

# STATES OF JERSEY



## DRAFT BUDGET STATEMENT 2018 (P.90/2017): AMENDMENT

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Lodged au Greffe on 14th November 2017  
by the Connétable of St. Helier

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STATES GREFFE

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**1 PAGE 2, PARAGRAPH (b) –**

In paragraph (b), at the end of the paragraph, add the words –

“except that the Council of Ministers and the Minister for Treasury and Resources are requested either (a) to allocate the required sum of £978,000 to the Department for Infrastructure from Contingency in 2018, or (b) to prioritise the provision of that sum to the Department for Infrastructure from available underspends at the end of 2017, and carried forward to 2018, in order to provide for the payment of Parish Rates on States’ properties to the Parishes, as agreed in the current Strategic Plan and the Medium Term Financial Plan, and that the allocation for the payment of Parish Rates by the States as part of the Central Growth proposals in the 2019 Budget and beyond be reinstated;”.

CONNÉTABLE OF ST. HELIER

## REPORT

The Council of Ministers' willingness to put the improvement of the Island's capital at the heart of their planning is a welcome, as well as a ground-breaking, decision: the agreement to end the centuries-old unfairness whereby Parish Rates are lost when buildings have a public use has been recognised for many years, and, indeed, the payment of Parish Rates by the States would have been included in the Budget 2018 if the Minister for Treasury and Resources had not been deterred from doing so by the narrow defeat of his proposals in last year's debate on the States' Budget for 2017 and the lack of support from the majority of Connétables at a recent meeting of the Comité.

The Minister has fulfilled the first part of the duty placed upon him by the States when [P.12/2017](#) was adopted earlier this year by 38 votes to 2: he has carried out consultation, principally with the Comité des Connétables, proposing that the relevant legislation should be amended to impose liability for the payment of rates on the States of Jersey, but excluding payment of the Island-Wide Rate ("IWR"). As the paper prepared by Treasury officers explains: 'The approach adopted to removing the exemption from Parish Rates currently enjoyed by the States in the draft amendment differs to the approach adopted in the 2017 Budget; removing the exemption from the key elements of the States' property portfolio but not every piece of 'land' owned and/or occupied by the States. It is considered that this is a pragmatic approach in the light of some of the issues raised during the 2017 Budget debate (e.g. the treatment of roads). Whilst giving effect to the principle agreed by the Council of Ministers that the States should commence paying Parish rates.' (Taken from a report to the Comité des Connétables, 13th September 2017.)

It is a pity that the absence of support for this proposal from the majority of Connétables at a single, short meeting on 18th September deflected the Minister for Treasury and Resources from his intention to carry out the wishes of the States 'to bring forward for debate proposals for the payment of Parish Rates by the States in 2018', effectively preventing the Council of Ministers from fulfilling its pledges in the Strategic Plan and Medium Term Financial Plan. Clearly, there is more work to be done, not least in tackling the thorny questions of rates 'revaluations', and whether the IWR should also be paid by the States; however, such difficulties have been used too many times as an excuse for delaying the payment of rates by the States. The Minister for Treasury and Resources' 'pragmatic approach' which is the basis of this amendment, if adopted, will enable him to fulfil the express wish of the former Finance and Economics Committee which argued, in 2005, that –

*"... the disproportionate location of States properties in St. Helier, St. Saviour and St. Peter creates significant costs for those Parishes and the Committee would like to address this issue as a priority.*

...

*The Committee will undertake to provide firm recommendations with regard to the States Rates Liability when the Island-Wide Rate has been introduced and assessed and the economic effects of the Fiscal Strategy are more clear. The Committee anticipates that this will be possible during 2007." ([R.C.56/2005](#) 'Parish Rates – the States' liability', paragraph 8).*

Three further points are worth making: firstly, while the improvement of the Island's capital is an agreed priority of the States, and St. Helier stands to gain most from the payment of Parish Rates by the States, this long-running dispute is not just about St. Helier; the ratepayers of all 12 Parishes will be better-off next year if this budget

allocation is approved. Secondly, this is not, as some people argue, a pointless exercise in transferring financial liability from ratepayers to taxpayers, as taxes are progressive, while rates bills are not based on a person's ability to pay. It makes perfect sense for the States to meet its rates bill, like its other utility bills – water, electricity, telephone, etc. – from tax income. Thirdly, it is sometimes argued that the payment of Parish Rates by the States does not necessarily provide extra income to each Parish, as it can only 'tax the rate' based on the approved estimates of expenditure for the coming year divided by the 'quarters' calculated by the Rates Assessment Committee; however, the increase in each Parish's 'quarters' that will result from States' property becoming liable for Parish Rates will allow each Parish either to spend more on the services it provides to its ratepayers, or to reduce the amount of rates paid; and States' departments which pay rates will benefit along with other ratepayers in each Parish from the prudent financial control and good housekeeping that is the hallmark of the Island's parish system, should any Parish be in the fortunate position to be able to reduce the level of its Parish Rate.

**Note:**

This amendment relies on the Draft Finance (2018 Budget) (Jersey) Law 201-([P.98/2017](#)) being approved, which will allow the Parishes to send out rates assessments to States' departments in the New Year, and in subsequent years.

**Financial and manpower implications**

I understand that provision was made in the revenue budget for the Department of Infrastructure for the payment of rates by States' properties in 2018, but following the rejection of the proposal by the Comité des Connétables, the funds were earmarked as 'Growth Expenditure' to compensate that department for the deferral of non-domestic liquid waste charges (see note on page 96 of the Budget book). Accordingly, my amendment requests the relevant Ministers either to find the money needed to reinstate States payment of rates from the contingency budget or from departmental underspends, which are again considerable. This is based on advice from Treasury officials and the proposition provides flexibility for the Treasury to allocate the money in the most appropriate way, after the year-end. The exact sums will, of course, not be known until the Parishes' Assessment Committees have finished their work, and the Parish Assemblies have agreed their estimates of expenditure, but the Treasury Department estimates that the total amount payable will be approximately £978,000.

There are no significant manpower requirements for the States as the lion's share of the necessary work has already been done.