

**QUESTION TO BE ASKED OF THE PRESIDENT OF THE FINANCE AND ECONOMICS
COMMITTEE ON TUESDAY, 4th FEBRUARY 2003 BY
DEPUTY G.C.L. BAUDAINS OF ST. CLEMENT**

Question

With regard to the Data Protection (General Provisions) (Amendment No. 3) (Jersey) Order 2003 (R&O 1/2003) will the President inform members whether the increase in fee breaches the 2½ per cent anti-inflation policy?

Answer

In approving the increase in the triennial registration charge for data users from £75 to £125 under the Data Protection (Jersey) Law 1987, the Finance and Economics Committee, as previously constituted, considered whether such increases were in accordance with the States Anti-Inflation policy (P125/2000).

Whilst that Anti-Inflation policy does include as one of its major pillars, the 2.5 per cent cap on annual increases to charges levied by States departments, of equal importance is the concept of 'user pays'.

The Strategy states that where a particular group of 'users' receives a valuable service from the States, and that service is charged at below cost, an increase to that charge may be permissible in order to recover the full costs of that service.

Core to the Fundamental Spending Review is the identification of services provided at a subsidy to the user which are currently subsidised by the taxpayer, but should be fully recharged to the user.

The Finance and Economics Committee firmly believes that it is unreasonable to subsidise the data user at the taxpayers expense and reducing this subsidy by increasing the charge to the user will contribute to an overall reduction in the rate of growth of States expenditure.

In considering the increases, the Committee, as previously constituted, considered not only the principle of user pays, but also that the charge had not increased since 1991. An increase from £75 to £125 in the fee for triennial re-registration is not disproportionate to the increase in R.P.I. over that period.

These increases are an interim measure to charge users with the costs of providing the service and are to be restructured with the implementation of the proposed Data Protection (Jersey) Law 2003, later this year, which will see a move to annual fees from the current triennial basis.

The Finance and Economics Committee continues to maintain and attach importance to the policy of a 2.5 per cent cap on the annual rate of increases in States charges but will exercise discretion in the application of the cap where wider economic policy objectives can and clearly should be met, as is the case with this increase.