

4.10 Deputy P.F.C. Ozouf of the Minister for Treasury and Resources regarding the payment of rates by the States: [1(553)]

Further to proposals made in the 2017 Budget, why has the Minister not, in the 2018 Budget, implemented the Assembly's decision that the States should pay rates on States properties; and when will the associated Regulations for the revaluation of the "rateable value" of properties be lodged?

Senator A.J.H. Maclean:

Sir, I would also like to thank you for giving special dispensation for this question; it was very kind of you. [Laughter]

The Deputy Bailiff:

Well, to make matters clear, if a person is not present when their question is called, they are not allowed to ask it later in the Order Paper, even if there is time, unless they offer a good reason. I have been offered a good reason in writing which is of a confidential nature, which I hope the Members will accept that I have proceeded on and, therefore, I hope that clarifies the position. If you would like to answer, Minister.

Senator A.J.H. Maclean (The Minister for Treasury and Resources):

Yes, I was just noting your generosity. That is fine and indeed it might not be generous, to be fair. I would like to remind the Senator and Members about what I did in the 2017 Budget which was to propose the change to the Rates Law to remove the exemption from Parish rates currently available to the States, effectively meaning the States would have started paying rates. Unfortunately, this Assembly rejected that proposal by 20 votes to 17. Earlier this year, Members supported P.12 under which I was asked to consult on and bring forward for debate proposals for the payment of Parish rates by the States in 2018. I have now consulted but Members will be aware that following that process, the Comité overwhelmingly rejected the whole principle of the States paying rates, later confirmed in a written submission. I hope that Members can appreciate why neither I nor the Council of Ministers felt it appropriate to oppose the majority of the Comité following that consultation. That is why the proposal is not in Budget 2018. On the question of the revaluation, I proposed a change to the Rates Law at last year's budget to allow regulations to be introduced which would specify how a revaluation of properties for rates purposes could be carried out in the future. That proposal was accepted by this Assembly. Work on the regulations is progressing but is not straightforward so I cannot give a clear timeline for lodging at this stage. Sorry, I hope Members heard that. Unfortunately, the Minister for Economic Development, Tourism, Sport and Culture was choking. I do not know if he needs some water.

4.10.1 Senator P.F.C. Ozouf:

There are 2 issues here. The M.T.F.P. (Medium Term Financial Plan) made provision in the budget arrangements, in other words the payments of budgets of the States, for payments of rates. The States approved that and therefore there is a legitimate expectation, I believed, that proposals would be brought in subsequent budgets for the longstanding issue of payments of rates. Therefore, will the Minister understand the despair and disappointment of the parishioners that are affected who are in St. Helier and St. Saviour mainly but also St. Brelade - other Parishes are not so affected by this - that now they are not simply going to get the rates on States buildings and dealing with this longstanding unfairness? What is his answer to that? It was in the M.T.F.P. and now it has been taken away again after years of debate just because effectively a majority of the Constables appear to have a veto. Is that right?

Senator A.J.H. Maclean:

I should correct the Senator, it is not just a matter for the Comité. This Assembly also voted by a majority to reject proposals in the Budget in 2017. I then went out to consult with the Comité and I have given Members the outcome of that particular consultation. The Senator also talks about the Medium Term Financial Plan and I agree that plan was a package. But sadly since it was agreed by this Assembly, there are other elements of that package which also have been rejected. I mention, for example, a health charge and we are yet to see the introduction of a waste charge. That was all in the M.T.F.P.; unfortunately, it has not all been delivered.

[11:15]

4.10.2 Deputy M. Tadier:

As important as the Constables are in this Assembly they are only 12 out of 49 and there are 37 other elected States Members in the Assembly and there are 29 other Parish representatives in this Assembly, not to mention the Senators. I, for one, am concerned that when the Strategic Plan says that we should be prioritising in particular the improvement of St. Helier, and when Islanders have told us they want the Constables in the States because they represent the best interests of parishioners, I am really at a loss as to what has happened from the in-principle decision of fairness, especially when it comes to St. Helier, the fact that the Constables are saying: “No, we do not want this money, which we can spend in our own Parishes.” It is frankly remarkable. Should this not be a decision that is brought to the States and will the Minister for Treasury and Resources bring the consultation, the results to the States, for a vote so that the States can decide before the next elections whether or not the Parishes will be receiving the States rates that they are due or not?

Senator A.J.H. Maclean:

I will repeat again that this matter did come before the States. This matter was voted on and was rejected at Budget 2017. Since then, some further consultation has been undertaken with the Comité. That was the right thing to do. They are after all the Constables, the custodians of the Rates Law, and it is right that they are supported. But at least the majority, as it turned out, that was not the case. But I want to be absolutely clear that both myself and the Council of Ministers believe in and support the principle of the States paying rates, but we have to take people with us, we have to take everybody with us and it is important that we continue our work to find the common ground necessary to get the support of a majority of the Constables. That I believe is a sensible and balanced approach to take.

4.10.3 Deputy M. Tadier:

As part of the consultation, were parishioners consulted? Do we know what the opinion of parishioners was to the consultation?

Senator A.J.H. Maclean:

The consultation was primarily with the Constables who I would expect to know the feeling of the parishioners in each of their Parishes. If further consultation is needed then that is a matter that will be given fair consideration in due course. But I think it is very reasonable to expect the Connétables to have a fair feeling for what the feelings are of their parishioners.

4.10.4 Deputy S.M. Wickenden of St. Helier:

Of course I have great respect for the Comité des Connétables and the Connétables, but they are not an upper house, they do not get to veto other decisions in the Assembly. Will the Minister for Treasury and Resources please inform us, will he be giving any other vetoes for

any other decisions to the Comité des Connétables to allow them to say: “No, we do not want this”?

Senator A.J.H. Maclean:

I do not think that is a reasonable comment at all. It is absolutely clear that, for changes of this nature to be made, it is appropriate the Comité are supportive for the simple reason that they are going to be administering any changes that result from decisions that are taken. Having committed to go out and consult, as I have done, and having the response that I have had, as I have said, we need to continue on to find the common ground necessary in order to satisfy the Comité that this matter should be progressed. I believe, and the Council of Ministers believes, it should be. At the moment we do not have that common ground. We do not have that agreement either on this matter or the linked issue, which the Senator also asked about, which was around revaluation, which I think is also critically important. But there are many complexities to that.

4.10.5 Connétable A.S. Crowcroft of St. Helier:

My question is in 2 parts. Firstly, the Minister for Treasury and Resources knows that I have lodged an amendment to the Budget to seek to bring back into the Budget the agreement to pay Parish rates on States properties. Will he be supporting that amendment and will he encourage his fellow Council Members to support it as well? Secondly, the Senator knows that this matter has been outstanding for more than 20 years. Does he not think that the Council of Ministers is failing to give it proper priority?

Senator A.J.H. Maclean:

With regard to the amendment, I think I have discussed with the Constable this particular issue. The Council of Ministers will decide upon the approach for the amendment. I think I have also, in the comments I have made this morning, made it clear about the support that both myself and the Council of Ministers have for the principle of the States paying rates. That has not changed; that will not change, but we have to take people with us and therefore the common ground I have referred to on several occasions is an appropriate way to deal with that matter. I do not think there is very much else that I can add on that particular point. I think there was a second question. I am not sure that I answered that.

The Connétable of St. Helier:

About whether 20 years is suggesting due priority on the part of the Council of Ministers.

Senator A.J.H. Maclean:

I believe the Council of Ministers have given this the priority necessary and we have laid out how we were going to deal with it. That is why, in the last budget, Budget 2017, the measure was brought before this Assembly. I cannot repeat that more times. We have undertaken exactly what we said we would do. We brought the measure here for the States to pay rates and the States rejected, by a vote of 20 to 17, in the Budget 2017.

4.10.6 Deputy A.D. Lewis:

If the Minister still takes great sway on what the Constables think on this and it does affect them severely, perhaps they are compromised on this basis, but what is it that the Minister needs to do to persuade the Connétables this is a good idea? What is it that he needs to do? What do you need to do to persuade the Connétables that this is the right thing to do? Does the Minister know? If so, can he tell us?

Senator A.J.H. Maclean:

There are a range of reasons why the Connétables have concerns about all elements of the changes proposed for the States paying rates and I think it is probably fair to say that each Constable has their own particular view on this matter. I believe that in time that common ground can perhaps be found to address some of the concerns that exist. On the revaluation side, as an example, there is a concern about what the potential cost could be from an administrative point of view for the Parishes and that is a matter that needs to be sorted out. I know that there are some who feel and favour the Northern Ireland model, which is overly bureaucratic, and certainly something that I think we would want to resist here in Jersey because that is not a route we wish. So there are a number of hurdles yet to be overcome but I think with appropriate work on both sides it can be done.

4.10.7 The Connétable of St. Clement:

Despite what Deputy Tadier said in prelude to his question, did the Minister include in last year's Budget Statement a comment to the effect that, if the States paid rates on their properties, it must be made clear that the Parishes would not be receiving any additional monies unless they increased their rates?

Senator A.J.H. Maclean:

The parishes would not. The beneficiaries of a change of this nature would be the ratepayers. If all matters remained equal then there would be a benefit with a reduction for the benefit of the parishioners in the relevant Parishes.

4.10.8 The Connétable of St. Clement:

If that is the case, the beneficiaries would be the ratepayers, says the Minister, therefore those who are paying the bill would be the taxpayer. Could the Minister tell me what is the difference at the end of the day between the taxpayer and the ratepayer.

Senator A.J.H. Maclean:

That is the case. That is one of the arguments that the Comité put forward and the chairman in particular.

4.10.9 Deputy S.Y. Mézec:

What consideration, if any, did the Minister for Treasury and Resources give to the idea of the States paying Parish rates, but only in St. Helier, and seeing how long it would take for the other 11 Parishes to then change their minds?

Senator A.J.H. Maclean:

Is the Deputy suggesting that the Parish of St. Helier would like to declare a U.D.I. (Unilateral Declaration of Independence)? That was not given consideration but I have noted his views on the matter.

4.10.10 Senator P.F.C. Ozouf:

Dr. John Kelleher, in his book of the triumph of the countryside, his historical account of Jersey, spoke of hundreds of years of struggle of the town over the country. The Constable of St. Helier speaks of 20 years. The reality is that I am looking at Constables' Benches where there is 71 per cent of the rates that we are talking about that would be for one Constable's Parish, St. Helier, 14 per cent to another, St. Saviour, a total of 85 per cent, and the rest, the chairman's Parish would receive 2 per cent. So there is a disproportionate amount of value, if I may say, in terms of the different values that it would be. It does not matter to the Constable of St. Clement, it is 2 per cent. So the Minister I think understands the way the wind is blowing. There is an issue here. He knows the Budget is going to be amended. My comment to him is

that also to press him on why is he talking about a Northern Ireland system of rating? He spoke in his answer about spending matching revenue. I gave him the opportunity ...

The Deputy Bailiff:

Senator, you really must come to a question.

Senator P.F.C. Ozouf:

Why is he not progressing the issue of the revaluation in this Budget? It is a simple form of legislation that can be brought to deal with the revaluation of rates, even if it is just revaluation of commercial properties in St. Helier, which means office payers will pay for the rates that the St. Helier parishioners want for fairness.

Senator A.J.H. Maclean:

I would like to correct the Senator because the reference to Northern Ireland was not a quote from myself, in fact it comes from one of the St. Helier assessors, who was talking about that as a particular option. That is overly complicated in my view and it is overly bureaucratic. What is absolutely right is that this is a matter of fairness. We have to consider that when the Rates Law 2005 was introduced it was based on valuations from 2003. There is a case that one can argue that retailers in particular are disadvantaged. Retail has changed enormously in the intervening period. Office space has become more valuable, retail space arguably less valuable. That has to be evidenced of course and that is some or part of the stream of work being undertaken at the moment to understand all the complexities. But what we could see is, not an increase in the amount of rates generated necessarily, certainly a redistribution that is fairer. In particular it would be fairer for a sector like retail and smaller businesses.

Senator P.F.C. Ozouf:

So why is he not getting on with this?

The Deputy Bailiff:

I am sorry; that was the final supplementary.