

STATES OF JERSEY



RATES (JERSEY) LAW 2005: APPORTIONMENT OF ISLAND-WIDE RATES FIGURE

**Presented to the States on 13th February 2006
by the Comité des Connétables**

STATES GREFFE

REPORT FOR PRESENTATION TO THE STATES EXPLAINING WHY THIS WILL BE SET BY THE COMITÉ DES CONNÉTABLES FOR 2006 AND NOT BY REGULATIONS

The Rates (Jersey) Law 2005 provides for levying the parochial rate and the Island-wide rate. The Island-wide rate may differ according to whether a property is assessed as being used for 'domestic purposes' or for 'non-domestic purposes'.

Article 20 of the Law requires the States to make Regulations prescribing what proportion of the Annual Island-wide Rates Figure (AIRF) shall be met from the domestic rate and what proportion shall be met from the non-domestic rate. Transitional provisions are provided in Article 52 if no Regulations are made by the end of the financial year during the first rateable year to which the Law applies – this date is 30th April 2006. In such circumstances the Supervisory Committee is required to determine the proportions of the AIRF to be met from the domestic and non-domestic rates. Articles 20 and 52 are reproduced in the Appendix.

To be able to determine the proportions, the following information is required –

- (a) Expenditure in all the parishes for the financial year ending 30th April 2006 on the relief and maintenance of persons chargeable to the parish who are suffering as a result of financial hardship.
- (b) The increase in the percentage rise in the Jersey Retail Prices Index during the 12 months beginning 1st April 2005.
- (c) 10% of the expenditure in (a) that does not relate to the provision of institutional care.
- (d) The number of quarters assessed for 'domestic purposes' and for 'non-domestic purposes' in all the parishes for 2006.

The information required in (a), (c) and (d) above will not be available until May or June 2006 and it will therefore not be possible to bring Regulations to the States for approval prior to 30th April 2006. In accordance with the provisions of Article 52, the Supervisory Committee will therefore determine the apportionment and calculate the domestic and non-domestic rates for 2006.

The Supervisory Committee is required to consult with the Chief Minister and such ratepayers or groups or bodies representing ratepayers as it considers appropriate prior to proposing the apportionment. The Committee has established a consultative panel comprising a representative of each of 5 groups/bodies representing various businesses in the Island: namely the Chamber of Commerce, Institute of Directors, Jersey Hospitality Association, Jersey Farmers' Union and the Jersey Landowners' Association. This panel will meet when the figures mentioned above are available so that a recommendation may be made with regard to the apportionment for 2006.

Notwithstanding that it was the States' intention that commercial ratepayers should contribute more in rates than non-commercial, the panel members have expressed a preference for the Island rate paid by the domestic and non-domestic ratepayer to be similar and not to vary greatly. The Connétables are aware that this could impact significantly on the domestic ratepayers, particularly those in rural parishes who will be most affected by the new system, and will therefore be mindful of these concerns of domestic ratepayers in determining the apportionment. The Connétables will also be mindful that this is not the appropriate time to put an extra burden on small/medium businesses.

The rating system provided by the Rates (Jersey) Law 2005 was outlined in P.66/2005 'Machinery of Government: Relationship between the Parishes and the Executive' and differs from that originally proposed in P.40/2004 'Machinery of Government: Relationship between the Parishes and the Executive'.

Under the new arrangement, as approved in P.66/2005, all ratepayers will pay the parochial rate agreed by a Parish Assembly to cover the parochial expenses (but excluding any cost for welfare/residential care). In addition all ratepayers will pay the Island-wide rate according to whether the property is assessed as being used for domestic purposes or for non-domestic purposes. The Island-wide rate is paid to the States who then meet the costs of welfare/residential care paid out by Parishes.

The level of these Island-wide rates can only be calculated once the AIRF has been determined, the total quarters for the year are known and a decision is made as to the apportionment between the 2 rates.

The proposed timetable is therefore that the consultative panel will meet once all the figures required have been calculated (this is hoped to be during May 2006); the Supervisory Committee will consult with the Chief Minister on the apportionment (early June 2006) and will calculate the Island-wide rates (June 2006). The apportionment and rates will be notified to the States in a report (July 2006).

The Supervisory Committee expects Regulations to be drafted setting out the apportionment for 2007 and future years and that these will be brought to the States, in accordance with the Law, in autumn 2006.

Rates (Jersey) Law 2005**Article 20 Determination of Island-wide rate**

- (1) The sum to be levied from the Island-wide rate for any rateable year, known as the Annual Island-wide Rates Figure, shall be the Annual Island-wide Rates Figure for the previous year increased by the percentage rise in the Jersey Retail Prices Index during the 12 months beginning on 1st April of that previous year.
- (2) Regulations made by the States on a proposition lodged by a Connétable nominated by the Supervisory Committee shall prescribe what proportion of the Annual Island-wide Rates Figure shall be met from the domestic rate and what proportion shall be met from the non-domestic rate.
- (3) Before a proposition is lodged under paragraph (2) the Supervisory Committee shall consult the Policy and Resources Committee and such rate payers or groups or bodies representing rate payers as it considers appropriate.
- (4) The Island-wide rate shall be expressed as an amount for each rateable quarter in respect of the domestic rate and the non-domestic rate, calculated by the Supervisory Committee so as to levy the Annual Island-wide Rates Figure in the proportions prescribed by Regulations made under paragraph (2).

Article 52 Transitional provision – First year of operation

For the first rateable year to which this Law applies, in Article 20 –

- (a) for paragraph (1) there shall be substituted the following paragraph –

“(1) The sum to be levied from the Island-wide rate for the first rateable year to which this Law applies, known as the Annual Island-wide Rates Figure, shall be the total of –

- (a) the expenditure in all the parishes, for the financial year ending during that rateable year, on the relief and maintenance of persons chargeable to a parish who are suffering as a result of financial hardship, increased by the percentage rise in the Jersey Retail Prices Index during the 12 months beginning on 1st April of the previous year; and
- (b) a sum equivalent to 10% of that part of the amount described in sub-paragraph (a) that does not relate to the provision of institutional care.”;

- (b) in paragraph (2) for the words “shall prescribe” there shall be substituted the words “may prescribe”;
- and

- (c) after paragraph (2) there shall be inserted the following paragraph –

“(2A) However, if by the end of the financial year ending during the first rateable year to which this Law applies, no Regulations have been made under paragraph (2), the Supervisory Committee, having consulted as required by paragraph (3), shall determine what proportion of the Annual Island-wide Rates Figure for that rateable year shall be met from the domestic rate and what proportion shall be met from the non-domestic rate.”.