpose for my report and proposition which I am lodging today, which sets it very clearly that for households, it is going to need a separate States decision at some point in the future if it going to be brought in.

**The Deputy of St. Mary:**

I accept that. I am sorry, just the point I am making is we need to define "household" as opposed to "non-household", that is all I am saying.

**The Minister for Infrastructure:**

It is in the report.

**The Deputy of St. Mary:**

Only in the report, rather than primary legislation, that is the point I am making.

**Deputy M. Tadier:**

Chairman, is it worth asking at this point - it is probably an overarching question in our methodology - to understand whether this is motivated primarily by a need to get taxation effectively from businesses which are not currently paying tax in the Island or is it motivated by environmental factors?

**The Minister for Infrastructure:**

The whole of the waste charges combined are primarily about changing behaviour. Secondly, it is about fairness in terms of removing the subsidy from general taxation for those businesses that are utilising the waste services.

**The Connétable of St. Saviour:**

Excuse me, if you are going to try and change people's habits, what happens when they stop using the water because it is costing? How are you going to get a revenue then?

**The Minister for Infrastructure:**

We have built into our calculation a reduction, which we want to see, of people's usage of resources, be they liquid or solid.

**The Connétable of St. Saviour:**

Yes, but if that revenue drops and you are looking for revenue, how are you going to get that? Is that where it comes to taxing the households?

**The Minister for Infrastructure:**

No. We have already built that in. We built in a reduction in the amount of usage, so if you look at the waste hierarchy, the first thing you want to do is reduce, so we have built that into our figures, so we do want businesses to use less water. Jersey Water want businesses to use less water.

**The Connétable of St. Saviour:**

So you started high and you hope we are going to sort of find a plateau and level down?

**Chief Officer, Department for Infrastructure:**

We are assuming a reduction in our calculations and that is where the figures have come from. The great thing about it is the less people put into the system, the cheaper it is for us as well, so there is a benefit in terms of we are not going to be pumping as much water around the system, we are not going to be having this much wear and maintenance on our plant and equipment and we are going to be treating less at our sewage treatment works on the liquid waste side. On the solid waste side, it is even more stark, less waste will be significantly less cost. If waste can be recycled, that will be a benefit for everybody.

**The Connétable of St. Saviour:**

Sorry, I understand that, but there are some things that cannot be altered if you are going to use X amount of gallons of water, and so there can be no savings because the machinery that is operating needs to be clean. I know at home my dairy is on mains water. Now, there is no way I can save anything, because it has to go through the cycles that it has to go through to make it okay. My cows drink from a borehole, so that is not a problem, but my problem is that after we have gone through the full cycle - and I cannot alter that, because that is fixed - it then goes into my slurry pit, it does not go down the drain. So why am I going to be charged for water that I am using when I am not ... it is going ...

**The Minister for Infrastructure:**

In your particular situation, Constable, along with other people in the dairy industry ...

**The Connétable of St. Saviour:**

Yes, I am not the only one.

**The Minister for Infrastructure:**

No, along with other people. We do look at those businesses separately and we calculate a fair charge for the amount of waste that goes into our system.

**The Connétable of St. Saviour:**

Right. So between now and when you want to - I am not going to say you are going to be able to - implement this, you are going to be able to work all this out?

**The Minister for Infrastructure:**

Yes. That is why the timetable is a timetable. That is why we are looking for a debate in July this year, particularly as there is the 7 months required to get everything in place prior to the charges coming in hopefully, subject to States approval, in March of next year.

**The Connétable of St. Saviour:**

Okay, thank you.

**Deputy M. Tadier:**

Is 7 months not a very short period of time for these businesses to be able to adapt?

**The Minister for Infrastructure:**

It is not about businesses adapting, Deputy Tadier, it is about the time to bring in a fair billing system whereby people are charged for the amount of waste that we treat, where currently general taxation is paying for those businesses' waste to be treated.

**Deputy M. Tadier:**

But where businesses are effectively facing an 87 per cent increase on their water bills for this new charge that is likely to have a significant impact on their business model.

[9:15]

**The Minister for Infrastructure:**



They are not going to be experiencing an 87 per cent increase in their water bill. They are going to be, for the first time, paying for the services that they ...

**Deputy M. Tadier:**

On the water bills I said, not in the water bill.

**The Minister for Infrastructure:**

It is going to be based on their water usage. They are going to be paying, for the first time, their fair share.

**Deputy M. Tadier:**

Do you accept the 87 per cent figure?

**The Minister for Infrastructure:**

I accept that it is the ...

**Director of Operations, Department for Infrastructure:**

It is about right. It is close to that, 14 per cent roughly.

**Business Development and Change Manager, Department for Infrastructure:**

Yes, between about 85 per cent and 90 per cent, depending on the business.

**The Minister for Infrastructure:**

Depending on the business.

**Deputy M. Tadier:**

I think your figures say it is 85 per cent to 90 per cent.

**The Minister for Infrastructure:**

Yes, as an average.

**The Deputy of St. Mary:**

Yes, I think we will come on to that a bit later and in more detail. Sorry, going back to the non-householders, if charities are to be included, residential care homes not, can I just clarify what the situation is?

**The Minister for Infrastructure:**

The reason for that is that residential ...

**The Deputy of St. Mary:**

Sorry, the question is what is the situation with the hospice?

**The Minister for Infrastructure:**

A Hospice is an organisation that is providing the final home for many of our Islanders.

**The Deputy of St. Mary:**

So it is a residential care home?

**The Minister for Infrastructure:**

Therefore it will not be subject to the liquid waste charge.

**The Deputy of St. Mary:**

That is all I wanted to clarify. Thank you for that.

**The Deputy of St. John:**

Can I just ask, on the non-households, without having it defined in law, what is the ability for a loophole system to be created?

**The Minister for Infrastructure:**

In terms of people avoiding the charge?

**The Deputy of St. John:**

Yes.

**The Minister for Infrastructure:**

We have the ability on the database to drill down and identify individual businesses that are running from individual premises and we can assess those businesses.

**The Connétable of St. Saviour:**

Then what? Do you take them to court or do you sort of ...

**The Minister for Infrastructure:**

They will be charged for the disposal of the waste that they produce.

**The Deputy of St. Mary:**

I think we will perhaps return to the definition of households later.

**The Minister for Infrastructure:**

It is all in the documentation that you have been provided.

**The Deputy of St. Mary:**

I think Deputy Vallois' point is that there is no ... the term "non-household" or "commercial" has been used in reports, but not in the primary law. That is what we are trying to put our finger on. Exemptions: what assessment has been made of the use of exemptions for the trade effluent consent under the Drainage (Jersey) Law? The concern here is that some organisations may seek to reduce their charge by claiming an invalid exemption.

**The Minister for Infrastructure:**

There will not be exemptions under those. They will be treated in a different way. We look at the individual businesses. Probably the most stark example is the dairy, is it not? The dairy produces in terms of the loading on the sewage treatment works - if I have got my figures correct - something equivalent to like 20,000 Islanders. That is the amount of the loading coming out of the dairy on our sewage treatment works, so they will be assessed. We had a discussion with the dairy. Based on what is done elsewhere, the sewage treatments works in the U.K. (United Kingdom), Mogden, we used the Mogden formula, or the application of the Mogden formula will be applied to businesses such as the dairy.

**The Connétable of St. Saviour:**

But are the dairy not meeting you some of the way now?

**The Minister for Infrastructure:**

The dairy are ...

**The Connétable of St. Saviour:**

They let everything out mostly overnight, when the general public or the hotels are not using it, so they are trying to be environmentally friendly now, are they not?

**The Minister for Infrastructure:**

They are, and they are trialling some new equipment to try to reduce the loading that they are producing.

**The Deputy of St. Mary:**

I think Jersey dairy is a specific which we will perhaps come on to later, if that is all right. Again, 2 general points. Has any form of assessment been carried out on non-householders who may undertake multifunctional trade premises? Do we know figures?

**The Minister for Infrastructure:**

We are going to be looking at individual clusters where they share the same connection to our sewage works, effectively, where multiple businesses are using the same. We are working with the owners of those properties so they can deal with tenants and their tenants' waste in the appropriate way.

**The Deputy of St. Mary:**

So it is yet to do and they do not know their potential liability as yet?

**The Minister for Infrastructure:**

We know what the waste would be going in, being generated effectively from that cluster of businesses, so we know what the cost is. It is working with the landlord and those organisations about what is the fair split.

**The Deputy of St. Mary:**

You are working with them, but they do not know. That is not determined as yet then?

**The Minister for Infrastructure:**

It is a location by location piece of work.

**Director of Operations, Department for Infrastructure:**

In the report though, if there is like multiple occupancy between non-householders and householders, what we are doing is doing an allowance for householders based on Jersey Water's usage, so they are saying roughly a one-person family uses X amount of water, and again, in this multi-agency, if there are residential in there, we will exempt them from the Jersey Water estimate as the average amount of water used by one, 2, 3, or 4 families. That is detailed again in the report.

**Chief Officer, Department for Infrastructure:**

Section 5.3.

**Business Development and Change Manager, Department for Infrastructure:**

It would also depend on who owns the water connection. If the water connection is owned by the owner of the building rather than necessarily the businesses within the building, then the owner of the building should be charged for the water connection.

**The Deputy of St. Mary:**

Okay, but just adding to what has already been asked, these figures are not yet known by the ultimate consumer? They do not yet know, that is the point.

**The Minister for Infrastructure:**

They will know what the charge is for the amount of waste, the volume that they use. We have published that. What their specific waste is will be determined and will be assessed.

**Director of Operations, Department for Infrastructure:**

But they could do a good calculation, because they know what the charge is, based on the water going in, and they know how many residential or householders they have got, so they could work out what their exemption is going to be.

**The Deputy of St. Mary:**

So you have got to do the formula with them, okay. Sorry, so an add-on to that really, and staff accommodation at farms, which has been raised. You are in a similar position with that, are you?

**The Minister for Infrastructure:**

It is the same. There is an accommodation element there and we can use the robust Jersey Water data that we have to make an allowance for that.

**The Deputy of St. Mary:**

Yes, but these are ongoing discussions with the individual items?

**The Minister for Infrastructure:**

We have published that in the report, that there is an allowance made for residential units on business premises.

**Deputy M. Tadier:**

Is there also an issue ... you touched on people who might have a private supply. Is there not an issue that people might use mains water but not discharge all of the water or any of the water and essentially people might use a borehole but still discharge into the sewage system?

**The Minister for Infrastructure:**

Yes.

**Deputy M. Tadier:**

How do you accommodate that?

**The Minister for Infrastructure:**

Again, depending on the amount of water they are using from their borehole, it has to be metered already under the legislation, so we can use that data to give them a calculation of what their waste charge should be.

**Deputy M. Tadier:**

For people who use vastly more water than they discharge, how does that work?

**Chief Officer, Department for Infrastructure:**

At the fringes of this, in the distribution, at the centre it is quite simple. The majority of people are connected to Jersey Water and connected to our mains drains. At the fringes, there are people who are at both extremes, and for those individuals we will do individual assessments, go and look at their properties, talk through what they are doing, how they are doing it. The Constables' position is one where we would look at every dairy herd and every dairy farmer doing that, because ...

**Deputy M. Tadier:**

It is remarkably labour intensive though, is it not, to do that?

**Chief Officer, Department for Infrastructure:**

It is not, because it is at the fringes and I think those are the areas where we will get extreme elements of people being grossly over-charged or grossly under-charged, so what we will do is we'll do an actual physical audit of that. The numbers are doable. We would need more staff on a temporary basis to do that.

**The Minister for Infrastructure:**

Which is again in the report.

**Chief Officer, Department for Infrastructure:**

Yes, and that is the water planning team.

**The Connétable of St. Saviour:**

Could I pick up on something the gentleman there said? If the charges of the water are on the owner of the building, how then do they alter the behaviour of everybody?

**Business Development and Change Manager, Department for Infrastructure:**

It would only be fair to charge the owner of the building because if there is a single supply into the building, it is not split up. Unless it is metered between the multiple occupiers of the building, we would have to apply the charge to the owner. So there would be a measured amount through and it would be up to the owner of the building to pass that charge on to the tenants.

**The Connétable of St. Saviour:**

Yes. How can he do it? Because you may have somebody who is really conscious and has got ... you are far too young, but years ago when we were running through the water, one would put pebbles and things in the toilet so that it did not flush as much. Now, is he going to have to ask his tenants to do things like that so he saves the water? How is he going to change their habits?

**The Minister for Infrastructure:**

A landlord could quite easily put in separate meters for each tenant.

**The Connétable of St. Saviour:**

But that is going to cost him.

**Chief Officer, Department for Infrastructure:**

Pebbles in the cistern? That is a really good idea, is it not?

**The Connétable of St. Saviour:**

That happens when you are old, you know these things. No, but seriously, how are you going to get tenants to alter behaviour, because they are going to say: "Well, I always have a bath" or: "I have a shower"? I mean, they do not care about the water.

**The Minister for Infrastructure:**

That is fine, because it is a household, so they will not be charged for that anyway. This is ...

**The Connétable of St. Saviour:**

It is a business, yes. A lot of businesses now, there are people cycling into work, they have showers, they have all these facilities there for their people, so you have to be engaged in all this. You only have a short period of time to implement what I feel personally is an awful lot of work. There is an awful lot of maybes: "Oh, it is in the report" but we need something concrete. I would. Anyway, sorry.

**The Deputy of St. Mary:**

Later on we have some questions on environmental behaviour. We can pick it up again then.

**Chief Officer, Department for Infrastructure:**

Yes. In terms of changing behaviour, we are going to again provide some expertise and some exemplars for people and help them do this in the period of time. It is challenging, you are quite right, and particularly if you are putting grey water recycling and things like that in, but I think it can set businesses on a new track to try to minimise the use of water and the use of other materials.

**The Deputy of St. Mary:**

Yes. We will perhaps return to environmental behaviour later.

**The Deputy of St. John:**

Yes, Deputy Tadier mentioned it before, about the impact on businesses in terms of charging, the increase in the water bill will be 85 per cent to 90 per cent, roughly. Has an appraisal been made of the impact of phasing in the charges gradually over time?

**The Minister for Infrastructure:**

Our position, my position, is the fact that last September the States agreed in principle for the charges to be brought in and the monies were then effectively taken from my budget for 2018 and for 2019. I need to replace that funding to be able to provide the services. Any sort of soft landing or phasing in is a matter really for discussion between myself and the Minister for Treasury and Resources to see if some of the money that has effectively been removed from my budget can be put back, because otherwise I need to raise the £3.8 million in 2018 and the net £11.5 million in 2019, because we have got to provide the service. So we have managed to soft land where we can by delaying the implementation of solid waste until the tail end of 2018, but predominantly in 2019, as opposed to bringing in both the solid and liquid at the same time. But at the end of the day, I need to fill that gap that the States have agreed and taken from my budget, because I need to carry on running those services.

**The Deputy of St. John:**

That is understandable, that you need to carry on running the services, but in terms of speaking to the Treasury, what have those conversations been about? What type of lead-in time, if anything, to suggest a gradual bringing in?

**The Minister for Infrastructure:**

I turn that on its head: is it fair to continue the cross-subsidy from general taxation and from general taxpayers, individuals, cross-subsidising businesses?

**Deputy M. Tadier:**



So where do we draw the line? Do we abolish taxation and just charge for everything that we have got to use in this society? Is that the way it is going?

**The Minister for Infrastructure:**

No, we are following the States decision, Deputy.

**The Deputy of St. John:**

But to turn it back on its head, so the question that I was asking about, I understand the argument you are making and the fact that the States have agreed an M.T.F.P., but things change. When you do the work on these specific areas, sometimes it is more appropriate to do gradual bringing in of charges.

**The Minister for Infrastructure:**

It depends on how long you want to maintain that hidden subsidy from general taxation and from individual taxpayers across to businesses, because that is the effect. If we could soft land this, we could bring in the charges over a much longer period of time and graduate them in, but that extends the period of time and the subsidy that general taxation is providing to the users of those services.

**The Deputy of St. John:**

But surely if you want to get it right and get the optimal position, to have that positioning of gradually bringing in a charge is the best way, rather than last-minute.

**The Minister for Infrastructure:**

That is if you want ... well, it is not last-minute. We know we have got the time to implement these and for it to work, which is why we want the debate in July, to give us that time to meet the March deadline. It does boil down to the simple question: do you want to prolong the cross-subsidy from the general taxation and individual taxpayers to businesses? Because if you do want to continue that for a period of time and soft land it for businesses, then that is a discussion that we can have with Treasury, but at the end of the day it means that the man and woman in the street that pays tax is subsidising businesses for the services that the businesses are using.

**The Deputy of St. Mary:**

I think what Deputy Vallois was suggesting is that, yes, the States will have the debate, but the calculations, the feedback we get from those involved is that it is only now they are realising the extent of the funding. I mean, the tourism industry as a whole and the government body.

[9:30]

**The Minister for Infrastructure:**

Chairman, if you look back at the figures ...

**The Deputy of St. Mary:**

Sorry, let me just continue. The government body of the tourism industry says in other committees that they need a year lead-in. Now, that must apply equally to the individual ...

**The Minister for Infrastructure:**

I would argue that they have had that time, chairman. The indicative figures that we published about a year ago to Chamber of Commerce were pretty much the same figures that we are talking about now. There has been slight variations, but the figures that we calculated a year ago were pretty on target. So by the time these charges come in, they will have had 21 months' notice of what the likely cost to those businesses is going to be.

**The Deputy of St. Mary:**

Some businesses will contest that, but let us leave that.

**The Deputy of St. John:**

Okay, on to the actual charging mechanism itself, how did you arrive at the volumetric charge of £2.27 per metre square?

**The Minister for Infrastructure:**

I will hand over to ...

**Director of Operations, Department for Infrastructure:**

It was slightly twofold, so it is looking at the volume of water that we expected non-householder businesses to produce and use and then effectively dividing that up by the cost of operating that service. So going back to the original point when we were looking at user-pays service, we know that the cost of running the liquid waste service on average is around £17.5 million a year. There is a table again within a section of the report which is information that we have got from Jersey Water based on what we believe is the usage data for non-householders and householders. That information comes from Jersey Water.

**The Deputy of St. John:**

You said what you believe to be the data or is it actual data?

**Director of Operations, Department for Infrastructure:**

No, it is actual data, sorry.

**The Deputy of St. John:**

Right, okay. When you say percentage by cost of operating the service, you mean cost to yourselves of operating ...

**The Minister for Infrastructure:**

Yes, our ultimate cost.

**The Deputy of St. John:**

... not the cost of businesses operating their service?

**Director of Operations, Department for Infrastructure:**

That is the cost of us operating the service. That is what we have averaged as £17.5 million a year. The total annual volume, the figures are 7,042,000m<sup>3</sup>, which is table 6.3 of the report, which looks at the expected annual volume from data from domestic and non-householder supply and that information is from Jersey Water.

**The Minister for Infrastructure:**

Just to add to that, because it is the cost of providing the services, we have driven out substantial costs in the services that we are providing to the Island, and particularly in this case to businesses. For example, the new digester plant at Bellozanne, which is part of the first phase of the new Sewage Treatment Works, the S.T.W., we now harness the gases and put them through a specialist sort of generator, for want of a better word, and we produce our own electricity. We are saving £800 per day, so we are making sure that we are as efficient and as effective as we can be, so that we are not passing on in the form of charges inefficiencies.

**The Deputy of St. John:**

Can I just clarify: the amount you said per year, was it £17.5 million?

**Director of Operations, Department for Infrastructure:**

Yes, £17.5 million based on the annual volume figures that we have received from Jersey Water. 22 per cent of that is from non-householders, so effectively that is how we have worked out the £3.85 million, which is the income that we wish to generate.

**Panel Adviser:**

Just on that figure, you mentioned before that you factored in an element of behaviour change into setting the charges. How does that relate to the figures you have just quoted there? Is that assumed

that 22 per cent is less than what is currently being used by non-householders or is there an element there?

**Director of Operations, Department for Infrastructure:**

With regard to the figures and the data, what we are expecting on solid waste information, which is what we are looking at, we have taken a reduction in, because we expect a reduction in waste once we introduce solid waste charging.

**Panel Adviser:**

But what about liquid waste that we are talking about now?

**Director of Operations, Department for Infrastructure:**

Liquid waste, we are looking at ... there is no other change to the volume that was provided by Jersey Water.

**Panel Adviser:**

Just to be clear, you are not expecting any change in the volume from businesses of the amount of water that they put down the sewerage? There is no change in business behaviour?

**Director of Operations, Department for Infrastructure:**

We are expecting change in business behaviour. What we are basing this on is Jersey Water's data. At the moment, I am looking at those figures.

**Panel Adviser:**

So you said you factored in a reduction. What reduction do you expect to see from businesses in their water use over the next 25 years?

**Director of Operations, Department for Infrastructure:**

On water figures, as I said before, we have factored it in on solid waste. On the water figures, we have made the assumptions on the information that we have had on non-householders. We are expecting some more, maybe some income from non-householders, which we are netting off, because Jersey Water clarify non-householders and householders separately based on whether they are residential or not in operating the businesses from their own property. So again, as we firm up on the figures, we expect to have a bit of a reduction.

**Chief Officer, Department for Infrastructure:**

Our initial data was based on the number of businesses, and we have probably encapsulated more businesses in there. That will give us some of the headroom in terms of the behaviour change we

expect. We do not expect massive amounts of behaviour change on liquid waste, because Jersey Water charge for water now and those charges are not insubstantial, so businesses have optimised. There are great examples of businesses that have done really well. La Mare Vineyards is a great example of a business that has optimised its water usage. So this has been a journey that has gone a long time in terms of Jersey Water, because Jersey Water has charged since its inception. One of the biggest water users is ourselves and we are looking at optimising our water usage over this period of time. We are the biggest water user.

**Panel Adviser:**

So envisage a scenario here where businesses reduce their water usage by 10 per cent or something like that. You have got a £3.85 million shortfall that you need to fill. It is a simple calculation, it is the volume times the charge to get to that £3.85 million. Are you suggesting the charge would just increase if people reduced their water use?

**Chief Officer, Department for Infrastructure:**

Our costs reduce in terms of ... we have a pumping mechanism, 110 pumping stations in Jersey. Only one gravity sewer feeds the sewage works, so there is a direct consequence in terms of savings that we make in terms of electricity costs and the operation of our collection, our sewerage network. Then in terms of treatment, we have a similar benefit there.

**Panel Adviser:**

So you would not envisage a unit charge increase, so if a big business said: "I am going to divert 10 per cent of your flows effectively away from the works" that would reduce your income by 10 per cent, you would be happy that you would be able to recover that?

**Chief Officer, Department for Infrastructure:**

Yes.

**Deputy M. Tadier:**

Is the problem not that if businesses use 10 per cent less water, let us say, and create 10 per cent less waste, your charge is effectively down by 10 per cent and you have got standing charges that you have to cover, so you might say 1 per cent in the grand scheme of things?

**Chief Officer, Department for Infrastructure:**

It is not proportionate, but there is a significant saving. The other big saving we have is the complexity if you use surface water, which we have not covered, because it is very difficult to start charging for surface water. But part of our capital investment, part of the £17.5 million is to separate surface water from our sewerage network. That makes a significant saving as well. So for a period

of time, our operations have been aiming to be more efficient anyway, because we are not pumping rainwater about. The Island suffers from that a great deal, because of the combined systems which were put in in the Victorian era. So what we have got to do is part of our long-term capital planning is about surface water separation and optimising as we are going along. So a snapshot in time now, this is the charge, or going to be. If we maintain the same level of investment we have got now and our future stays with this income, then what we can do is optimise our system, that we can maintain this charge over a longer period.

**Director of Operations, Department for Infrastructure:**

As much as it is difficult to work how much businesses are going to reduce liquid waste, as John said, we are being very conservative in the number of businesses, so we are looking at 22 per cent. As and when we are firming up the data on the database, that could grow. Again, it is small, it is minor, but swings and roundabouts there on those kind of things.

**Panel Adviser:**

So the number of business effectively could be larger than what has been forecast?

**Chief Officer, Department for Infrastructure:**

Yes.

**Director of Operations, Department for Infrastructure:**

We have said that in the report.

**Business Development and Change Manager, Department for Infrastructure:**

We have also been doing quite a lot of work on removing or preventing salt water from getting into the network to increase our capacity and reduce our pumping costs as well.

**The Deputy of St. John:**

So based on all that information that you just provided to us, what is the expectation that the charges will have to increase? What is the likelihood that that may happen?

**The Minister for Infrastructure:**

They are capped, as with any other States charge, to cost of living or 2.5 per cent, whichever is the greater, so like any other charge there is that cap, so we do not ...

**The Deputy of St. John:**

That is not strictly true though, is it?

**The Minister for Infrastructure:**

No, it is a cap. You have to go back and get Treasury permission if you want to go higher than that.

**The Deputy of St. John:**

So it is not capped, so you get permission to go higher?

**The Minister for Infrastructure:**

No, but we have modelled it going forward based on the assumption that it is cost of living or 2.5 per cent increases. Over the life that we are looking at ... is it 38, 40?

**Director of Operations, Department for Infrastructure:**

Forty years.

**The Minister for Infrastructure:**

Over 40 years, and what the capital requirements are and what the revenue requirements are. That is how we have drilled back to get to the charge that we have got today, which is £2.27 per cubic metre plus a small standing charge.

**Chief Officer, Department for Infrastructure:**

Sorry, the other thing just to recap on in terms of future cost savings and future efficiencies, the new S.T.W. to replace the old one, which I think you had the pleasure of visiting yesterday, the old S.T.W. is suboptimal in terms of its energy usage, its treatment and its size and scale. The new S.T.W. is going to be significantly more efficient in terms of treatment, treat more flow for less money and give us a far more effective and operationally more efficient unit for the next 30 to 50 years.

**Deputy M. Tadier:**

Is that because it is a new unit or is it because it is a different type of unit?

**The Minister for Infrastructure:**

It is tried and tested technology. One of the main differences is that we are using the lie of the land to work for us, as opposed to working against us.

**Deputy M. Tadier:**

No, I mean is the technology significantly different or it is that you will be replacing like for like?

**Chief Officer, Department for Infrastructure:**

No. The reality, where the majority of ... I do not think you have visited the sewage works, but it is a great day out, is it not? The key area where you put the most energy in ...

**Deputy M. Tadier:**

I have visited it.

**Chief Officer, Department for Infrastructure:**

You have? Right, it is the secondary treatment, where the biological treatment goes, and in the 1990s Jersey innovated with a very advanced form of treatment to make it a really compact unit. It is a massive cost in energy, so on a proportional scale we have got 2 megawatts of power installed in our secondary treatment; in the new plant we will have 400 kilowatts.

**Assistant Director, Department for Infrastructure:**

Yes, a massive difference.

**Chief Officer, Department for Infrastructure:**

Four hundred kilowatts of power installed to do the same thing, because what we did was we compacted the processing unit into such a small area, because of the valley and the restrictions we had that we put huge amounts in, which is hugely inefficient. We did that because we had an energy from waste plant next door and a really poor value for our electricity. So there were reasons to do it, but now, as the energy from waste plant is not there, it is in another part of the Island, so for us the optimisation of the new works, particularly on energy usage, is now to turning back the clock in terms of the technology, building the capacity and the size and the scale to a point where you can get a very efficient oxygen transfer and you can run a site 5 times more efficiently than the other one in terms of electrical use.

**The Deputy of St. Mary:**

So just following on with a basic question which was raised about increasing costs. So you are saying that if they are capped to a certain extent that the introduction of this charge leads to people not using as much water, you will suffer a loss or could do?

**The Minister for Infrastructure:**

No, we believe that the figures are robust, that we will not need to increase the figures more than one would expect, which is the cost of living or 2.5 per cent.

**The Deputy of St. Mary:**

Whatever the reduction in usage, it is still ...

**The Minister for Infrastructure:**



Pretty much so, because as my chief officer has already said, the running costs are affected by the amount of effluent that we treat. It is not just the S.T.W., it is the whole sewer network, again with some 100-and-something-odd pumping stations that gobble up quite a lot of energy having to pump the liquid around. The more we can get surface water separated, which we have done a lot of work in the last couple of years in town around Ann Court, et cetera, to separate surface water, it reduces the loading and reduces our costs.

**Chief Officer, Department for Infrastructure:**

I think there are 2 things that can disrupt this. One is the cost of disposing of solid waste from the sewage works, so that is biomass, and the other one is big change in what industry is based in Jersey. Both those are beyond our control, beyond our understanding in terms of the longer term. So if you build the sewage works in South Yorkshire when there were mines in South Yorkshire and people lived there, 5 years after they were all closed and everybody moved away, then the industries there, basically the sewage works were too big, they had to close them down, they were not getting the revenue in. So if there is a massive transfer and change, but I think if that happens in Jersey, there will be issues bigger than the liquid waste charge to deal with.

[9:45]

So in terms of the normal business, where we are now, we are comfortable with the position we are in.

**Deputy M. Tadier:**

Is it fair though, Minister, to just drop the myth and the suggestion that this is to do with behavioural change? I mean, there has been no research done about what expectation there is of a reduction in usage and you said you would not imagine ...

**The Minister for Infrastructure:**

Waste charges for us are primarily about behavioural change.

**Deputy M. Tadier:**

They are about revenue rating, are they not, the fact that you are getting £3.9 million in your budget, which you have had taken away?

**The Minister for Infrastructure:**

Overall, waste charges are about behaviour change. That is our primary aim for us.

**Deputy M. Tadier:**

So why have you not done any projections?

**The Minister for Infrastructure:**

Deputy Tadier, let me finish. That is why we are looking at Jersey Water as a whole, because as a whole, that is our primary aim. It has been made more imperative for us to deliver on bringing in the waste charges, because the funding for those services has been taken away from us, partially in 2018 and all of it from non-domestic in 2019. So our aim is to change behaviour and to get Jersey in a better position than it currently is. Our feet are being held to the fire, so to speak, because we are losing the revenue as well, because it has been reinvested in Health and in Education. So ...

**Deputy M. Tadier:**

I understand all that. I think you are repeating, but what is the incentive for a business to reduce their water usage if in fact the unit charge is just going to go up when ...

**The Minister for Infrastructure:**

But it is not. We just said that, did we not? We have spent the last 15 or 20 minutes saying that it is not.

**Deputy M. Tadier:**

You said that you needed to maintain your figures and if their water usage goes down, necessarily the charge for water usage will have to go up.

**The Minister for Infrastructure:**

No, and we have just spent the last 20 minutes explaining that that is not the case.

**Chief Officer, Department for Infrastructure:**

The reality with water usage is even with grey water recycling, there is a proportion, that it is not a massive change compared to some of the recycling initiatives on solid waste you can achieve. We have also talked to Jersey Water. Water is a very precious commodity and will be more precious as time goes on with climate change. Jersey Water have got a huge agenda for minimising water usage and this will hopefully help them make the next step, the next iteration. So their income is going to potentially drop, but they are happy with that as well, because that means they hopefully may not have to build another reservoir and increase the height of a reservoir and deal with nitrate intrusions and various other things, so they can provide a better service. Water usage, if it goes uncapped, becomes a massive environmental issue on a small Island. The use of desalination, Jersey Water have just invested in a new technology for their desalination, which halves their electrical demand on it, but it is still a massive cost for them and for the Island. So there is an alignment in terms of serving Jersey to minimise water usage. If the liquid waste charge can help

that, then that is a longer-term aspiration. But in terms of the actual how much it will drop, we do not expect the same amount of behaviour change in water usage than we will have in terms of solid waste.

**The Minister for Infrastructure:**

If you look back over the last few years and look at new developments, bringing in grey water harvesting and main water harvesting to use as part of the development to reduce their water usage overall, it has not been cost-effective, because the cost of buying potable water from the waterworks, you do not get the payback by the capital investment to do the grey water and rain water harvesting. With what we are proposing as well, it tips that balance, so for new developments, where it is appropriate to do so, it will make it pay for people to start bringing in rainwater and grey water harvesting systems.

**The Deputy of St. Mary:**

We have a few questions on environmental behaviour, so perhaps we could just move on to specific questions.

**The Deputy of St. John:**

Yes, sorry. In your data it shows that the majority of liquid waste comes from households, so is it fair to include the costs of the domestic sewerage network extensions in the calculation of the overall annualised costs of liquid waste services that must be recovered by non-domestic charges?

**The Minister for Infrastructure:**

It is fair to bring in a proportion of it.

**The Deputy of St. John:**

Why?

**The Minister for Infrastructure:**

Because businesses still use the same facilities, they still use the sewerage network.

**The Deputy of St. John:**

They do use the same facilities, but not to the extent that households do.

**The Minister for Infrastructure:**

No, so that is why you would not put all of the cost of those networks into their share. You put their share into the calculation.

**The Deputy of St. Mary:**

But most of the extension will be to domestic households.

**The Minister for Infrastructure:**

There is no extension to the mains sewerage network in our figures, not for 10 years. It comes in later, does it not?

**Director of Operations, Department for Infrastructure:**

It comes in 10 years. It is part of our £17.5 million, that portion.

**Chief Officer, Department for Infrastructure:**

That capital allocation is in the future. I think the granularity of this is to work out what proportion of the sewerage network applies to that business depends on where that business is. We are not taking it to the level where if your business is in St. Helier, it is a bit cheaper than if your business is in St. Catherine's, so we are not taking that level of granularity in there. I think your point is correct, but in terms of the overall costs and the overall scale of it, we are assuming that the cost of a sewerage network which is there to serve Jersey and to minimise the environmental impact of sewage in terms of the whole Island. So you are right, that is built into the cost, but there are other things built into the cost as well, which are about the whole service and the whole sewerage network.

**The Deputy of St. John:**

So if we wanted to compare like for like, for example, our sewerage network is very different here to maybe the U.K., because there are some areas that do not have a particular sewerage network. So ...

**Chief Officer, Department for Infrastructure:**

It is the typography, Deputy, which I think defines it, and the peculiarity of the typography we have, there are very little gravity systems. The systems are predominantly pumped because we are shaped like a little piece of cheese.

**The Deputy of St. John:**

The following costs are not included in the financial model, but would appear to be relevant, such as environmental quality monitoring. Is there a sound rationale for not including this?

**Director of Operations, Department for Infrastructure:**

The costs are included as part of our net costs with regard to some of the environment monitoring, but environmental monitoring is done by the Environment Department.

**The Deputy of St. John:**

Okay.

**Panel Adviser:**

That is a cost of running a S.T.W., is it not?

**Director of Operations, Department for Infrastructure:**

Yes, and it is costs that are absorbed by the existing Environment Department.

**Chief Officer, Department for Infrastructure:**

There is a budget for that. This charge will not change the amount of environmental monitoring they will do.

**The Deputy of St. John:**

Do we know how much the budget is for Environment?

**The Minister for Infrastructure:**

You would have to ask ... if my Chief Financial Officer was here, he would be able to answer that, but he is also the Chief Financial Officer for the Environment Department.

**Chief Officer, Department for Infrastructure:**

We can give you that.

**The Minister for Infrastructure:**

We can give you that, yes.

**The Deputy of St. John:**

Thank you. Given the damage caused to Jersey arising from nitrogen from pollution, would it be more effective in encouraging behaviour change if the charge included a link to nitrogen loads?

**The Minister for Infrastructure:**

That is part of where you get trade effluent in terms of the loading. If there was a business that was producing high amounts of nitrogen going into our works, the argument, if I was that business, would be to say: "Well, you do not have a denitrification plant, so why are you charging me more because I produced more nitrogen than, say, the business next to me?"

**Chief Officer, Department for Infrastructure:**

Yes, I think the majority of nitrogen within water courses and streams within the Island are predominantly from farming activity and the disposal of biomass from various areas and fertilisation. So it is very hard to link that to ... I am not aware of any businesses that produce a liquid effluent that is high in nitrate.

**Assistant Director, Department for Infrastructure:**

No, there will not be. It is domestic. Basically from our water sources, it is all from human waste. Very few businesses produce any nitrogen. It is sort of all organics and natural human waste.

**Chief Officer, Department for Infrastructure:**

There is, I think, a very positive move from the environment team in terms of working with the farming industry. They have had some great moves this year in terms of nitrates and the application of fertiliser to potatoes in a different way, which I think is making big strides. Hopefully over a few years, the nitrogen levels, we will see a change.

**The Deputy of St. John:**

Because we now have got a water management plan, which part of it is about nitrates. We spent a long time reviewing that.

**Chief Officer, Department for Infrastructure:**

Of course, yes.

**The Deputy of St. John:**

So can I ask how that affects this liquid waste, if it helps, if it ...

**The Minister for Infrastructure:**

It does not change how we treat sewage. It will determine whether or not in the future we have to build a denitrification plant and if Jersey Water have to build a denitrification plant. That is where the impact will be. It does not change the cost of treating sewage for households or non-household.

**The Deputy of St. John:**

So I am sure you will say that the reliance on the data produced by the Environment Department through that monitoring in the water management plan will be what makes the decision for the denitrification.

**Chief Officer, Department for Infrastructure:**

Yes, it is very difficult. You need probably 5 years to determine what type of treatment we need while we have got a sewage load which is getting close to failing and getting way beyond its asset

life and way beyond its capacity. So working with the Environment Department, the monitoring we have done on the bay, the standards that were agreed to initially for our S.T.W. and then the effect of those standards on the bay - which is the key driver for this - and how we treat the water, that will then enable decisions in 10 years' time to either change the process or extend the process. One of the key differentials of our new S.T.W. and the layout we have got is it enables us to add those things in the future, whether it is a site treatment plant, whether it is a denitrification plant, whether it is new technology, whether it is additional tertiary treatment, all of those things we will have the space to build them in. So we will annex a significant amount of land at Bellozanne where we may put steel structures on there, but we will put structures which are temporary enough so that we can put new processes in, if needed, by the actual data we will gather, working in conjunction with the Environment Department on receiving waters. So it is a collaborative approach, where we are not going to waste money building denitrification plants, which are an enormous cost and unstable and I do not think give you best value, until we know that we need them.

**The Deputy of St. Mary:**

Yes, our next chapter, as it were, is on distributional impact, perhaps particularly in relation to the hospitality industry, and perhaps Monty could lead on that.

**Deputy M. Tadier:**

So just to put this in context for the record, we have received confidentially the distributional analysis paper recently which was published in May, so I will not refer to that directly, of course.

**The Minister for Infrastructure:**

It was agreed to be released in the public domain yesterday afternoon, so it will going up on the appropriate website later today or tomorrow.

**The Deputy of St. Mary:**

I think that answers our question again.

**Deputy M. Tadier:**

That is one of the key questions.

**The Minister for Infrastructure:**

As you say, we had a very good briefing. As you know, our economic adviser is working remotely currently. We had a very good briefing via a link yesterday from the States economic adviser and I encourage Scrutiny to avail of his services and have a similar briefing from him, because it is one thing to read his report, but it another thing to hear it directly from him and to be able to ask him questions. So I suggest to the panel that they take him up on that.

**The Deputy of St. Mary:**

We will pursue that, thank you.

**Deputy M. Tadier:**

So you do not mind if we do refer to it, if need be?

**The Minister for Infrastructure:**

No.

**Deputy M. Tadier:**

Maybe the advisers might have technical questions, so feel free to jump in. According to the Hospitality Association, they have said that these charges, they will struggle and Jersey will struggle to be competitive as a tourist destination and that countless jobs will be put at risk and Jersey's future potential will be extinguished. How would the Minister respond to those concerns?

**The Minister for Infrastructure:**

Those businesses that are in the tourism industry, particularly the large hotels, many of them operate in multiple jurisdictions. They suffer these charges in other jurisdictions and they are competitive there, so I challenge that assumption from them.

**Chief Officer, Department for Infrastructure:**

I think we are unique in not charging for this. We have not found a Western country that does not charge for disposal of solid and liquid waste, unless you have ... have you found any?

**The Deputy of St. Mary:**

That is perhaps not the question. You are obviously going to increase charges at this moment in time, when Jersey is sort of fighting against the tide, and it is the timing of it which I think is of concern.

**The Minister for Infrastructure:**

Again, I challenge back, what is the alternative? The alternative is another form of income, because the money has been committed to other services. The money has been taken from my department's budget, so the challenge is how do we ... if we do not bring in waste charges, what charges or taxes do we bring in to provide that income to be able to run services? So you have to look at the alternatives as well and how they would impact on the tourism industry.

[10:00]



**Deputy M. Tadier:**

Minister, I think we will come to the alternatives in this section and that is interesting you raise that, but to specifically get an answer on this question, do you refute the statement then made by the Jersey Hospitality Association?

**The Minister for Infrastructure:**

I challenge it in terms of many of those businesses operate in other jurisdictions and have similar charges, probably at higher levels, and have higher levels of other charges in terms of ... I mean, let us say in the U.K. you have got property rates, et cetera, and they survive and prosper. So I do not see why they would not survive and prosper in Jersey.

**Deputy M. Tadier:**

So they have it too easy at the moment in Jersey, is that what you are saying?

**The Minister for Infrastructure:**

Life in commerce is never easy, Deputy. I am just saying that I challenge the viewpoint that it is going have a significant and long-lasting negative impact.

**Chief Officer, Department for Infrastructure:**

We are benchmarking our charge against other areas of the U.K. and Europe. We are not out of line here and we are not in the upper quartile. It is the ...

**The Deputy of St. John:**

What about comparing to other islands, other small destinations with smaller populations?

**Chief Officer, Department for Infrastructure:**

Guernsey is probably the easiest one to compare on liquid waste. Liquid waste disposal costs, they charge less, but they do less. I will draw a line under it now. On solid ...

**Deputy M. Tadier:**

They do not have G.S.T. (Goods and Services Tax) in Guernsey obviously either.

**Chief Officer, Department for Infrastructure:**

No, but they have a solid waste charge in Guernsey of £211 a tonne, so Guernsey is an interesting comparator.

**Deputy M. Tadier:**

Okay. We will leave that question then. I am sure the alternative ...

**Chief Officer, Department for Infrastructure:**

But I think a trip to Guernsey sewage works would be of great interest.

**Deputy M. Tadier:**

Yes, maybe visit Belle Greve Bay at the same time. Right. Has any allowance been made to recover bad debt in the costs? We understand that in terms of water and sewage waste there is an element of bad debt which finds itself on to consumer bills in the U.K., for example. Have any projections been done about what level of bad debt might be incorporated into this new charge?

**Director of Operations, Department for Infrastructure:**

We are expecting a very small amount of bad debt based on history and discussions with Jersey Water. So Jersey Water have their own policy with regards to bad debt and are very successful, so they do not have many bad debtors with regards to that. Also we offer a lot of solid waste services at the moment and have very little bad debt and bad debt that we have to write off. So, again, it goes back to the original point. We are not expecting ... we have not provided for a significant amount with regards to provision of bad debts because with bad debts we are not expecting it.

**Chief Officer, Department for Infrastructure:**

I think in the U.K. on water charges you are not allowed to cut off domestic supplies, are you? So there is a bigger element of bad debt than there is here. The legislation ...

**The Minister for Infrastructure:**

No, there is a mechanism that it has to go via Parishes.

**Chief Officer, Department for Infrastructure:**

That is right.

**Deputy M. Tadier:**

Would you be able to give us those figures if you know them?

**The Connétable of St. Saviour:**

The Parishes are notified if water is going to be disconnected?

**Chief Officer, Department for Infrastructure:**

Yes, they are.

**The Minister for Infrastructure:**

Yes.

**Deputy M. Tadier:**

Similarly, has any thought been given to social tariffs that might help small businesses or even, indeed, charitable non-households?

**Director of Operations, Department for Infrastructure:**

We certainly have provision within the report that if there are businesses that are suffering then they can kind of come to the department and we will look at their case on a case-by-case basis. So there is this opportunity to repeal the charges that they have and if businesses are struggling then, yes, we can review that and appeal that.

**Deputy M. Tadier:**

But there is nothing proactive in the sense they have to react to it?

**Director of Operations, Department for Infrastructure:**

Yes.

**Deputy M. Tadier:**

There is no policy that will be put in place in terms of social tariffs?

**Director of Operations, Department for Infrastructure:**

No.

**Deputy M. Tadier:**

Is that something you might consider?

**The Minister for Infrastructure:**

Because this is aimed at non-households so it is ...

**Deputy M. Tadier:**

Yes. I mean, we use social tariffs in a kind of loose sense to apply to the equivalent of small businesses, but there may be small businesses which are less able to accommodate the charge.

**Chief Officer, Department for Infrastructure:**

One of the areas we have been concerned of I think is one of charities. Jersey has an enormous amount of charitable businesses and some of them I think would present a very positive case in

terms of the Minister amending what we charge and how we deal with it and helping them deal with it. Some of them you would not. I think there are over 800 charitable businesses in Jersey and so to exempt them, for example, I do not think would be a fair and reasonable thing. But there is a mechanism which we can look at on a case by case basis.

**The Deputy of St. John:**

Can I challenge that, sorry? It worries me when I hear “case-by-case basis” because there is a perception sometimes if you do it that way that somebody is getting favourable treatment over someone else because, of course, commercial data, nobody is allowed to know certain business information. We all know what Jersey is like. You hear of somebody getting a favourable position, then screams are heard. It may be plausible but surely you should have a proper governance structure in place to ensure ...

**The Minister for Infrastructure:**

The way I answer, Deputy, is I think it is right and proper that Jersey Hospice, for example, is exempt from liquid waste charges because they are providing, in my mind, a person’s last home.

**The Deputy of St. John:**

But this is in your position, though, Minister, it is not a policy.

**The Minister for Infrastructure:**

No, no, can I finish? Can I finish? So that side of ... because it is a household, effectively. I am the treasurer of the St. Lawrence Battle of Flowers Association, which is a not-for-profit organisation. Would it be right for similar type organisations not to be charged for the waste that they produce? For example, our Parish football club, would it be right for them as a charity to be exempted from a liquid waste charge? Because the definition of charity encompasses so many different organisations, I do not think it is right to exempt charities *en bloc*, but I do think ... because this is a charge aimed at non-households, I do believe that those charities that are providing household services ... for example, I am a trustee of Les Amis and they provide residential homes for those Islanders with learning difficulties. There is a clue there. They are residential homes so it is right that they would not be charged for their liquid waste because they are providing households. So, it is not ... because we have such a wide-ranging definition of what is a charity in the Island, you would not necessarily give a blanket exemption to charities.

**The Deputy of St. John:**

But can you not see from that answer the issue we have in terms of having no definition for the non-householder is that if you have ... if you are saying as Minister: “I believe in my mind this is what I

think" it is not necessarily good governance because there is a different view among people. So without a consultation and understanding the views of the Island how can we ...

**The Minister for Infrastructure:**

It has been very difficult, I agree. It has been very difficult to come up with a definition and that is one of the reasons why we have been quite clear in the report about the examples of what we consider to be a non-household and the exemptions and listing things like residential homes, et cetera, to clarify what we consider to be a household and what we do not consider to be a household.

**The Deputy of St. Mary:**

It goes back to the general point about defining non-household.

**The Minister for Infrastructure:**

The legal advice that we received is it is very difficult to build in a definition.

**The Deputy of St. Mary:**

Can we see a copy of that legal advice?

**Chief Officer, Department for Infrastructure:**

Copies of the legal advice on the definition?

**Director of Operations, Department for Infrastructure:**

Yes.

**Chief Officer, Department for Infrastructure:**

I think some ... your point on governance on this and in the future when perhaps I have a different Minister, which I may have and it seems to be a common occurrence within my department, that variability which you have highlighted is something that we perhaps do need to have some form of governance and rules set. The difficulty with rules is it then allows somebody to work around them, but I think after this meeting we can certainly have an offline discussion about that and work out some plan and see how other people do it. There must be common issues where other people do it.

**The Minister for Infrastructure:**

Our complication is the fact that virtually every other jurisdiction charges everybody.

**Chief Officer, Department for Infrastructure:**

Yes, and I do not think anybody gets exemption from the Jersey Electricity Company or Jersey Water Company in terms of their usage so ... but we do take that point on board.

**The Deputy of St. Mary:**

That is all the vice-chairman was trying to get at. We need some certainty on that.

**The Minister for Infrastructure:**

Yes.

**The Deputy of St. Mary:**

Okay, thanks.

**Deputy M. Tadier:**

So charities can expect to pay this charge and expect to ...

**The Minister for Infrastructure:**

Charities that are not providing households we will expect them to pay for the disposal of their waste.

**Deputy M. Tadier:**

Do you think there will be resistance to that from States Members?

**The Minister for Infrastructure:**

There may well be, Deputy, I am sure.

**Deputy M. Tadier:**

We will move on to the next part. Taking the hospitality sector, how much does it contribute to Jersey's public finances through employee taxes, duty and G.S.T.?

**The Minister for Infrastructure:**

I think that is a question for the Minister for Treasury and Resources or the Minister for Economic Development.

**Deputy M. Tadier:**

Do you accept the underlying point in the question, which is perhaps that ... and it has been put to us by the Hospitality Association that it is an important part of Jersey's economy.

**The Minister for Infrastructure:**

It is not only an important part of Jersey's economy, it is also a part of Jersey's culture.

**Deputy M. Tadier:**

Good answer. Do you think that we are risking ... because the margins, we are told, in hospitality are quite tight already for some.

**The Minister for Infrastructure:**

It depends on who you speak to in the hospitality sector. Some margins in some of the establishments are quite robust. Others, I agree, are more challenging.

**Deputy M. Tadier:**

We have seen it ... you have seen it, Minister, the trend of hotels closing, moving towards housing, apartments, even hospitals. Some those doors will close and become hospitals in the future. Do you accept the fact that actually life is quite difficult generally and the balance ... you know, that they may leave? That is the argument we are always told about increasing taxes is that rich people ...

**Chief Officer, Department for Infrastructure:**

So they leave for somewhere where they would not be charged for waste?

**Deputy M. Tadier:**

Well, I am just putting ... maybe where the packages overall and the operating costs are more viable.

**The Minister for Infrastructure:**

They are there to serve their client base. If their client base, which it has done over umpteen decades now, has declined from in the heights of the 1970s and 1980s when tourism was our main industry ... the makeup of economies change over time and so, yes, we have lost a lot of our hotel beds and a lot of our hotels to residential and other uses, but there is still enough capacity for the visitors that we currently have.

**Deputy M. Tadier:**

So let us say that maybe they are overpaying and you are underestimating the impact or that the truth lies somewhere in between. Can we look at perhaps one of the figures on page ... I do not have page numbers on here. It is quite early on, there is a graph of the impact of liquid waste charge by sector. The hotel, restaurant and bar ...

**The Minister for Infrastructure:**

So we are talking about the distribution analysis?

**Deputy M. Tadier:**

That is right, yes.

**The Minister for Infrastructure:**

Yes. Page 2, it is figure 1.

**Deputy M. Tadier:**

Page 2, thanks, yes.

**The Minister for Infrastructure:**

It shows that just over 30 per cent of the liquid waste charge by sector will be coming from the hotel, restaurant and bar section of the economy.

**Deputy M. Tadier:**

Given the fact that it is so significant and given the fact that tourism and hospitality is still such an important industry to be maintained in the Island, is it not reasonable to expect a period of formal consultation for such a significant policy change so that both the public and the industry consult with your department and you can take on that feedback?

**The Minister for Infrastructure:**

That would be the case if that was the States decision, but the States decision was to implement in principle waste charges, and that was carried out last September. The impact for liquid waste will affect that side of the economy more than other areas of the economy. Similarly, the solid waste will affect the building industry more than any other sector of the economy.

**Deputy M. Tadier:**

We will keep it to liquid waste because that is what we are talking about, but is there going to be a period of formal consultation on this?

**The Minister for Infrastructure:**

No, because there is not anything to consult about. We know what it costs us to provide the services and, therefore, we know how much revenue we need to raise and the fair way to do that is on a user pays. So the more waste you produce, the more you pay.

**The Deputy of St. Mary:**

Is that not the basic point which Monty said earlier, that there has not been the consultation? This is being imposed on the industry, and given the importance of the industry as a whole to the economy there is a general knock-on effect. So we cannot just look at that in isolation.



**The Minister for Infrastructure:**

Well, the time for that was prior to September last year, chairman.

**Chief Officer, Department for Infrastructure:**

We have been talking to the industry. I think the definition is a definition of consultation. We have been talking to the industry and explaining what we are doing in a very open and transparent way for longer than ... how many months, years? It is way over a year, and we have been in the lion's den a lot. We have not shied away from this and hidden from this and we have had some very difficult meetings with representatives of the hospitality industry and all other industries. Is that consultation? It is not because what we are saying is these are the facts, this is what we have been charged to do, this is how we are going to do it. How can we best do this and how can we do this which enables some behaviour change and enables Jersey to represent itself better in terms of the environmental credentials we have?

[10:15]

So, you know, one of the key things for the hospitality industry is you come from a ... most of our visitors come from western, sophisticated societies where they recycle as a default and they come to Jersey and chuck everything in one bin in their hotel. That cannot be good for Jersey's brand and image, so there are lots of things I think we can do collaboratively with the industry. But was it pure consultation in its purest form? No. We have just been having those discussions and hopefully trying to make sure our policy aligns as much as it can with their needs.

**Deputy M. Tadier:**

Can I put to the Minister then notwithstanding the fact ... I mean, we are not saying that this is an unjustifiable charge or anything, it was done from obviously an open mind, so I think that needs to be borne in mind. But from a governmental point of view in the way that the Government introduces new policy and consults, we have a Health Department which has been consulting for many years on the future of health. We have a Minister for the Environment who is consulting on a charge to do with development, and we have Social Security who are going into proper consultation. There is a formula and format for doing that. Why is that same thing not happening with the Department for Infrastructure?

**The Minister for Infrastructure:**

It has not happened in the form of a pure consultation because I believe, and I think you would as well, Deputy, that there is no point in having a false consultation. There is no point in having ...

**Deputy M. Tadier:**

That has not stopped Ministers before.

**The Minister for Infrastructure:**

This was based ... we are reacting to a States decision. So to consult on ... I believe if you go into a consultation it needs to be genuine. This ...

**The Deputy of St. John:**

I think it is unfair to put it on the States, though.

**The Minister for Infrastructure:**

It is a States decision.

**The Deputy of St. John:**

Yes, it is a States decision, but let us be honest, Minister. The M.T.F.P. ... what you are showing here is the M.T.F.P. is actually flawed. To come to the States with what you are classing as a States decision without the consultation before the M.T.F.P., that is where it lies.

**The Minister for Infrastructure:**

Yes, if that is your view, Deputy, and it is a valid view ...

**The Deputy of St. John:**

Well, it is not my view, it is fact.

**The Minister for Infrastructure:**

... then the States should not have approved the M.T.F.P.

**The Deputy of St. John:**

That is going to happen? No money for the next 4 years?

**The Minister for Infrastructure:**

So if that was the ... the M.T.F.P. has a very long lodging period and it has a robustness because of that.

**The Deputy of St. John:**

So you could have gone with consultation then, then?

**Chief Officer, Department for Infrastructure:**

Well, we did. We were in discussions with industry then but if ...

**The Deputy of St. John:**

No, I mean Green Paper/White Paper consultation.

**Chief Officer, Department for Infrastructure:**

Our start point here was one for charging for waste, not commercial, charging for waste for Jersey because that gives the biggest environmental impact, it gave us some independence in terms of long-term capital funding, which we always get a kicking for, and it gave us ... that was curtailed through ...

**The Minister for Infrastructure:**

Through consultation with States Members.

**Chief Officer, Department for Infrastructure:**

... consultation - very, very open consultation - with States Members in terms of what was achievable in this period. When that changed we then went to talk to the industry and those talks started a long time ago. The reality is I am not going to say that was pure consultation because we did not do that in the formal White/Green Paper way and all those sorts of issues. So I am not going to be disingenuous and say that is a consultation because it was not, but we have been in discussions for a long time and hopefully have tried to make this as simple and as painless as possible.

**Deputy M. Tadier:**

But I think the point that we have received, not just from the hospitality industry but from other industries, is that there is a willingness to engage and a willingness to change potentially their operating systems, but they need certainty and they need to know and that is why I think the message coming back from them has been ...

**The Minister for Infrastructure:**

I hear that, which is why we have published the timetable and we have been as open and transparent as we are able to be and have been. But I agree, we did not consult. It was not for us. It was not an option to.

**Deputy M. Tadier:**

But you said earlier it may well be worth ... it may be possible that you can speak to the Minister for Treasury and Resources and say ...

**The Minister for Infrastructure:**

I will be having conversations with the Minister for Treasury and Resources to see if he has any leeway of putting back some of the funding that has been taken away to enable us to soft land this. But at the end of the day ...

**The Deputy of St. Mary:**

Well, thank you for that.

**The Minister for Infrastructure:**

... the States decision is to bring in waste charges.

**Deputy M. Tadier:**

Understood.

**Chief Officer, Department for Infrastructure:**

That decision is beyond my Minister's control. It is a Council of Ministers decision driven by the Minister for Treasury and Resources.

**Deputy M. Tadier:**

I think it is a case of when rather than if. That is the point.

**The Minister for Infrastructure:**

Yes, there is no "if" about bringing in waste charges. The States decision has been made. It is when and what they look like.

**Deputy M. Tadier:**

The last point on this section, in fact, again comes from the hospitality sector. They have asked and we are asking whether or not there were alternatives. The concern I think for us listening to those ...

**The Minister for Infrastructure:**

There were alternatives to waste charges?

**Deputy M. Tadier:**

Yes, in terms of ...

**The Minister for Infrastructure:**

Well, there are, there are always alternatives. We could have raised the revenue through taxation. So we could have raised G.S.T. We could have raised income tax. We could have brought in a

capital gains tax. We could have brought in a whole raft of others. That is why I encouraged the panel to have a briefing from the economic adviser because he does ... he alludes to it in his report, but he does add more flesh to the bone in his briefing. He certainly did for the Council of Ministers yesterday.

**Deputy M. Tadier:**

One of the interesting suggestions, which I am sure is one of many from the hospitality industry themselves, was the idea of a tourism tax, which could either be placed on bed nights, so it is a small contribution to their water usage, and then the waste water ...

**The Minister for Infrastructure:**

Yes, that would have been a valid alternative.

**Deputy M. Tadier:**

Is it not easier to do that? I mean, this sounds remarkably complex.

**The Minister for Infrastructure:**

Deputy, you asked a question; at least give me the time to answer it.

**Deputy M. Tadier:**

I had not finished asking the question. I was just going to say it is a remarkably complex waste charge to bring in with all these exemptions and these outliers. Why not just have a simple tax that can be administered like G.S.T., keep it broad, simple and across the board?

**The Minister for Infrastructure:**

Well, that would have been a very good amendment for you to bring to the M.T.F.P. last summer. The decision by the States last summer was for waste charges to be brought in. That was a decision in principle and my department and myself were tasked to come back with the detailed proposals this summer and that is exactly what we have done. Alternatives, the time for alternatives and the debate for alternatives was last year.

**Deputy M. Tadier:**

Okay. The point I am making is that this is not my idea. This has come from the industry and it has come from a limited amount of consultation, de facto consultation, that we are doing as part of the scrutiny review. So it perhaps highlights the need for wider consultation with the industry. I will leave that section there if that is okay.

**Chief Officer, Department for Infrastructure:**

Just on the bed tax, that does not cover the other sectors, does it?

**Deputy M. Tadier:**

No, but they are perhaps saying that they could meet that gap really from a tourism tax.

**The Minister for Infrastructure:**

So a tourism tax would pay for all of the Island's non-household waste ...

**Deputy M. Tadier:**

I think that is a discussion for the industry.

**The Minister for Infrastructure:**

That is interesting.

**The Deputy of St. Mary:**

Okay, thank you for that. Right, we are going to touch on environmental behaviour. You mentioned there were reasons for taxes to improve environmental behaviour. Are there any ... does this intention extend to ... do you see any form of incentive to update systems, improve systems?

**The Minister for Infrastructure:**

In terms of direct cash input from my department to businesses to improve their efficiency, the answer is no, but expertise and advice, yes.

**The Deputy of St. Mary:**

Could you repeat that last bit, sorry?

**The Minister for Infrastructure:**

We are not going to be providing cash incentives to businesses for them to become more efficient.

**The Deputy of St. Mary:**

From your department?

**The Minister for Infrastructure:**

From my department. What we are going to be doing is providing advice and expertise to help them identify where they have opportunities to mitigate the charges.

**Chief Officer, Department for Infrastructure:**

So we will bring people in with that expertise who will then provide a free service to businesses if they choose to use that.

**The Deputy of St. Mary:**

On the advisory front?

**Chief Officer, Department for Infrastructure:**

Yes.

**The Deputy of St. Mary:**

But implementation of any service, no?

**Chief Officer, Department for Infrastructure:**

We do not have the funding for that. It would be a ... certainly the States have done something like that in the past but it is where do you fund it from and how do you make sure that you can administer it and make it fair and ... it becomes difficult.

**The Deputy of St. Mary:**

Okay. Right, the next one, and it is quite technical so we might have to ask our advisers to come in here. Very few businesses - I think there are only about 60 - appear to be eligible for calculation of charges via a Mogden formula. Could this scope be increased, therefore incentivising a reduction in effluent strength?

**The Minister for Infrastructure:**

Yes, through the database that we have and through our work with Jersey Water we estimate it to be about 60 businesses that trade effluent that our calculation would apply. It is not necessarily the Mogden formula. If there is more businesses who think that they are eligible to go down that route, then we will engage with them.

**The Deputy of St. Mary:**

Before I hand over to the experts here, the Mogden formula, which is widely used in the U.K. and it has a structure, I understand, for including appeals proceedings at the end of the day, we have no such thing here at the moment?

**The Minister for Infrastructure:**

We have an appeals system built in.

**The Deputy of St. John:**

Have we?

**The Deputy of St. Mary:**

Have we seen it or is it ...?

**Director of Operations, Department for Infrastructure:**

We are developing the appeals process. With regards to the Mogden formula, we only expect there to be one or 2 businesses in Jersey that that formula would apply to. So just with regards to trade effluent, that normally applies to laundrettes or hotels with big swimming pools over a certain size. All they are going to be doing is paying a slightly higher standing charge. So the Mogden formula with regards to our calculations and estimations of income will be to very few businesses that we would apply that to.

**The Deputy of St. Mary:**

Okay. I do not want to concentrate on one business in particular, but perhaps I will hand over to you, David.

**Panel Adviser:**

As I say, how much income do you think you will generate through Mogden charges?

**Director of Operations, Department for Infrastructure:**

We will not be very specific here because it could only apply to one business and I do not think it is appropriate in a hearing to be able to refer to that detail here because otherwise that singles the business out.

**Chief Officer, Department for Infrastructure:**

We do not have the industry here that generates the C.O.D. (chemical oxygen demand) or B.O.D. (biological oxygen demand) that you would get which would warrant it, except for a few very small ...

**Panel Adviser:**

In your report, you say that the maximum charge likely to be faced by a business is £50,000.

**Director of Operations, Department for Infrastructure:**

Average.

**Chief Officer, Department for Infrastructure:**

Average.



**Panel Adviser:**

Well, you give a range of charges that are likely to be faced and it is from relatively low up to £50,000. Do you think £50,000 will be close or considerably less than the charge that a Mogden formula will give rise to?

**The Minister for Infrastructure:**

Those figures were based on actual figures from the Jersey Water's database on their top 100 users.

**Chief Officer, Department for Infrastructure:**

It did not include the Mogden.

**The Minister for Infrastructure:**

It did not include the Mogden stuff because ...

**Panel Adviser:**

So it is possible that the one or 2 businesses ...

**The Minister for Infrastructure:**

Because effectively we are talking about one business.

**Director of Operations, Department for Infrastructure:**

Yes, one or 2 businesses.

**Panel Adviser:**

Okay. Is it possible, without putting a figure on it, that the charge in a Mogden situation would be considerably higher than £50,000?

**Chief Officer, Department for Infrastructure:**

Yes.

**The Minister for Infrastructure:**

Yes, for one or 2 businesses that may be the case.

**Panel Adviser:**

Just running through examples in the U.K. using average strengths of effluent from that type of business, it would not be unfeasible to suggest a charge of around £200,000 per year?

**Director of Operations, Department for Infrastructure:**

We are still working on the calculation for the Mogden formula of how it is going to apply to Jersey, so again I would not want to firm up on that just yet.

**Panel Adviser:**

So these businesses do not know what their charge is likely to be at the moment?

**The Minister for Infrastructure:**

We have a very close working relationship with those businesses and we are helping them to mitigate their charges.

**Chief Officer, Department for Infrastructure:**

It is a bit more complex than perhaps how you see it at the moment because there are issues with the discharge consent we currently have. So we have been in close liaison with the key businesses and working very well with them and they have a few choices to make in terms of whether they mitigate their costs by onsite treatment or they use us to treat the effluent. It is the same discussion that water authorities have in the U.K. with industrial effluent providers.

**Panel Adviser:**

Have you undertaken a sensitivity analysis on your numbers, including - and I cannot see any distribution analysis - to consider the fact that they may not choose to use your services in future?

**Chief Officer, Department for Infrastructure:**

It is proportionate to the overall ... we will get a significant saving if they do not use us and they provide their own facility, and then if they do use us, then the cost will be the cost.

**Panel Adviser:**

Do you have those figures?

**Chief Officer, Department for Infrastructure:**

We have those figures, yes.

**Panel Adviser:**

Is it possible that probably they could be shared with us so we could look at those?

**Chief Officer, Department for Infrastructure:**

The difficulty here, we are in a public domain talking about one business and I do not think that is appropriate. We could talk privately with you about where we have gone with that business, but I do not think it is appropriate for this forum.

**Panel Adviser:**

Is that why it was not included in the distribution analysis?

**Chief Officer, Department for Infrastructure:**

Yes.

**Deputy M. Tadier:**

I think there are arrangements, are there not, in place for panels to receive material confidentially?

**The Minister for Infrastructure:**

Yes.

**Chief Officer, Department for Infrastructure:**

Yes, but we are currently in very proactive and positive discussions with that business so ...

**The Deputy of St. Mary:**

Yes, and I am not trying to identify them, but again from their point of view this is not an insignificant sum and there is lack of certainty as to what it is at the moment.

**The Minister for Infrastructure:**

Yes, so currently they are getting a ... it is a significant cost to their business, which also means that they are getting a significant hidden subsidy from the taxpayer currently. Because we are still providing that service and it is still costing that significant sum.

**The Deputy of St. Mary:**

Okay, let us leave it at that, unless you have any more on that one. Okay. Yes, annual water use, it has risen, according to my notes, from 7.294 in 2015 to 7.567 in 2016. That suggests an increase in costs for water services by 3.27 per unit ...

[10:30]

**Chief Officer, Department for Infrastructure:**

250.

**The Deputy of St. Mary:**

Sorry?

**Chief Officer, Department for Infrastructure:**

It is the corrected figure.

**The Deputy of St. Mary:**

Sorry, yes, would incentivise water reductions. There has not been much change in consumption.

**The Minister for Infrastructure:**

Some businesses have already ... businesses in more modern premises - we are talking about, let us say, the office environments - already have water-saving devices built into their premises. Some businesses have not had that investment so overall we are actually looking at very minimal changes in the volumes that we are going to be treating at the S.T.W. from non-domestic. What we are hoping to see is that now with this charge and with Jersey Water's charge it actually makes things like grey water recycling and rain water recycling more cost effective because currently it has not been. The payback period just does not work. So over a long period of time we envisage that there will be a shift as premises are effectively modernised, but in the short term those businesses that have already made those changes and have already reduced their water bills ... I think when Jersey Water put metering into the St. John area, they saw a 20 per cent reduction in the amount of water being used. We are not going to see ... those changes have already happened. It was people on meters.

**The Connétable of St. Saviour:**

Yes, but that is households. Like I said earlier on, I have a milk parlour and everything that deals with the milk on mains water and it is programmed to use X amount of gallons. I cannot cut that down otherwise the bugs are going to be in the milk. So there is nowhere, no matter how hard I try, I am not going to be able to cut my bill down.

**The Minister for Infrastructure:**

That is completely accepted, Constable.

**The Connétable of St. Saviour:**

Yes, but you are saying that people have modernised. But even with a modern dairy it is going to be very difficult ...

**The Minister for Infrastructure:**

I am saying that some businesses have modernised but those that have not will have the opportunity to do so.

**The Connétable of St. Saviour:**

I do not have that opportunity, so you really have not done your homework on a lot of ... I do not wish to appear rude. But I do not think you have done a lot of homework because we are here today and you keep saying: "Oh well, that will be in the report and we are looking into that, and you will be able to do this." You are not coming with anything really concrete other than the fact you are going to be charging and we voted for it. At least we voted for a system but you do not seem to be putting the system in so we know exactly what is happening. There is no black and white. There seem to be a hell of a lot of grey areas. Excuse the language. It is not parliamentary. There are a lot of grey areas.

**The Minister for Infrastructure:**

Constable, for your particular industry and your particular business, we will be working with the dairy industry to come up with a fair charge for the amount of waste that they produce, that we currently deal with and currently the general taxation pays to dispose of.

**The Connétable of St. Saviour:**

You do not pay for anything to dispose of; it goes in my slurry pond.

**The Minister for Infrastructure:**

Therefore you will not be charged.

**Chief Officer, Department for Infrastructure:**

How many dairy farmers are there now? Thirteen?

**The Connétable of St. Saviour:**

Twenty-three or 24.

**Chief Officer, Department for Infrastructure:**

So we are going to individually go to every one of them and deal with that. Now what the Minister is talking about is if you look at BREEAM standards, the environmental standards for buildings we have in Jersey, are excellent and the standards that we are applying mean that, as we are building new buildings and a lot of industry now is moving into new buildings, their optimisation in terms of energy usage and water usage and the use of all the utilities is diminishing. The new police station built by my Minister and commissioned uses rainwater harvesting. It has a grey water system within that building to set a standard to do it. We did it on the Energy from Waste plant. Unfortunately it

was so close to the sea that the salt water sat on the roof and then corroded all the pipes so it did not work there. But it is something we try and do and the standards that the Environment and the Planning officers set mean that buildings are changing and people are improving their environmental credentials.

**Director of Operations, Department for Infrastructure:**

It is part of our work on our database, so we have grouped all the businesses into different sectors. As you mentioned there are probably 23, 24 dairy farms. If the States approve the amendments to the Article then we will be going out straightaway to go and meet with all those dairy farmers, and when you say it is a lot to do there are actually very few sectors and very few people that are either at one end of the scale or the other end of the scale. If we are going out to advise businesses of what we think the charges are going to be, if they have got issues with that, then they will be writing back to the department, we will be meeting with them and resolving any issues.

**The Connétable of St. Saviour:**

And all this is done by March?

**Director of Operations, Department for Infrastructure:**

Yes. A lot of the work has been done in the background so almost ready to go, subject to the States approval.

**The Deputy of St. Mary:**

We touched on earlier about advice being given to incentivise water reduction. Will the costs be borne by your department?

**The Minister for Infrastructure:**

The advice will be free from our department to those businesses that wish to avail of having a water usage audit or whatever they wish to understand better.

**The Deputy of St. Mary:**

I do not mean outside. Do you have an internal campaign to advertise that this service is available rather than ... or do you wait to be ...

**The Minister for Infrastructure:**

As soon as we have the States decision because we are ready to go with our services to commerce to help them mitigate the charges.

**The Deputy of St. Mary:**

You will be marketing that service in a way so ...?

**Chief Officer, Department for Infrastructure:**

We will be. We may do that in conjunction with our environmental colleagues.

**The Deputy of St. John:**

On to consequences. Do you anticipate any unintended consequences arising from the proposed charges?

**The Minister for Infrastructure:**

If they were unintended then we would not have identified them. So it is difficult to deal with something that ...

**The Deputy of St. John:**

That is why I asked if you anticipate.

**The Minister for Infrastructure:**

Where we believe that there will ... anticipate changes, we are working on help for businesses to mitigate those.

**Chief Officer, Department for Infrastructure:**

The main issue, I think, is the consequences of the solid waste and fly-tipping. Liquid waste, we are not sure if ...

**The Deputy of St. John:**

Well, there are requirements, are there not? We have got regulatory requirements on businesses for things like health and safety, so is there a potential one in terms of consequences there?

**The Minister for Infrastructure:**

Businesses will have to still maintain their health and safety requirement.

**The Deputy of St. John:**

Has any thought been given as to how to manage the impact on Jersey Water's revenues if these charges trigger a significant reduction in water use?

**The Minister for Infrastructure:**

It would have to be seriously significant but that is all counter to what has been said previously is that some ... the ability on liquid waste for businesses to mitigate are more difficult because it is

about investing in infrastructure, in their buildings, et cetera, to reduce the amount of water that they use. So we do not see from this that there will be a significant impact on water reduction to the extent that would cause Jersey Water an issue.

**Chief Officer, Department for Infrastructure:**

Again, there is a benefit for them in terms of their long-term capital investment can be mitigated if they use less water and they can ... it is a precious resource and it is going to get more precious over time.

**The Minister for Infrastructure:**

Currently we have 120 days maximum storage of water in the Island. I am sure Jersey Water would love that to increase, even if it was to 125 days or 130 days.

**Chief Officer, Department for Infrastructure:**

But we have had that discussion with Jersey Water. Would you like to expand on that?

**Business Development and Change Manager, Department for Infrastructure:**

Jersey Water have got, as the Minister said, about 3 months' worth of water storage in the reservoirs. They are active in their own water minimisation or water usage minimisation programmes because they would like to make that water resource last longer to improve the Island's resilience. If less water is being used then the water in store will last for longer. But the metering programme that Jersey Water have carried out means about 96 per cent of properties are metered, most businesses are metered, so the water reduction has already happened, like in the major water reduction.

**Deputy M. Tadier:**

Can I just ask a question about concentrations? I remember from my visit to the sewerage treatment is that it is necessary to have quite a lot of fresh water being used, is there a risk that we could see concentrations of sewage effluent going out?

**The Minister for Infrastructure:**

We have the opposite. We have too much surface water in our sewage so we are treating greater volumes than we need to, so we would like to reduce the amount of water just in the system compared to sewage.

**Chief Officer, Department for Infrastructure:**

I am not aware of anywhere where that problem has been in terms of the water usage is so minimal that you do not get enough water to pass with the other stuff we have to deal with. We have a combined system here so a lot of the network is combined so there is surface water input as well.



That is the bit we are trying to get off the system, so even if it was a complete just the sewage element, the output from washing machines, the output from a toilet, shower, etc and if you use your grey water once or twice it is still being useful. We do not see that as an issue in terms of the transmission of solid material within the system.

**The Deputy of St. Mary:**

Sorry, going back to your comment, Minister, about too much surface water entering the sewerage system. Is that again ... is there any formal campaign going out there to advise everyone, not just ...

**The Minister for Infrastructure:**

Yes, I sent some letters out last week to all lawyers, building contractors, developers, estate agents, to remind them of what currently is in the law that is illegal.

**The Deputy of St. Mary:**

Sorting out the drainage connection, yes.

**The Minister for Infrastructure:**

Yes. Because we are actively trying to reduce the amount of surface water going into the Sewage Treatment Works because we are trying to make the Sewage Treatment Works as efficient and as cost effective as possible so we do not have to pass on inefficiencies in our charging mechanism.

**The Deputy of St. Mary:**

But, again straying from our topic here, but ...

**The Minister for Infrastructure:**

It is actually very relevant.

**The Deputy of St. Mary:**

But there are lots of overlinks where the system does take surface water so it is not ... it is a question of getting them to address that and maybe incentivise them to change their system.

**Chief Officer, Department for Infrastructure:**

If you are in certain parts of St. Helier it is a combined system and we have not put the engineering infrastructure in yet because it is a massive cost and massive disruption. So if you look at the work we did at Ann Court with the Phillips Street shaft, that work will enable us to then work back up that system and take off more surface water. But they are massive projects and huge investment, which give us the longer term benefit, which is built into our capital programme. What we have done over

the last 7 years being pro-active in looking at areas of Jersey where we have seen lots of illegal connections, people where there are surface water issues, soakaways have failed and they have connected them back into the sewerage network. Then we have problems in the winter when we have lots of rainfall. So we have been proactive in managing that under the Drainage Law and trying to hopefully get people who are breaking the law, effectively, back on ... having better systems. I think there is an issue with planning and hardstanding and how we deal with hardstanding in areas where the consequence of the hardstanding can have a consequential effect downstream. So there are lots of areas we need to look at in terms of surface water.

**The Deputy of St. Mary:**

Okay, so it is being addressed, so excellent.

**Panel Adviser:**

Just do a quick one, on the surface water it is not uncommon for businesses to be offered a rebate if they divert their surface water away from the sewers and combined sewers. Is that an opportunity for the charge to be modified? In the U.K. they get surface water drainage rebate, so it is typically around ... it can either be done on an area basis or on a fixed basis but there is an incentive therefore for them to disconnect their surface drainage from the foul sewers. Is that something that has been considered?

**The Minister for Infrastructure:**

It is actually illegal for them to have their surface drains connected to the foul sewers.

**Chief Officer, Department for Infrastructure:**

Depending on where they are. Most of the ... Jersey is split into 3 different areas really. When it is on a combined system then they have got no other option. If it is not a combined system and a lot of our developed ...

**Panel Adviser:**

No, I am just thinking of a combined system where you could build your own soakaway or incentivise ...

**Chief Officer, Department for Infrastructure:**

The trouble is when it is not on a combined system it is generally in town so they have not got any option.

**Panel Adviser:**

So rather than think specifically onsite, the other aspect is that you can do things elsewhere in a catchment. It is just again another kind of U.K. approach where you could incentivise businesses to work a catchment to create storage or it would reduce problems elsewhere. Is a prospect there that they could be incentivised or given a rebate to encourage them to do that? That would then do something positive environmentally through the charge system.

**Chief Officer, Department for Infrastructure:**

That is a possibility. Surface water and catchment management is something we have got a really big challenge with over the next 25 years. We have got really quite small catchments relative to the U.K. but very fast acting. So the consequence of rainfall in those areas can be quite devastating downstream. So that is something we could certainly look at.

**The Minister for Infrastructure:**

It is going to be very limited because of the geography of the Island. Those opportunities to provide those catchment areas and other facilities are going to be few and far between because it is unlikely to be the landowner of where they want to put that facility.

[10:45]

**The Deputy of St. John:**

What detail will be included on the water charges bill for a business to calculate their budget?

**The Minister for Infrastructure:**

They will have past data from their current water bills, about usage, about volume usage, and they will be able to use that data and apply it to the formula that we use, which is 95 per cent at £2.27 ... sorry, I cannot remember off the top of my head.

**Director of Operations, Department for Infrastructure:**

Any business that has a water meter can calculate what their bills are likely to be based on our charges. So any business can do that. Those that have got the Mogden formula aimed at trade effluent businesses, we only expect there to be about 60 businesses that cannot calculate what their bill is likely to be next year because they are using boreholes.

**Panel Adviser:**

And those tend to be the larger businesses?

**Director of Operations, Department for Infrastructure:**

What cannot?

**Panel Adviser:**

No, the 60 that would be on the Mogden ...

**Director of Operations, Department for Infrastructure:**

No, the small.

**Panel Adviser:**

Smaller.

**Chief Officer, Department for Infrastructure:**

The drycleaners.

**Director of Operations, Department for Infrastructure:**

It is businesses that are still using boreholes and such like as opposed to being connected to Jersey Water.

**Deputy M. Tadier:**

Launderettes as well or ...?

**The Minister for Infrastructure:**

Only if they are running on a borehole and not connected to Jersey Water.

**Business Development and Change Manager, Department for Infrastructure:**

I am sure it is about 96 per cent of the Island is metered.

**The Minister for Infrastructure:**

We have probably got the highest metering of water than certainly any jurisdiction that I know of.

**Business Development and Change Manager, Department for Infrastructure:**

Yes, which for most non-households will give a very accurate prediction of exactly what the charge is going to be.

**The Deputy of St. John:**

So has an assessment been made of integrating the billing of Jersey Water's billing?

**The Minister for Infrastructure:**

It is delicate. We are working very closely with Jersey Water but they have not been awarded the contract to provide our billing system for us. We have to go out for tender for that. So we are working very closely with them but it does not necessarily mean that it is a given that they will be doing the billing system. Is that correct?

**The Deputy of St. John:**

Are there many places in Jersey that can offer that billing system?

**The Minister for Infrastructure:**

There are lots of billing systems that people could use.

**Director of Operations, Department for Infrastructure:**

We have currently gone out to tender for offering the billing service. So whether it is provided by other businesses or whether it is done in-house, we are looking at all the different options to see what would be the most efficient way to move forward. Obviously we would not award that tender until there is a States decision on whether the waste charge will go ahead or not.

**The Connétable of St. Saviour:**

Can I just say: has it been offered to companies in the U.K.?

**Director of Operations, Department for Infrastructure:**

Yes, it went on to our portal ... the States of Jersey portal.

**The Connétable of St. Saviour:**

It has been offered to the U.K.?

**The Minister for Infrastructure:**

No, it has gone on the States of Jersey portal, which is available to businesses both on-Island and off-Island.

**The Deputy of St. John:**

Can I ask: Jersey Water, as I understand it, we hold the majority of shares of Jersey Water, is that correct?

**The Minister for Infrastructure:**

We do.

**The Deputy of St. John:**

What consideration has been given just to hand over the sewage waste side of things to them?

**The Minister for Infrastructure:**

That is something that was championed at one stage by Senator Ozouf. But when you drill down into it there is little synergy there, apart from the billing system.

**The Deputy of St. John:**

Okay. But we were asking before about the impact on Jersey Water's revenues if the charges trigger a significant reduction of water use. If we are a majority shareholder and there is a problem with their revenues, is there a possibility for them to come back to us and ask for money to subsidise what they need to do?

**The Minister for Infrastructure:**

Highly unlikely because we are a majority shareholder, we are not 100 per cent-owned shareholder. So in any company they can always go to their shareholders for further equity finance or they can get their finance from many other sources. But the feedback we have got from Jersey Water is that they are not going to see a significant decrease in the amount of water usage but they would welcome that because it will give them more storage capacity or take it from 120 days and increase that, which is something that they want to do.

**The Deputy of St. John:**

Do you think there would be more trust in the way that the liquid waste charge has been put together from businesses if it was done by Jersey Water and the plant was run by Jersey Water?

**Chief Officer, Department for Infrastructure:**

Can I answer that because I ... Jersey Water do not have the competence to run a liquid waste sewerage network we have. We have talked to Jersey Water about aligning the businesses. The alignment on businesses aligns on 2 elements. One is billing and the other one is telemetry, which is the monitoring system. We align on telemetry now because they do our out-of-hours monitoring. A man who goes around fixing the sewage pumping station then does not go and fix a portable water pumping station because the potential for cross-contamination is massive. So in the U.K. you have got lots of water authorities that do both but they run very separate businesses. In the U.K. there are lots of areas where there is just the water company and there is just the sewage company. Now, I lived in a place in Nottinghamshire where my water was provided by Anglian Water and my sewage was provided Severn Trent. So the majority is combined but there is very little alignment apart from billing and telemetry. The type of people, the expertise you need in terms of running a water business, is very different than running a sewage business. In a water business a pump will last 40 years. In a sewage the pump lasts 4 years, if you are lucky. So it is a very different mentality in

terms of treat ... water treatment is a chemical process and sewage treatment is a biological process. Sewage is fun, water is boring. We are very different in terms of the type of people who run them.

**The Deputy of St. John:**

On the basis of the transparency side of things, where a negotiated agreement outside of the standard trade effluent or general sewage charters regime is sought how will fairness and transparency be ensured?

**The Minister for Infrastructure:**

Because we can benchmark to a similar type activity elsewhere and we can show what our overall costs are, et cetera, so we can have transparency. We are open and willing to work with businesses to make sure that we ... that it is a fair user pays charge.

**Chief Officer, Department for Infrastructure:**

That is where we are currently with the business. What I am talking about is we are looking at what the equivalent cost would be elsewhere so that we are not going to penalise them or we are not going to under charge them. So we are doing that work at the moment.

**The Deputy of St. Mary:**

Leading on from that, I am conscious we have only got 5 minutes left, various strategies made to ongoing negotiations with non-standard customers at the moment. The U.K. has a formula for audits and a formula for appeals. What system are you proposing to introduce to ensure that there is a procedure whereby people can appeal, can have an audit carried out to make sure it is fair, is that going to happen?

**The Minister for Infrastructure:**

That is going to happen. It is built in there. The actual details of what that will look like is not finalised yet because we ... it is a fine balance for myself as Minister to carry out works in anticipation of a States decision because you get criticised for taking the States for granted. So it is a fine line between how much we do before a decision is made and how much we leave until after the decision is made.

**The Deputy of St. Mary:**

Okay, it was not meant to be a criticism, but on the other hand States Members are going to be asked to approve something which we need to ensure is a fair process.

**The Minister for Infrastructure:**

Because there are only some 60 businesses that fall into that category because the vast majority are on meters, et cetera, because there are so few businesses that fall into that category, we were comfortable that we have the resources to be able to work with those businesses in partnership to make sure that they are charged a fair user pays charge. That is neither charging them too little or charging them too much for the amount of waste that they produce that we have to dispose of.

**The Deputy of St. Mary:**

We welcome your assurance but we are going to need a bit more than that. It is ongoing, how near are you to having ...

**Director of Operations, Department for Infrastructure:**

It is ongoing. Subject to the States decision we hope to be out and contacting all businesses about their waste charges within the following couple of months because businesses, as you rightly say, need the assurance of what those charges are going to be and how they are going to deal with those charges moving forward. With regards to providing the appeals process, we have had a lot of discussions on that. What we need to be able to get out is our formal policies to be able to show you what that might be, and we are hoping to do that within the next 6 weeks.

**The Deputy of St. Mary:**

My concern is we should know something about that before this goes to the States. Are we going to get that?

**Director of Operations, Department for Infrastructure:**

Yes.

**Panel Adviser:**

Just in terms of how a company might appeal, presumably it can only appeal the bill so the bill is going to be charged in ... the first bill they receive is next year; July next year, is it?

**The Minister for Infrastructure:**

Yes.

**Panel Adviser:**

So presumably they could have a period of a year of significant uncertainty knowing that they want to appeal a process but ...

**The Minister for Infrastructure:**



But those are on meters. There is less uncertainty. Those 60 or so businesses that we are effectively talking about, we will be going to see them within weeks of the States decision.

**Director of Operations, Department for Infrastructure:**

I think all businesses will be contacted once there is a States decision, with a questionnaire and data and information of what we think their likely bills are going to be, and asking businesses if they think that that is right, if they think they have got a right to appeal, if they think that the charge is too high, and those kind of things. We will expect that feedback back so we can deal with that and those businesses can deal with any issues or concerns that they have within the next 3 to 4 months. So they have got an opportunity to be able to rectify any problems and we can rectify those problems and make sure that they have got time to be able to plan for that next year.

**Chief Officer, Department for Infrastructure:**

So we are looking at a ready reckoner that people can easily use so they can work out what their bill is and then if they feel as though that is not fair, not correct, there is something that we have not taken into consideration, they can come back to us before the bill starts being issued.

**Deputy M. Tadier:**

The appeals can happen by anyone. It is not just these 60 businesses.

**Chief Officer, Department for Infrastructure:**

No, it can be anybody.

**Deputy M. Tadier:**

Because it is the water usage that is metered, not the sewage.

**Chief Officer, Department for Infrastructure:**

That is correct.

**Deputy M. Tadier:**

It is almost like: "I used a lot of water but I do not create much sewage", but they may come to you and say this is not a fair charge.

**Chief Officer, Department for Infrastructure:**

The Constable's perfect example of one where the water usage in terms of sterilisation of a dairy, of a parlour, is significant but none of it comes down the sewer so it is a very easy discussion and a good outcome.

**The Connétable of St. Saviour:**

It might not be.

**Deputy M. Tadier:**

I think what we are interested in is seeing a formula that can be applied across the board.

**The Minister for Infrastructure:**

It is more of a framework and a process to be applied across the board because you will not have a formula across the board. You will have a process and a structure to apply because businesses are very different in terms of the amount of water that goes in to the amount of waste that is produced, so it is not a formula. It is a process.

**Director of Operations, Department for Infrastructure:**

Just shortly, we were considering doing a trial questionnaire to businesses in the Parish of St. Mary, so we will be contacting those businesses again to see: have we got the questionnaire right? Have we got the data right? Are we getting all the right information back from the businesses and so forth? So that work is in train and is going to be going out.

**The Connétable of St. Saviour:**

Can I just ask you why you picked St. Mary, which is the smallest and the quietest Parish that there is?

**The Deputy of St. Mary:**

Because the chairman ...

**The Minister for Infrastructure:**

Exactly, that is why we did it. **[Laughter]**

**The Connétable of St. Saviour:**

Seriously, you have got hotels and all sorts in larger places. Why have we picked ... is it because it will be easier because you do not have that many premises?

**Director of Operations, Department for Infrastructure:**

No, it is just the first one to go out and it is a nice ... it is an easier one to start with to check its right, but then we will be going out to other Parishes and other businesses afterwards. But we want to make sure that we have it right.

**The Minister for Infrastructure:**

It is to make sure that the form that we are using is designed in the right way to get the information that is required.

**The Connétable of St. Saviour:**

But you were saying earlier on that Le Mare Vineyards is doing very well and they are in St. Mary. So that is not going to give you a true picture.

**The Minister for Infrastructure:**

No, it is about is the form designed in the right way to give us the information that we need.

**Chief Officer, Department for Infrastructure:**

We have the true picture now. What we need to do is how do we communicate better to businesses and we can then interrelate and learn from the feedback we get from St. Mary because there will be less businesses and then we can run it through the other Parishes very quickly.

**The Deputy of St. Mary:**

I am conscious we have run out of time. Can I ask the advisers if they have any more to ask before they go?

**Panel Adviser:**

Just that last area on customer service. You are effectively moving to a situation where you are creating customers and customers have expectation to receive a service level and to be able to be involved in the decisions of the services that they are being provided with. What mechanisms do you see for agreeing performance, criteria and to share your investment plans with the customers?

**The Minister for Infrastructure:**

I do not want to say that we already have a large number of customers that we deal with directly, both on the liquid waste side. We have a number of tank customers. On the solid waste side we do have a substantial customer base already, so the department is used to dealing with customers. It is a scaling up of that service.

**Panel Adviser:**

What performance metrics do you think you are going to ... are you going to be introducing new performance metrics, like an environmental performance in the Bay, for instance?

**Chief Officer, Department for Infrastructure:**

Yes, we have performance metrics anyway because all our customers live in Jersey. We serve the public and we are looking at stepping that up. I think the focus on customer service from a utility is

a very different focus than the focus of customer service from a States department. So we have got to move into that utility environment, which is trying to be as transparent as possible on key performance indicators and metrics and getting the customer service perhaps more ... a different scale than we have currently got.

**Business Development and Change Manager, Department for Infrastructure:**

We have a customer charter in development.

**The Deputy of St. Mary:**

Right, we are out of time unless anyone has got any questions perhaps we can bring it to a close. So thank you, Minister, and officers for your attention. Thank you for the public and media for listening. I declare the meeting closed.

[11:00]