

**THE STATES assembled on Tuesday,
10th June 2003 at 9.30 a.m. under
the Presidency of the Bailiff,
Sir Philip Bailhache.**

All members were present with the exception of –

Francis Herbert Amy, Connétable of Grouville – ill
Michael John Touzel, Connétable of St. John – ill
Gerard Clifford Lemmens Baudains, Deputy of St. Clement – ill
Roy George Le Hérissier, Deputy of St. Saviour – out of the Island.

Prayers

Royal Visit – H.R.H. Princess Alexandra

The Bailiff informed the Assembly of the forthcoming visit of Her Royal Highness Princess Alexandra from 24th to 25th July 2003, during which she would visit the Jersey Cheshire Home on the occasion of its 20th Anniversary, Headway, the Eric Orchid Foundation, and attend a reception to meet servicemen and women involved in Operation Iraqi Freedom and their families, and also members of the Jersey Armed Services Support and Advisory Council.

Assemblée Nationale, France – Groupe d'Etudes

The Bailiff made a statement in the following terms –

“I should like to inform Members that I have received a letter from Deputy Alain Cousin, who will be known to many Members as the Deputy for Coutances in La Manche, about the formation of a groupe d'études or study group to improve understanding between the States of Jersey and Guernsey and the French National Assembly.

Having consulted with the Senior Member, Senator Le Maistre, and with Senator Walker, the President of the Policy and Resources Committee, it has been agreed that this initiative could be beneficial to Jersey's interests. The National Assembly has sent me a list of the names of those French Deputies who have expressed interest in the study group – it has been placed on the notice board in the members' room – and members will see that it covers a wide range of political affiliation and geographical representation.

Members may recall the adverse and erroneous report prepared by a group of French Deputies under the chairmanship of Monsieur Montebourg on the subject of money laundering, and the existence of this study group is thought to present an opportunity to remove many misconceptions in Paris.

I hope that Members may agree that the formation of a parliamentary group by this Assembly would be an appropriate response. I have therefore asked Senator Le Maistre, as the Senior Member, to convene a meeting of Members who might be interested in playing a part in this mutual study group. The intention would be to establish a group of about 15 members, representative of all shades of opinion in the Assembly. I would accordingly ask any interested Member to get in touch with Senator Le Maistre.

I understand that broadly similar steps are being taken in our sister Bailiwick of Guernsey.”

Act of malicious damage – Jewish Synagogue

The Bailiff, on behalf of all members, expressed sympathy for the Jewish Community of the Island in deploring the act of malicious damage to the Jewish Synagogue, St. Brelade during the night of Saturday 7th June 2003.

Subordinate legislation tabled

The following enactments were laid before the States, namely –

Companies (Subsidiaries) (Jersey) Order 2003.	R&O 47/2003.
Civil Service Administration (General) (Jersey) Rules 1949 (Amendment No. 14) (Jersey) Order 2003.	R&O 48/2003.
Civil Service Administration (Salaries) (Amendment No. 23) (Jersey) Order 2003.	R&O 49/2003.
Agricultural Marketing (Milk) (Jersey) Order 2003.	R&O 50/2003.

Matters presented

The following matters were presented to the States –

Telecommunications Board: annual report and accounts for 2002. <i>Presented by the Telecommunications Board.</i>	
Taxation of rental subsidies for essentially employed public employees (R.C.12/2003) – addendum. <i>Presented by the Policy and Resources Committee.</i>	R.C.12/2003. Add.
Ecology Fund: report for 2002. <i>Presented by the Environment and Public Services Committee.</i>	R.C.29/2003.
Board of Administrative Appeal: events surrounding hearing of 26th March 2003. <i>Presented by the Privileges and Procedures Committee.</i>	R.C.30/2003.
Income Tax: increase in small income exemption limits and allowances, and introduction of higher rate (P.6/2003) – comments. <i>Presented by the Finance and Economics Committee.</i>	P.6/2003. Com.
Belle Vue, La Route des Quennevais, St. Brelade: proposed exchange and counter exchange of land (P.58/2003) – comments. <i>Presented by the Finance and Economics Committee.</i>	P.58/2003. Com.
Amy's House, La Route de St. Catherine, St. Martin: proposed sale (P.68/2003)– comments. <i>Presented by the Finance and Economics Committee.</i>	P.68/2003. Com.

The following matter was presented on 27th May 2003 –

Public and private sector workflow projections. <i>Presented by the Economic Development Committee.</i>	R.C.27/2003.
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The following matters were presented on 3rd June 2003 –

States of Jersey Prison Service: Annual Report 2002 – Business Plan 2003.
Presented by the Home Affairs Committee.

R.C.28/2003.

Public right of access to information, financial and other records of the States of Jersey (P.34/2003): comments.
Presented by the Employment and Social Security Committee.

P.34/2003.
Com.

THE STATES ordered that the said reports be printed and distributed.

Matters noted – land transactions

THE STATES noted an Act of the Finance and Economics Committee dated 4th June 2003, showing that, in pursuance of Standing Orders relating to certain transactions in land, the Committee had approved –

- (a) as recommended by the Housing Committee, the grant of a Contract Wayleave to the Jersey Electricity Company Limited in respect of the buried double high voltage circuit power supply from an existing cable route at Le Marais, St. Clement (the exact route of which was to be agreed on site between the two parties), on the basis that the Company would pay the sum of £2,000 in respect of the wayleave and also both parties' legal costs arising from this transaction;
- (b) as recommended by the Environment and Public Services Committee, the entering into a Deed of Arrangement with Mrs. Pamela Elaine Morgan, née Borrett, in order to define the boundary between public land along a section of La Route de la Trinité, Trinity and the property known as Trinity Manor (so to facilitate necessary stabilisation work to the main road), on the basis that the sum of £500 would be paid to Mrs. Morgan for the acquisition of an area of land measuring 470 square feet, and with the Committee to be responsible for Mrs. Morgan's reasonable legal costs arising from this transaction;
- (c) as recommended by the Finance and Economics Committee, the renewal of the lease from Mr. George Arthur Le Gros and Mrs. Dany Alexine Le Gros, née Gouedart of the agricultural warehouse at La Recompense, La Rue Rouge Cul, St. Lawrence (on behalf of the Jersey Probation and After-Care Service) for a period of five years from 1st April 2003 at an annual rent commencing at £14,000 (representing a rate of £4.50 a square foot), with all other terms and conditions to remain as per the existing lease (including the Finance and Economics Committee remaining as the named lessee due to its financial relationship with the Jersey Probation and After-Care Service), on the basis that each party would be responsible for its own legal costs arising from this transaction; and,
- (d) as recommended by the Education, Sport and Culture Committee, the lease to Leeward Enterprises Limited in respect of the ground floor of the Community Hall at Springfield Stadium, St. Helier (measuring approximately 2,352 square feet), for the provision of crèche facilities for a period of nine years from 1st October 2003 at an annual rent of £28,500 payable quarterly in advance, with rent reviews in line with the Jersey Retail Price Index after three and six years, subject to the continued use of the premises as a nursery and after-school child care facility and for no other purpose, with each party to be responsible for its own legal fees arising from this transaction.

Matters lodged

The following matters were lodged "au Greffe" –

Draft Waste Management (Jersey) Law 200- (P.211/2002): amendments.
Presented by the Environment and Public Services Committee.

P.211/2002.
Amd.

Benefits paid by the Housing and Employment and Social Security Committees: protection.
Presented by Deputy G.P. Southern of St. Helier, and referred to the Employment

P.75/2003.

and Social Security, and Housing Committees, and to the Comité des Connétables.

Training and Employment Partnership: disbandment. P.76/2003.
Presented by the Economic Development Committee.

Philips House, Philips Street, St. Helier: sale to Les Vaux Housing Trust. P.77/2003.
Presented by the Housing Committee.

Draft Law Revision (Jersey) Law 200-. P.78/2003.
Presented by the Finance and Economics Committee.

Machinery of Government: Establishment of Scrutiny Panels and Public Accounts P.79/2003.
Committee.
Presented by the Privileges and Procedures Committee.

Draft Investigation of Fraud (Amendment No. 2) (Jersey) Law 200-. P.80/2003.
Presented by the Legislation Committee.

The following matters were lodged on 27th May 2003 –

Les Amarrages, Grève d'Azette, St. Clement: deed of arrangement. P.71/2003.
Presented by the Environment and Public Services Committee.

Ecology Fund: appointment of Chairman. P.72/2003.
Presented by the Environment and Public Services Committee.

Housing Regulations: reductions in qualifying periods. P.73/2003.
Presented by the Deputy of St. Martin, and referred to the Housing Committee.

The following matter was lodged on 3rd June 2003 –

Public and Private Sector Housing Rental Subsidy Schemes. P.74/2003.
Presented by the Housing Committee. (re-issue)

Arrangement of public business for the present meeting

THE STATES confirmed that the following matter lodged "au Greffe" would be considered at the present meeting –

Janvrin School, St. Helier: new nursery class– approval of drawings. P.70/2003.
Lodged: 20th May 2003.
Education, Sport and Culture Committee.

Arrangement of public business for the next meeting on 24th June 2003

THE STATES confirmed that the following matters lodged "au Greffe" would be considered at the next meeting on 24th June 2003 –

Belle Vue, La Route des Quennevais, St. Brelade: proposed exchange and counter P.58/2003.
exchange of land.
Lodged: 6th May 2003.
Environment and Public Services Committee.

Belle Vue, La Route des Quennevais, St. Brelade: proposed exchange and counter exchange of land (P.58/2003) – comments. Presented: 10th June 2003. <i>Finance and Economics Committee.</i>	P.58/2003. Com.
States approval for new “user pays” charges. Lodged: 13th May 2003. <i>Senator S. Syvret.</i>	P.63/2003.
Draft Public Elections (Jersey) Regulations 200-. Lodged: 20th May 2003. <i>Legislation Committee.</i>	P.64/2003.
Draft Matrimonial Causes (Amendment No. 11) (Jersey) Law 200-. Lodged: 20th May 2003. <i>Legislation Committee.</i>	P.65/2003.
Draft Criminal Justice (Suspension of Prison Sentences) (Jersey) Law 200-. Lodged: 20th May 2003. <i>Legislation Committee.</i>	P.66/2003.
Draft Housing (General Provisions) (Amendment No. 19) (Jersey) Regulations 200-. Lodged: 20th May 2003. <i>Housing Committee.</i>	P.67/2003.
Amy’s House, La Route de Ste. Catherine, St. Martin: proposed sale. Lodged: 20th May 2003. <i>Housing Committee.</i>	P.68/2003.
Amy’s House, La Route de Ste. Catherine, St. Martin: proposed sale (P.68/2003)– comments. Presented: 10th June 2003. <i>Finance and Economics Committee.</i>	P.68/2003. Com.
Draft Act annulling the Medicines (Kava-kava) (Prohibition) (Jersey) Order 2003. Lodged: 20th May 2003. <i>Deputy G.W.J. de Faye of St. Helier.</i>	P.69/2003.
Les Amarrages, Grève d’Azette, St. Clement: deed of arrangement. Lodged: 27th May 2003. <i>Environment and Public Services Committee.</i>	P.71/2003.
Ecology Fund: appointment of Chairman. Lodged: 27th May 2003. <i>Environment and Public Services Committee.</i>	P.72/2003.

Projet withdrawn under Standing Order 17(6)

THE STATES noted that, in accordance with Standing Order 17(6), the following matter had been withdrawn –

Jersey Community Relations Trust. Lodged: 12th March 2002. <i>Policy and Resources Committee.</i>	P.33/2002.
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Office of Fair Trading: establishment (P.97/2002) – withdrawn

THE STATES noted that in accordance with Standing Order 22(3), Deputy Alan Breckon of St. Saviour had instructed the Greffier of the States to withdraw the proposition regarding the establishment of an Office of Fair Trading, (P.97/2002 lodged “au Greffe” on 11th June 2002).

Training and Employment Partnership: disbandment (P.27/2002) – withdrawn

THE STATES noted that in accordance with Standing Order 22(3), the President of the Economic Development Committee had instructed the Greffier of the States to withdraw the proposition regarding the disbandment of the Training and Employment Partnership, (P.27/2002 lodged “au Greffe” on 18th March 2003), the Committee having lodged a revised proposition at the present meeting.

Report of the Committee of Inquiry into Procedures for the Allocation of Residential Property by Housing Trusts – questions and answers (Tape No. 823)

Senator Edward Philip Vibert asked Deputy Terence John Le Main of St. Helier, President of the Housing Committee, the following questions –

- “1. The Committee of Inquiry into Procedures for the Allocation of Residential Property by Housing Trusts presented its report to the States on 13th May 2003.

In view of the fact that the Committee of Inquiry made 23 recommendations to standardise and improve methods used by Housing Trusts and the Committee in the allocation of residential properties, would the President inform members which of the recommendations the Committee will be acting upon and when?

2. In relation to the delays in the sale of first time buyer flats on the Waterfront housing development due to legal issues, would the President inform members –
 - (a) why these delays could not have been resolved during the two year construction period so that purchasers could have taken possession virtually on completion? and,
 - (b) when these legal problems are likely to be resolved so as to allow those awaiting completion to take possession of their property?”

The President of the Housing Committee replied as follows –

- “1. The Committee will be considering the report of the Committee of Inquiry into Procedures for the Allocation of Residential property by Housing Trusts at its meeting on 20th June 2003, and I am unable to answer the Senator's question until after that date.
2. (a) The flats were sold by flying freehold, which requires as an essential first step before any flats can be sold the registration of a detailed Declaration of Association, which regulates the rights and obligations of the owners of the flats in the development.

The Albert Pier development consisted of two separate blocks of flats, one of which was to be sold to the Jersey Homes Trust and one to first time buyers. The blocks overlie an underground car park which was to be used in common by the owners of flats in both blocks. The Committee was advised that as a result of this it would be necessary to have a single Association for both blocks, rather than creating one for the block which was to be sold to the Jersey Homes Trust and one for the block which was to be sold to individual first time buyers.

As a result, this was one of the most complex transactions in the field of housing which the

Committee has seen through. The terms of the Declaration of Association, which has to precede any sale by flying freehold, had to be agreed with the Jersey Homes Trust, and the Committee's advisers had to take great care that the Declaration was in terms which would properly protect the interest of the first time buyers. The documentation was not limited to the Declaration of Association. In addition, there were subsidiary agreements such as the assignment of the collateral warranties, and of course the conveyances themselves, all of which had to be agreed with lawyers acting for the other parties. The process of agreeing the terms of all these documents was resource hungry and time consuming.

Just before practical completion, concerns were generated relating to site contamination which occasioned further discussion between the parties and their advisers. These could not have been foreseen by the Housing Committee, which had been assured that the site was fit for residential purposes. Nevertheless, as a result of the urgency with which these concerns were addressed both by the Trust and its lawyers and by the Committee's officers and the Law Officers' Department these were dealt with within a very short timescale, given the complexity of the legal solution arrived at and the number of parties who had to be satisfied with that solution.

- (b) The problems have been resolved and the main sale contract for the northern part of the development to the Jersey Homes Trust passed through the Royal Court on 6th June 2003.

Population Policy Report – question and answer (Tape No. 823)

The Deputy of St. Martin asked Senator Frank Harrison Walker, President of the Policy and Resources Committee, the following question –

“Would the President inform the Assembly whether the Committee intends to request the Assembly to debate the Population Policy Report, (P.205/2002), before the summer recess this year and, if not, would he explain the Committee’s precise intentions in relation to this projet?”

The President of the Policy and Resources Committee replied as follows –

“As I have said in an answer to a previous question, the former Policy and Resources Committee’s projet P.205/2002 was considered by my Committee on 22nd January 2003, and it decided that further work needed to be done before bringing new proposals forward.

That further work is now nearing completion and, at its meeting last Thursday, the Committee agreed the basis for new proposals which are now being developed into a new projet, with which it is intended to replace P.205/2002.

It is my Committee’s intention that its new proposals should be lodged by the end of June 2003, so that, if members agree, they may be debated before the summer recess.”

The Bus Strategy, newly announced bus services, and the contract with Connex Limited – questions and answers (Tape No. 823)

Senator Edward Philip Vibert asked Deputy Maurice François Dubras of St. Lawrence, President of the Environment and Public Services Committee, the following questions –

- “1. In P.104/2001 regarding the Bus Strategy, which was adopted by the States on 31st July 2001, it was agreed that the licensing and regulatory functions of the former Public Services Committee, as part of the strategy, be transferred to the Jersey Competition Regulatory Authority, (JCRA).

Will the President inform members what progress has been made in this respect to date, and when this transfer will be concluded?

2. Would the President inform members –
 - (a) whether the newly announced service from the Weighbridge to Elizabeth Terminal was put out to tender and whether or not any provision has been made for this service to receive a subsidy? and,
 - (b) why the contract between the States and Connex Transport Jersey Limited is not available for public scrutiny?”

The President of the Environment and Public Services Committee replied as follows –

- “1. In October 2001, in the lead up to implementing the Bus Strategy and amending the legislation, discussions were held with the JCRA on transferring responsibility for licensing and regulating bus services. At that time, the then Public Services Committee was informed that it would be several years before the JCRA was in a position to take on this mantle. My predecessor advised the States of this fact when presenting the amendments to the relevant legislation, in April 2002. Given the previous indication, I have contacted the JCRA Chairman informally to determine the current climate. The Chairman has indicated that, once the draft Competition Law has come into effect, he would be prepared to consider taking on the functions appropriate to the Authority. Based on current expectations, his prediction is that such a transfer might be achieved by early 2005.
2.
 - (a) Until the legislation was amended, experimental and trial bus services could not be introduced. This important option is now accommodated through Regulations under the Motor Traffic (Jersey) Law. The new service is an experimental route and is exempted from the normal provisions of licensing a service. It was not ‘put out to tender’ as a specific route. Under the tendering process for the main bus service, each of the companies submitted rates that could be used to provide additional services such as this. Thus, in essence, there has been a competitive process for providing this experimental service. It is hoped that the new service will be successful and self-funding. However, any shortfall in income will be met jointly by agreement between the Harbours and Airport Committee and the Environment and Public Services Committee. If it is found that the service is not attracting the level of ridership anticipated to keep any subsidy within agreed limits, the service will be suspended.
 - (b) As with most contracts, this particular one contains commercially sensitive information which might provide future competitors with an unfair advantage and so the details must remain confidential. Of course, the original tender document upon which the contract is substantially based has been public since 2002 and available to interested parties such as the Jersey Bus Users Forum. These latter voluminous documents are available in the Department’s offices if the Senator wishes to peruse them.”

‘j’ category staff – question and answer (Tape No. 823)

The Deputy of St. John asked Senator Frank Harrison Walker, President of the Policy and Resources Committee, the following question –

- “(a) Would the President inform members of the annual cost to the States for the years 2000, 2001 and 2002 in respect of relocation expenses for all States employed “(j)” category staff?
- (b) for the same periods, would the President advise members of the cost to the States in respect of subsistence allowance for all States employed “(j)” category officers who do not bring family to the Island for the duration of the contract? and,
- (c) for the same periods, would the President advise members of the cost to the States in respect of rental subsidy for States employed “(j)” category officers?”

The President of the Policy and Resources Committee replied as follows –

“The information that the Deputy has requested in connection with questions (a) and (b) is held by the departments in which the “(j)” category staff are, or have been, employed. I have, therefore, instituted enquiries of the relevant departments and I will return to the States with the appropriate information once this has been collated.

In the case of question (c), the amounts that have been notified to the Income Tax Department in respect of the rental subsidies that have been paid to “(j)” category employees are as follows –

2000	£170,629
2001	£220,810
2002	£267,018.”

Proposed Waterfront Hotel – question and answer (Tape No. 823)

Senator Edward Philip Vibert asked Senator Frank Harrison Walker, President of the Policy and Resources Committee, the following question –

“In September 2001, preliminary site work on the new Waterfront Hotel ceased because the development company building the hotel claimed that it was unable to raise the necessary funds due to the September 11th crisis, which caused lack of confidence in the travel industry.

Will the President inform members of the reasons for the continued delay and when it is expected that building works will re-commence and the expected date of completion?”

The President of the Policy and Resources Committee replied as follows –

“Since the breakdown of the Waterfront Hotel development process in the wake of the tragic events of 11th September 2001, the team at the Waterfront Enterprise Board, (WEB), have been working with their private sector development partner to re-establish a funding structure which will allow the project to proceed. Central to this has been the wait for a recovery in confidence in the travel industry. WEB’s current target programme is to commence construction of the Waterfront Hotel in January 2004, subject to certain key steps being achieved between now and then, namely –

by the end of June, it is expected that final approval of the funding bank’s Board will be achieved;

by the end of September, it is expected that the design will be sufficiently complete to a level that will allow the settling of a Design and Construction Cost contract;

the Finance and Economics Committee will be asked to consider and approve new, settled funding arrangements early in October, and, following that;

there will be a period during which all final agreements can be executed.

If the January 2004 construction start date is achieved, the hotel would plan to open for business by Easter 2006.”

Administration of the Water Pollution (Jersey) Law 2000, in relation to the stream below Le Mourier Reservoir – question and answer (Tape No. 823)

The Deputy of St. John asked Deputy Maurice François Dubras of St. Lawrence, President of the Environment and Public Services Committee, the following question –

“As the Committee with responsibility for administering the Water Pollution (Jersey) Law 2000, would the

President advise members whether a permit has been issued for the discharge of waste into the stream below Le Mourier Reservoir from the new di-nitrification plant at that reservoir, and, if so, would he confirm whether the concentration of effluent discharged into the stream is harmful to humans, wild animals or domestic pets that drink from the stream?"

The President of the Environment and Public Services Committee replied as follows –

"No, a discharge permit has not been issued under the Water Pollution (Jersey) Law 2000, for the discharge from the new de-nitrification plant at Le Mourier Reservoir.

Officers of the Water Resources Section, who administer the Water Pollution (Jersey) Law 2000 on behalf of the Committee are in discussions with the Jersey New Waterworks Company and are investigating the discharge under the provisions of that Law.

I am advised that, at this time, there is insufficient scientific data available to the Water Resources Section to determine whether the discharge is polluting the stream. Following on-site meetings with the Company, a comprehensive monitoring programme of the stream and discharge was agreed and has now been implemented. When sufficient data has been collected and analysed (in about 2-3 months), it will be possible to determine the impact of the discharge on the water quality of the stream.

Until then, it is difficult for me to say with certainty whether on not drinking from the stream would be harmful to humans, wild animals or domestic pets. However, I am advised that analytical results to date of nitrate and nitrite concentrations indicate that there is no immediate risk to animals drinking from the stream."

Future use of Fort Regent, its user groups, and current expenditure on improvements of the site – questions and answers (Tape No. 823)

Senator Edward Philip Vibert asked Senator Michael Edward Vibert, President of the Education, Sport and Culture Committee, the following questions –

1. (a) Now that the tendering process is complete in relation to the proposed feasibility study into the future use of Fort Regent, would the President inform members of the cost of the winning tender for this work?
 - (b) Will the President inform members –
 - (i) whether it has yet been established that the sports activities currently carried out at Fort Regent can all be re-located elsewhere to the satisfaction of the 42 groups using these facilities, and, if not the reasons why? and,
 - (ii) whether the Committee has obtained the view of the Environment and Public Services Committee regarding the construction of a sports centre at the Le Rocquier site, and, if not, the reasons why?
2. (a) Would the President advise members of the cost of the current replacement of the escalators at Fort Regent and building of a bistro/clubhouse for Active Card members?
 - (b) Would the President also advise members of the business rationale of continued spending on Fort Regent when the Committee is actively looking for ways in which it can be handed over to private enterprise within the next three to four years?"

The President of the Education, Sport and Culture Committee replied as follows –

1. (a) I am afraid that the Senator is misinformed. Tenders for the Feasibility Study will not be considered

by the Education, Sport and Culture Committee until 16th July 2003.

- (b) (i) This will form part of the Feasibility Study, which has not yet commenced.
 - (ii) No decision has been taken to construct a sports centre at Le Rocquier and, therefore, there is no need at this stage to obtain the views of the Environment and Public Services Committee. I can confirm, however, that the Director of the Planning and Environment Department is a member of the Client Team.
2. (a) A request was submitted in April 2001 to replace the escalators as part of the 2002 Minor Capital Programme. This request was deferred but subsequently included in the 2003 Minor Capital Programme.

The cost of replacing both escalators is estimated at £220,000, with associated building work estimated at £78,000. A sum of £47,000 has been set aside for fees and contingencies.

The existing escalators, which were installed in 1978, frequently break down, despite regular servicing in accordance with the manufacturer's recommendations. We have recently been advised by the manufacturer that some replacement parts may no longer be available. A major breakdown could result in the loss of the escalators for a considerable period of time which would seriously affect access to the facilities, particularly for major events, shows and conferences.

The 'Active Bistro' is being offered to an outside caterer on a concession basis. All costs will be borne by the operator and not the Education, Sport and Culture Committee.

We will be providing a small rest area for 'Active Card Members' using the Health and Fitness facilities. This is common practice in Health and Fitness provisions and a further indication of the Committee's commitment to improve the facilities for Active Card Members in order to retain customer loyalty. The cost of this additional amenity is £8,000, which will be funded through income derived from the Active Brand.

- (b) Until the Feasibility Study is complete and the States has had an opportunity to debate the outcome of the study, we must continue to operate Fort Regent to the high standards we have set to meet customer expectations. The Fort Regent Leisure Centre will continue to be used for many years regardless of any recommendations which may result from the Feasibility Study. Therefore, continued investment in upgrading and modernising facilities where appropriate, including meeting any requirements which may impact on Health and Safety such as the replacement of suspect equipment, is essential."

Feasibility study on the future use of Fort Regent – question and answer (Tape No. 823)

Senator Edward Philip Vibert asked Senator Michael Edward Vibert, President of the Education, Sport and Culture Committee, the following question –

- “(a) Would the President confirm that it has been decided not to proceed with a full conservation plan on the historical importance of Fort Regent prior to a feasibility study being carried out, to determine whether or not private enterprise could take over the Fort and develop it commercially?

If the answer to (a) is in the affirmative, would the President advise members –

- (b) whether a specialist consultant has been engaged to carry out a more rapid overview of conservation constraint and opportunities in the form of a conservation statement, and, if so, at what cost to the States? and,
- (c) whether liaison has taken place with the Jersey Heritage Trust or the Société Jersiaise over the matter of

a conservation.”

The President of the Education, Sport and Culture Committee replied as follows –

“(a) Yes.

- (b) The advice of the Environment and Public Services Department’s Assistant Director – Design and Conservation, is that, at this stage, the only requirement is to prepare a Conservation Statement, to inform the selected consultants for the Feasibility Study. It will be a matter for the Environment and Public Services Committee to determine whether a Conservation Plan or a Conservation Statement is appropriate at a later stage.

I can confirm that, on the recommendation of the Assistant Director – Design and Conservation, a specialist consultant has been commissioned to produce a Conservation Statement at a cost of £11,300.

- (c) Stakeholder participation is critical to the success of a Conservation Statement. The specialist consultant will be engaging with the Jersey Heritage Trust, La Société Jersiaise and many other interested parties, including the Fort Regent Users Association.”

Potato leachate – questions and answers (Tape No. 823)

The Deputy of St. John asked Deputy Maurice François Dubras of St. Lawrence, President of the Environment and Public Services Committee, the following questions –

- “1. Will the President inform members whether potato leachate is still being removed from Beauport and whether, in the past, any of the leachate was disposed of through a discharge pipe near the Jersey New Waterworks Company Limited’s desalination plant at Corbière, and if so, when?”
2. Recently it has been reported that St. Breladé’s Bay has failed to be awarded an E.U. mandatory pass by the Marine Conservation Society in its 2003 Good Beach Guide. Will the President inform members whether St. Breladé’s Bay is monitored by the Water Resources Section of the Public Services Department, and, if so, provide details of the number of tests undertaken annually and the results of these tests and what, if any, actions have been taken as a result?”

The President of the Environment and Public Services Committee replied as follows –

- “1. Potato leachate is still being tankered out from Beauport for treatment at the Bellozanne Sewage Treatment Works. The exact amount is dependent on rainfall, but averages more than 1 million gallons per year.

In the past, some of the leachate was disposed of through a pipe belonging to the Jersey New Waterworks Company Ltd. at the desalination plant at La Rosière, near Corbière. Exact dates are not available. However, my information is that no leachate has been discharged at La Rosière since the implementation of the Water Pollution (Jersey) Law in 2000. All the leachate now goes for treatment at Bellozanne.

2. To keep the answer strictly to the specific information requested, I thought it would be helpful if I attached a more complete and detailed Appendix for members’ background information and future reference.

Yes, the Water Resources Section, Environment and Public Services Committee, monitors each year samples taken from St. Breladé’s Bay.

The number of samples taken and analysed each summer is a total of 20, on a weekly basis, by two separate groups and laboratories. The samples are analysed for microbiological parameters called total

coliforms, faecal coliforms and faecal streptococci, collectively called 'faecal indicator organisms'.

In 2002, during the external audit of all the results, a discrepancy was found between the data submitted by the Bellozanne Laboratory and the data from the Pathology Laboratory. The end result of this was that only the 10 results from Water Resources were submitted to the Marine Conservation Society, (MCS), for grading. This was done with the agreement of all concerned at a Water Resources Steering Group meeting, on the advice of the external auditor.

Because the results of the 10 samples submitted to MCS for 2002 included one for 11th September, which contained significantly elevated levels of coliforms above the *Imperative* standard, St. Breladé's only achieved a compliance rate of 90% for that year and failed to achieve the *Imperative* standard overall. This led to a down-grading of the beach in the 2003 Good Beach Guide. However, it should be noted that all the 11 other beaches submitted 'passed', with 10 achieving the MCS's highest recommendation.

Immediately following the 11th September analysis, the Water Resources Section carried out a pollution investigation at St. Breladé's Bay. No evidence was found that indicated anything else but that storm runoff had been responsible for the deterioration in water quality.

The 2003 bathing water sampling and analysis programme is now under way and the results to date from St. Breladé's show that the water quality is on a par with previous year's. Given a good summer, it is hoped that St. Breladé's will achieve the highest grading again in the 2004 Good Beach Guide.

In addition to the bathing water sampling programme, the Water Resources Section has implemented a monitoring programme for the non-sewage outfalls that discharge into St. Breladé's Bay (and other bays) in order to further quantify the impact of storm runoff on bathing water quality. The outcome will be reported to the Steering Group as soon as available.

APPENDIX TO QUESTION 2

Background The Marine Conservation Society (MCS) does not award passes or failures under the E.U. Bathing Water Directive. The Directive sets two standards, namely the *Guide* standard and the *Imperative* standard. These standards are then used by the Marine Conservation Society in the Good Beach Guide to grade beaches that are submitted to them. In order for MCS to recommend a beach for swimming, it must attain at least the *Guide* standard laid down in the Directive. This standard is currently the most stringent official standard in the world. The *Imperative* standard is 20 times less stringent and all beaches are required to achieve it to comply with the Directive.

St. Breladé's Bay has been monitored each year since 1992 for compliance with the E.U. Bathing Water Directive. The monitoring is carried out during the bathing season from mid-May to late September and the work is split equally between the Water Resources Section (Environment and Public Services Committee) and the Health Protection Department (Health and Social Services Committee). A total of 20 samples are taken during the bathing season on a weekly basis, 10 by each team. Both teams comply with a rigid protocol for sampling, which involves taking the samples in a minimum one metre depth of water 30 cm. below the surface. Water Resources' samples are analysed by the Bellozanne Laboratory and Health Protection's samples are analysed by the Pathology Laboratory at the General Hospital. The samples are analysed for microbiological parameters called total coliforms, faecal coliforms and faecal streptococci, collectively called 'faecal indicator organisms'. They are present in large numbers in human sewage, but they are also present in the environment and are excreted in large numbers by all warm-blooded animals including birds.

At the end of each bathing season, the results are collated and sent for external audit to the Centre for Research into Environment and Health, University of Wales, who report on the compliance rates against the E.U. Bathing Water Directive.

In the years 1994-2001, St. Breladé's Bay achieved *Guide* standard 3 times (1994, 1999 and 2001). In the other years, it achieved *Imperative* standard and did not qualify in those years for the top grading from MCS. The

reason for this is that the beach at St. Brelade is subject to land run-off from several non-sewage outfalls following rainfall events. These rainfall events carry faecal indicator organisms into the bathing water. These rainfall events occur on average 2-3 times each week during the bathing season. If the bathing water is sampled after such an event, the beach can show elevated levels of faecal indicator organisms, which are not necessarily of human origin. This is what happens at St. Breladé's Bay and causes it to achieve the *Imperative* standard in most years. Jersey led the research in this area in the 1990s and this 'rainfall' effect has now been recognised throughout Europe.

In order to comply with the *Imperative* standard, the beach must achieve a 95% compliance rate with the standards in the E.U. Directive. This means that a beach can fail the *Imperative* standard once in each bathing season (assuming 20 samples are taken) and still pass the *Imperative* standard overall.

Summer of 2002 During the external audit of all the results, a discrepancy was found between the data submitted by the Bellozanne Laboratory and the data from the Pathology Laboratory. The end result of this, was that only the 10 results from Water Resources were submitted to MCS for grading.

A sample of seawater was taken by the Water Resources Section at St. Breladé's Bay on 11th September. On analysis it showed significantly elevated levels of coliforms above the *Imperative* standard. The most likely explanation was that this was due to runoff following very heavy rainfall on the 9th September, when 45 mm. of rain was measured at Bellozanne. Following this result, the Water Resources Section carried out a pollution investigation at St. Breladé's Bay. No evidence was found that indicated anything else but that storm runoff had been responsible for the deterioration in water quality.

Because the results of only 10 samples were submitted to MCS for 2002, including the 11th September result, St. Brelade only achieved a compliance rate of 90% for that year and failed to achieve the *Imperative* standard overall. This led to a down-grading of the beach in the 2003 Good Beach Guide. However, it should be noted that all the other 11 beaches submitted passed, with 10 achieving the MCS's highest recommendation.

Summer of 2003 This year's bathing water sampling and analysis programme is now under way and the results to date from St. Breladé's show that the water quality is on a par with previous years. Given a good summer, it is hoped that St. Breladé's will achieve the highest grading again in the 2004 Good Beach Guide.

In addition to the bathing water sampling programme, the Water Resources Section has implemented a monitoring programme for the non-sewage outfalls that discharge into St. Breladé's Bay (and other bays) in order to further quantify the impact of runoff on bathing water quality.

Potato market and possible financial aid – questions and answers (Tape No. 823)

Senator Edward Philip Vibert asked Deputy Francis Gerald Voisin of St. Lawrence, President of the Economic Development Committee, the following question –

“In view of the apparently difficult trading conditions in the potato market and the possible serious financial implications for a large number of Jersey potato farmers, would the President inform members whether the Committee will be bringing forward proposals for additional financial aid to the farming industry for 2003?”

The President of the Economic Development Committee replied as follows –

“I have received a letter expressing concern over the current situation and will be meeting with key stakeholders as soon as possible.

It is not possible to say more until that meeting has taken place.”

Unsecured agricultural loans – questions and answers (Tape No. 823)

The Deputy of St. John asked Deputy Francis Gerald Voisin of St. Lawrence, President of the Economic Development Committee, the following question –

“Will the President give details of the number of unsecured agricultural loans that are outstanding within the industry, and when these were put in place?”

The President of the Economic Development Committee replied as follows –

“In answering this question I have taken the broad definition of agricultural loans. There are in fact 3 types of loans that were granted by the former Agriculture and Fisheries Committee, these are as follows –

- (1) those granted under the Agriculture (Loans and Guarantees) (Jersey) Law 1974, known as Agricultural Loans;
- (2) those granted under the 1993 Policy ‘Support for Small Businesses’ known as Small Business Loans; and
- (3) those granted outside of these two schemes, known as Discretionary Loans.

It is permitted for unsecured loans to be made.

For the purposes of this question, security is deemed to be an asset of realty, owned by the debtor, over which the States hold a registered charge in guarantee of the sum outstanding. Some loans are also guaranteed by a third party. A loan is regarded as secured if a charge has been registered against assets.

There are over 200 outstanding loans made under the Agricultural Loans Scheme, of these, 8 are unsecured.

1 was granted in 1991
1 was granted in 1997
6 were granted in 1999.

There are 18 outstanding unsecured loans under the Support for Small Businesses Policy. These were granted between 1996 and 2000 and the breakdown is as follows –

3 granted in 1996
2 granted in 1997
1 granted in 1998
6 granted in 1999
6 granted in 2000.

This scheme was closed in 2000.

There are 6 unsecured loans outstanding under the heading of Discretionary Loans. These were granted between 1997 and 2000 and the breakdown is as follows –

3 granted in 1997
1 granted in 1998
2 granted in 2000

Discretionary Loans ceased in 2000.

The Economic Development Committee has decided to review the Agricultural Loans Scheme and may bring a report and proposition on this to the States in due course.”

E.U. Tax Package – statement

Senator Frank Harrison Walker, President of the Policy and Resources Committee, made a statement in the following terms –

“I should like to make a statement about the outcome of last Tuesday’s meeting of E.U. Finance Ministers (ECOFIN) and its implications for Jersey.

After some six years of negotiations, ECOFIN finally agreed what is known as the E.U. Tax Package. Two parts of this package have implications for Jersey. Firstly, the E.U. adopted a Directive for the Taxation of Savings Interest. And secondly, as a result of its work on a Code of Conduct for Business Taxation, the E.U. reached agreement on a timetable for standstill and roll-back of 66 so-called harmful tax measures, of which four related to Jersey.

For reasons I will explain, I believe the outcome, taken as a whole, is a very satisfactory one for the Island. We are, of course, not part of the E.U. and therefore not subject to E.U. fiscal legislation and we are determined to defend our longstanding fiscal autonomy and our best economic interests. Nonetheless, conditional on the approval of the States, we consider it is in the Island’s best interests to adopt a good neighbour policy and agree to make changes to our own tax system that reflect aspects of the E.U. Tax Package. Before coming to the details of what we intend to propose to the States, I would like to remind members of our strategic approach, and of our successful negotiations on behalf of the Island.

Our consistent aim has been to sustain and promote Jersey as a pre-eminent international financial jurisdiction. We believe that a high international standing for Jersey brings tangible rewards to our finance industry and to the Island generally. This good reputation is best achieved by constructive engagement with international institutions and governments. This policy was actively promoted by former Senator Pierre François Horsfall, my predecessor as President of the Policy and Resources Committee, to whom I gave my full support. I am sure you will wish to join me in paying tribute to Mr. Horsfall for all his hard work and for what he achieved on this front.

There are a number of steps we have taken in recent years to demonstrate our policy of constructive engagement.

- (i) Firstly, we have participated actively in the international fight against money-laundering and terrorist financing and Jersey’s efforts in this area have been widely recognised internationally by such organisations as the I.M.F., the F.A.T.F. and the Financial Stability Forum;
- (ii) Secondly, we announced last year that we were prepared to enter into a general political commitment to exchange tax information, in response to specific and justifiable requests, with O.E.C.D. countries; and,
- (iii) Thirdly, we have demonstrated our intention to implement our commitment to the O.E.C.D. with the signing of a bilateral Tax Information Exchange Agreement with the United States of America.

The main aims of the E.U. tax initiative have been to defend the tax revenues of the Member States, to eliminate harmful tax competition within the E.U., and to support the aim of creating a genuine E.U. single market. Because the Member States of the E.U. cannot control the movement of capital across borders, they have been keen that certain third countries, together with the associated and dependent territories of Member States, should introduce the same or equivalent measures to prevent circumvention of their own internal proposals. Since 1997, this has been an explicit condition on the part of the Member States for agreement to the Tax Package, and Jersey was one of the jurisdictions from whom the E.U. sought co-operation.

In keeping with our overall strategy of constructive engagement, we have sought to help the E.U. achieve its objectives. But we have always stated very firmly that, in doing so, we were determined to defend the Island’s best interests. We also have made clear that any agreement we entered into would be conditional upon the existence of a level playing-field, and would be subject to agreement by the States.

The changes sought by the E.U. were of two kinds. Firstly, they wished to see the roll-back of so-called

harmful tax measures which discriminated between resident and non-resident taxpayers, which in Jersey applies particularly to exempt companies and international business companies. This is the Code of Conduct agenda. Secondly, in the shape of the Directive on Taxation of Savings, they wished to ensure payment of appropriate taxes by individuals resident in the E.U., and I would repeat individual E.U. residents, in receipt of interest in their own name from Jersey financial institutions. I am stressing that this applies to E.U. individual residents because in the context of the Directive nothing in the proposals, nor in our response, will affect people who are not residents of the E.U. The proposals equally do not affect companies nor almost all forms of trusts.

For Jersey, Code of Conduct measures were by far the more important. Tax neutrality is the bedrock on which our financial services industry is built. Furthermore, the changes initially sought by the E.U. if adopted would have had a significant impact on the business we attract on a world-wide basis and not just from within the E.U. So we made it clear to the E.U. that we would only be prepared to phase out the measures deemed harmful by the Code of Conduct Group if we could do so in a way that allowed us to preserve our tax neutrality and competitive position. We also made it clear that any changes in our fiscal arrangements would need far more time to implement than was foreseen in the Code of Conduct Group's own timetable. Only if our conditions were satisfied were we prepared to discuss co-operation on the linked issue of the Savings Tax Directive.

I am pleased to say that our approach has been successful. The E.U. is content with our proposal for an extended timetable for phasing out the so-called harmful tax measures. They have also accepted our proposal to replace exempt companies and international business companies by a general zero rate of corporate tax with an additional but competitive rate for financial services businesses. This will preserve Jersey's tax neutrality and competitive position for financial transactions. The ECOFIN decisions give an international seal of approval to these arrangements. This is indeed a very satisfactory outcome for Jersey.

In return, we are prepared to honour our commitment to act in support of the E.U. on the Savings Tax Directive. Most E.U. Member States, including the U.K., have favoured achieving the aim of the Directive through automatic exchange of information between tax authorities. Under this, home tax authorities would be told automatically about interest payments to their residents received from another Member State. We have long made it clear that, subject to a level playing-field, Jersey would also favour automatic exchange of information as the way forward. This was also the majority view of the finance industry and is consistent with Jersey's positioning as a high-quality international financial jurisdiction. Jersey does not want to be seen as a haven for those with something to hide.

Regrettably, the E.U. has not ensured the level playing-field that we sought. On 21st January 2003, ECOFIN signed up to two alternative outcomes on the Savings Tax Directive. Twelve Member States opted for automatic exchange of information. But the remaining three, namely Austria, Belgium and Luxembourg, were allowed instead to introduce a withholding tax as an alternative to automatic exchange of information for a transitional period. This will end when Switzerland and the other specified third countries provide for exchange of information on request in accordance with the O.E.C.D. tax initiative. The E.U. plan is that the withholding tax will start at 15% in 2005, rising over time to 20% and then to 35% by 2011. This withholding tax option is also favoured by the specified European third countries, of which the key one from our perspective is Switzerland. As one of our major competitors we are keeping a very watchful eye on all developments between Switzerland and the E.U.

There is no guarantee that the three E.U. Member States or Switzerland will move to an automatic exchange of information regime in 2011 or even thereafter. Furthermore, the creation of a minimum 6 year transitional period with withholding tax rates at relatively minimal levels could potentially give those countries a significant competitive advantage.

The result of this is not the planned common standard for all based on automatic exchange of information but rather a dual system approach which yields a playing-field on two very different levels.

Guernsey came to this conclusion in early April and declared its intention to adopt the withholding tax option. We deliberately delayed any announcement of our decision in this respect until we knew for certain that the position on the Code of Conduct was secure and we had had further consultation with the finance industry both through a formal survey and informally. We have also held discussions with Guernsey and the Isle of Man.

In addition we have also reviewed our competitive position more generally conscious of the fact that there are competitor jurisdictions such as Singapore and Hong Kong whose co-operation has not, as yet, been sought by the E.U.

In the light of this we have thought it wise to reconsider our initial position in favour of automatic exchange of information.

This has not been a straightforward decision, because there are valid arguments in support of both options. But a majority of our industry has told us that, in the absence of a level playing-field, they would prefer us to adopt the withholding tax option rather than automatic exchange of information. This squares with our own analysis: we believe we would be less competitive if we introduced automatic exchange of information while other key competitor jurisdictions had only a low-level withholding tax, particularly during a rather lengthy transition period of 6 years. This is reinforced by the decision of Guernsey and now the Isle of Man to go the withholding tax route.

The Policy and Resources Committee, therefore, intends to recommend to the States that Jersey should adopt, in the short term, the withholding tax model on the same timetable and at the same rates as the three E.U. Member States and named third countries, including Switzerland. It is important to understand, however, that in taking this route information exchange will remain an option for individual E.U. residents should they wish to take advantage of it. Individuals who would prefer to have their interest income disclosed to their home tax authorities instead of paying the withholding tax will have the option to elect voluntarily to have such information exchanged. This confers, as a consequence, greater flexibility for those affected.

Although the U.K. government has vigorously promoted automatic exchange of information it was party to the ECOFIN decisions and understands our reasons for favouring the withholding tax option.

We will remain consistent and constructive in our approach. We remain committed to automatic exchange of information subject to the condition of a genuine level playing-field. In the absence of an E.U. agreement that fulfils this condition the Policy and Resources Committee believes that the Island has been left with no alternative, in protecting its economic interests, but to adopt the withholding tax option in common with its main competitors. Given the current options, we believe we have chosen the best course of action for Jersey. Above all, with the satisfactory outcome on the Code of Conduct, we believe Jersey can again look to the future with a renewed sense of certainty and confidence.

The Policy and Resources Committee will be bringing specific proposals to the States in due course. The implementation of our commitments will only be undertaken on the same timetable as E.U. Member States and the other third countries. It will also depend on the negotiation of Tax Information Exchange Agreements with individual E.U. Member States including the U.K. In negotiating those agreements we will be looking for evidence that our cooperation will be reflected in a more positive attitude towards business relationships with the Island than has often been the case in the past. There is much still to be discussed in consultation with the finance industry on the implementation of what we will propose to the States and we intend to prepare an interpretative note to assist the industry in planning for what presently is due to come into effect from 1st January 2005. We will keep the States informed on these and related matters.”

Community Relations Trust – statement

Senator Frank Harrison Walker, President of the Policy and Resources Committee, made a statement in the following terms –

“Members will have noted that in accordance with Standing Order 17(6), projet P.33/2002: ‘Jersey Community Relations Trust’ is deemed to have been withdrawn as, after 12 months, no debate on it has taken place or been fixed.

This does not indicate that the Policy and Resources Committee supports the principle of establishing this Trust, and its aims and objectives, any less than the former Committee. Indeed I can confirm that my Committee approved a revised projet, to replace P.33/2002, in February this year. However, the obstacle to

progress remains, as it has always been, the availability of funding.

The former Policy and Resources Committee lodged P.33/2002 – ‘Jersey Community Relations Trust’ on 12th March 2002. However, following consultation with the Finance and Economics Committee, a request to debate it was not made at that time, as a request for funding of the Trust was to be considered in April as part of the Policy and Resource Committee’s 2003 revenue growth bids. Unfortunately, that bid for funding did not gain sufficient support in the Revenue Resource Allocation Workshop and, as a result, the Committee decided to explore other ways in which the funding could be raised.

Despite much effort and indications of valued but limited support from certain States Committees and departments, the former Committee and ourselves have been unable to identify sufficient funding from inside or outside the States with which to set up and run the Trust.

However, I am in discussion with the President of the Finance and Economics Committee and, given the tremendous goodwill already shown, I am confident that a solution will soon be found and that we can lodge a new projet soon.”

The Euro – statement

Senator Frank Harrison Walker, President of the Policy and Resources Committee, made a statement in the following terms –

“I should like to make a statement on Jersey’s position regarding the Euro in the light of yesterday’s pronouncement by the Chancellor of the Exchequer on the U.K.’s stance towards joining the E.U. single currency.

The Chancellor made clear in Parliament yesterday that, while only one of the so-called five ‘economic tests’ had so far been met, the U.K. Government remained fully committed in principle to the U.K.’s joining the eurozone at some future point when the tests were met. He also announced the intention of the U.K. Government to hold a further review of the position in 2004. The U.K.’s decision, whenever and howsoever it is taken, will not be without implications for Jersey and the Policy and Resources Committee intends to consider Jersey’s position on the basis that the U.K. will seek to join at some point in the reasonably foreseeable future.

There are several reasons why there will be implications for Jersey from a positive U.K. decision on the Euro. Jersey is in effective monetary union with the U.K. Our local currency has been linked to sterling, in one way or another, for the best part of 300 years. The U.K.’s entering the single currency, that is, the third stage of economic and monetary union as agreed at Maastricht in 1992, will end that particular monetary arrangement and replace it, absent any specific action on our part to do otherwise, with a new one involving potentially most of Europe, based upon rules laid down in Brussels and a currency managed by the European Central Bank, which is an institution of the Community. For example, the interest and exchange rates that bear on the Island and which are presently determined by U.K. monetary policy would in future be those determined by the European Central Bank.

The Island’s linkages with sterling are of course very strong and, I believe, highly beneficial to the Island’s citizens. Sterling is legal tender in Jersey, alongside our own currency notes and coins. The Treasurer’s promise on every note is to pay its equivalent in sterling on demand, and people are entitled to make such a demand at the States Treasury during office hours, though fortunately few actually do! The basis of the promise is that all the Jersey currency in circulation is backed, pound for pound, by sterling-denominated investments in the name of the States. Current arrangements, including the full participation of the U.K. bank branches in the Island in the U.K. clearing system, are naturally very convenient for Jersey citizens going to and from the U.K., and likewise for visitors. And, above all, a stable and convenient currency is an essential prerequisite of our modern market-based economy that drives our freedom and prosperity. We all depend on money to make our lives work and that dependence involves having complete trust in its value.

So the abolition of sterling, if or when that happens, is clearly a major development for the Island. There would be change to familiar things and perhaps some inconvenience. For example, many items sold in Jersey are pre-priced in the U.K. and therefore anything other than parity between the Jersey and the U.K. currency would present local retailers and consumers with difficulties. Over and beyond this there may be implications of a legal character. It is also possible that there might be certain constitutional implications too, concerning in particular the Island's broader relationship with the U.K. and/or the E.U. There will be some important choices to be made. For example, would we need formally to adopt the Euro as legal tender for it to be used for transactions in the Island as is presently the position with the U.K. currency.

These, and no doubt many other questions, will continue to need to be addressed. The U.K. will not join overnight. An announcement that the five 'economic tests' have been met, which opportunity I would remind Members next arises in 2004, will be followed by a referendum in the U.K. and there will also need to be a lead in period to allow retailers and others to prepare for the switch over from the pound to the Euro. However, we do need to have worked out our position and assessed all the implications in good time. Our choices may turn out to be limited, or they may be quite wide, but we will not know without doing the necessary work now. Whatever happens, we cannot afford to be uncertain or wrong about a matter as profound for the sustainability as the future of our currency.

I want therefore to take this opportunity, in view of what was said in London yesterday, to inform the Assembly that the Policy and Resources Committee is putting work in hand to analyse all the issues arising for Jersey given the likely prospect of an eventual U.K. decision to join the eurozone. This will build on the work already done but not brought to a conclusion pending a clearer view of the U.K. government's position. The Chancellor's statement gives us time but, as I have said, there are a number of questions to consider if we are to be well prepared.

I shall return to the Assembly in due course to present more details about how we shall seek, on the basis of the best possible information, to ensure that we lay the ground effectively for a wide-ranging public debate on a subject that will affect in one way or another every resident and every sector of the Island. And it goes without saying that at an appropriate point a comprehensive assessment of all the issues will need to be put before the States for full debate."

Income Tax: increase in small income exemption limits and allowances, and introduction of higher rate – P.6/2003
Comments P.6/2003

THE STATES rejected a proposition of Deputy Geoffrey Peter Southern of St. Helier, requesting them to agree, in principle, that –

- (i) the small income exemption limits and personal allowances for income tax purposes should be raised in the Budget 2004 by an amount equivalent to the rise in the Jersey Retail Prices Index as at September 2003;
- (ii) a higher rate of income tax should be set on income over £100,000 for those taxpayers whose net income after allowances, exemptions and reliefs exceeded that sum, to compensate in full for the shortfall in income tax receipts caused by the proposals in sub-paragraph (i) above; and,
- (iii) the Finance and Economics Committee be charged to bring forward the necessary legislation to give effect to these proposals as part of its Budget 2004 proposals.

Members present voted as follows –

“Pour” (14)

Senators

Le Maistre, Syvret, Kinnard, Le Claire, E. Vibert.

Connétable

St. Mary.

Deputies

Breckon(S), St. Martin, Dorey(H), Martin(H), Southern(H), Grouville, St. Peter, Hilton(H).

“Contre” (31)

Senators

Norman, Walker, Le Sueur, Routier, M. Vibert, Ozouf.

Connétables

St. Martin, St. Ouen, St. Saviour, St. Brelade, St. Peter, St. Clement, St. Helier, Trinity, St. Lawrence.

Deputies

Trinity, Duhamel(S), Huet(H), St. John, Le Main(H), Troy(B), Voisin(L), Fox(H), Bridge(H), Bernstein(B), Ferguson(B), St. Mary, St. Ouen, Ryan(H), Taylor(C), De Faye(H).

Tax liability of essentially employed public sector employees – P.20/2003

THE STATES rejected a proposition of Deputy Peter Nicholas Troy of St. Brelade, requesting them to agree that –

- (a) public funds should be utilised to meet the income tax liability arising as a result of the receipt of rental subsidies for those essentially employed public sector employees who had received such subsidies during the last 5 tax years, but to agree that no more than 50% of the liability should be met in this way with the employees concerned remaining responsible for the payment of the balance of the liability; and
- (b) the Policy and Resources and Finance and Economics Committees take the necessary steps to implement the decision.

Members present voted as follows –

“Pour” (5)

Senator

Le Claire.

Deputies

St. Martin, Le Main(H), Troy(B), Martin(H).

“Contre” (40)

Senators

Syvret, Norman, Walker, Kinnard, Le Sueur, Lakeman, Routier, M. Vibert, Ozouf, E. Vibert.

Connétables

St. Martin, St. Ouen, St. Saviour, St. Brelade, St. Mary, St. Peter, St. Clement, St. Helier, Trinity, St. Lawrence.

Deputies

Trinity, Duhamel(S), Breckon(S), Huet(H), St. John, Dorey(H), Voisin(L), Scott Warren(S), Bridge(H), Southern(H), Bernstein(B), Ferguson(B), St. Mary, St. Ouen, Ryan(H), Taylor(C), Grouville, St. Pete Hilton(H), De Faye(H).

Tax liability of essentially employed public sector employees – P.23/2003

THE STATES rejected a proposition of the Deputy of St. John, requesting them to agree that–

- (a) no public funds should be utilised to meet the income tax liability arising as a result of the receipt of rental subsidies for those essentially employed public sector employees who had received such subsidies during the last 5 tax years; and,
- (b) the Policy and Resources and Finance and Economics Committees take the necessary steps to implement the decision.

Members present voted as follows –

“Pour” (20)

Senators

Le Maistre, Le Claire, E. Vibert.

Connétables

St. Martin, St. Ouen, St. Mary, St. Peter, St. Clement, Trinity, St. Lawrence.

Deputies

Duhamel(S), St. John, Le Main(H), Troy(B), Martin(H), Ferguson(B), St. Ouen, St. Peter, Hilton(H), I Faye(H).

“Contre” (25)

Senators

Syvret, Norman, Walker, Le Sueur, Lakeman, Routier, M. Vibert, Ozouf.

Connétables

St. Brelade, Helier.

Deputies

Trinity, Breckon(S), Huet(H), St. Martin, Dorey(H), Voisin(L), Scott Warren(S), Fox(H), Bridge(H), Southern(H), Bernstein(B), St. Mary, Ryan(H), Taylor(C), Grouville.

Audit Commission: appointment of Chairman – P.59/2003 (re-issue)

THE STATES, adopting a proposition of the Finance and Economics Committee, re-appointed Mr. Timothy Dunningham as Chairman of the States Audit Commission for a further period of 3 years.

Draft Opticians (Registration) (Amendment) (Jersey) Law 200- P.61/2003

THE STATES, subject to the sanction of Her Most Excellent Majesty in Council, adopted a Law entitled the Opticians (Registration) (Amendment) (Jersey) Law 200-.

Senator Christopher Gerard Pellow Lakeman and Deputy Jennifer-Anne Bridge of St. Helier declared an interest and withdrew from the Chamber prior to the consideration of this matter.

Draft Jersey Association for Mental Health and Jersey Schizophrenia Fellowship (Integration with Jersey Focus on Mental Health) (Jersey) Law 200- P.62/2003

THE STATES, subject to the sanction of Her Most Excellent Majesty in Council, adopted a Law entitled the Jersey Association for Mental Health and Jersey Schizophrenia Fellowship (Integration with Jersey Focus on Mental Health) (Jersey) Law 200-.

Senator Christopher Gerard Pellow Lakeman declared an interest and withdrew from the Chamber prior to the consideration of this matter.

Janvrin School, St. Helier: new nursery class– approval of drawings – P.70/2003

THE STATES, adopting a proposition of the Education, Sport and Culture Committee –

- (a) approved drawings Nos. 10053:01(Rev A), 02, 03(Rev A), 04 and 07 showing the proposed new Nursei Class to be constructed at Janvrin School, St. Helier; and,
- (b) authorised the Greffier of the States to sign the said drawings on behalf of the States.

THE STATES rose at 5.35 p.m.

M.N. DE LA HAYE

Greffier of the States.