

# **STATES OF JERSEY**



## **BUDGET 2006: SECOND AMENDMENT**

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**Lodged au Greffe on 8th November 2005  
by Senator M.E. Vibert**

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**STATES GREFFE**

BUDGET 2006: SECOND AMENDMENT

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- (a) *to increase the estimate of revenue expenditure of the Employment and Social Security Committee from £85,751,200 to £86,051,200 by adding –*

£300,000 to enable the provision of free television licences for those aged 75 and over living in domestic accommodation whose income is less than £20,720 for a married couple and £12,720 for a single person;

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- (b) *to increase the estimates of income from Indirect Taxation in order to fund the provision of free television licences for those aged 75 and over living in domestic accommodation whose income is less than £20,720 for a married couple and £12,770 for a single person, by adding the following amount to the Impôts –*

£300,000 to Impôts on Beer so that the income rises from £4,590,000 to £4,890,000.

SENATOR M.E. VIBERT

## **REPORT**

My amendment seeks to increase the Impôts on beer by between 2 and 4 pence a pint and to use the around £300,000 this will raise to pay for free television licences for over 75s who have an income under £12,770 for a single person and £20,720 for a married couple.

### **Background**

An amendment I brought to last year's budget seeking to increase Impôts on alcohol to provide free television licences for all those aged 75 and over living in domestic accommodation was defeated by 24 votes to 20 (Appendix 1).

A number of those who voted against indicated they were in favour of such a benefit provided it was targeted based on need.

I publicly stated following that debate that I would be returning to the States with a revised proposition seeking to introduce free television licences for over 75s and this amendment seeks to achieve that whilst meeting the objections of those who wished the benefit to be targeted.

Free television licences for those aged 75 and over living in domestic accommodation have been provided not only in the U.K. for some years but also in Guernsey since 2001.

I believe it is right that those over 75s, people born before 1930 and who lived through the Second World War, and who are not presently sharing to any great degree in the current prosperity of the Island which they helped to create, should have this limited extra benefit.

Television can be very important to many elderly people and I believe we, as a government should ensure all elderly persons of limited means have access to a free television licence.

I am proposing that there should be an income bar in Jersey for over 75s to qualify for free television licences so that this benefit is directed to those in most need, as this States has indicated it wishes such a benefit to be targeted.

It would seem incongruous for a Government to give people a benefit at the same time as the same Government is asking for income tax to be paid. Therefore I have set the income bar level at just above the level at which over-75s would begin to pay income tax.

Using an income bar is a simple and inexpensive method of targeting compared to a comprehensive means test.

### **Costs**

The Statistics Unit has produced figures (Appendix 2) which estimate that at the time of the 2001 census there were 4,155 private households in Jersey with at least one person aged 75 or over living in them and believe this figure will have changed very little in the intervening years.

The Income Tax Department's figures show that for the 2004 assessment, 1,864 tax-payers aged 75 and over paid tax of more than £127, which corresponds roughly to the income bar that is proposed.

This would indicate that around 2,000 – 2,300 households would be eligible for a free television licence.

With a colour television licence currently costing £126.50, the cost of providing free television licences to those eligible would be in the region of £250,000 to £300,000.

An extra increase in Impôts duty of around 2 pence on a pint of beer on top of the one penny increase being proposed by the Finance and Economics Committee would raise an estimated £300,000 (Appendix 3).

## **Implementation**

I am proposing the free television licences scheme is administered by the Employment and Social Security Committee and that their budget should be increased by the £300,000 required.

How the scheme operates in Guernsey is that people over-75 send their old television licences into their Social Security Department. Details are then passed on to the U.K. TV Licensing Unit who send out a new television licence to the individual and a quarterly bill to Guernsey.

In Guernsey one part-time clerk (20 hours per week) administers this free TV licensing scheme.

I can see no reason why Jersey should not be able to negotiate a similar memorandum of understanding as that between the U.K. TV Licensing unit and Guernsey.

The only extra requirement in Jersey would be for applicants to provide proof of their eligibility by means of their income tax assessment or a letter from the Income Tax Department stating they are exempt from tax.

## **Why Beer?**

Table 11.3 on page xxix of the Budget Report 2006 clearly shows Jersey's duty on beer is well below that of the UK's yet its retail price is higher.

Duty on a pint of beer is also very low at just 10% of its price compared with nearly 50% duty on a litre of spirits.

There was no increase in Impôts Duty on alcohol at all last year and I believe adding another 2 pence a pint duty on beer is not excessive.

Even for someone drinking 5 pints a day this works out as an increase, if the duty is passed on in full, of just 10 pence a day.

Scrutiny of the retail price margins illustrated in Table 11.3 indicates that there appears to be plenty of scope for the increased duty not to be passed on in full or at all.

## **Conclusion**

**In conclusion I am proposing a modest increase in Impôts Duty on a pint of beer so that over-75s who are not well-off can be provided with a free television licence.**

## **Financial/manpower implications**

Financial implications are as stated in the amendment. Based on the Guernsey experience one part-time employee may be required to administer this benefit.

## EXTRACT FROM STATES MINUTES OF 9TH DECEMBER 2004

THE STATES commenced consideration of the estimates of revenue expenditure and income of the Employment and Social Security Committee and rejected an amendment of Senator Michael Edward Vibert that on page 52 of the Budget the estimate of revenue expenditure of the Employment and Social Security Committee be increased from £82,727,100 to £83,248,100 by adding £521,000 to enable the provision of free television licences for those aged 75 and over living in domestic accommodation.

Members present voted as follows –

<b>POUR: 20</b>		<b>CONTRE: 24</b>		<b>ABSTAIN: 1</b>
Senator J.A. Le Maistre		Senator L. Norman		Senator P.F.C. Ozouf
Senator S. Syvret		Senator E.P. Vibert		
Senator F.H. Walker		Connétable of St. Ouen		
Senator W. Kinnard		Connétable of St. Peter		
Senator T.A. Le Sueur		Connétable of St. Helier		
Senator P.V.F. Le Claire		Connétable of Trinity		
Senator P.F. Routier		Connétable of St. Lawrence		
Senator M.E. Vibert		Connétable of St. John		
Connétable of St. Brelade		Deputy of Trinity		
Connétable of St. Mary		Deputy J.J. Huet (H)		
Connétable of St. Clement		Deputy of St. Martin		
Deputy R.C. Duhamel (S)		Deputy T.J. Le Main (H)		
Deputy A. Breckon (S)		Deputy M.F. Dubras (L)		
Deputy P.N. Troy (B)		Deputy G.C.L. Baudains (C)		
Deputy C.J. Scott Warren (S)		Deputy F.G. Voisin (L)		
Deputy J.B. Fox (H)		Deputy J-A. Bridge (H)		
Deputy J.A. Martin (H)		Deputy J.A. Bernstein (B)		
Deputy G.P. Southern (H)		Deputy S.C. Ferguson (B)		
Deputy of Grouville		Deputy of St. Mary		
Deputy J.A. Hilton (H)		Deputy of St. Ouen		
		Deputy P.J.D. Ryan (H)		
		Deputy M.A. Taylor (C)		
		Deputy of St. Peter		
		Deputy G.W.J. de Faye (H)		

Senator Richard Joseph Shenton declared an interest and withdrew from the Chamber prior to the consideration of the amendment of Senator Michael Edward Vibert concerning the estimates of income and expenditure of the Employment and Social Security Committee.



Proposed Duty Increases on Beer

	2005 Duty	2006 F&E Proposed Duty	Senator Vibert Amended Duty
<b>Pint of Beer &lt;5% Alcohol</b>	£0.22	£0.23 (£0.01 increase)	<b>£0.25</b> <b>(£0.03 increase)</b>
<b>Pint of Beer &gt;5% Alcohol</b>	£0.33	0.35p (£0.02 increase)	<b>£0.37</b> <b>(£0.04 increase)</b>