

**THE STATES assembled on Tuesday,
20th April 2004 at 9.30 a.m. under
the Presidency of the Deputy Bailiff,
Mr. Michael Cameron St. John Birt, Esq.**

**His Excellency the Lieutenant Governor,
Air Chief Marshal Sir John Cheshire, K.B.E., C.B.,
was present**

All members were present with the exception of –

Senator Jean Amy Le Maistre– out of the Island
Senator Terence Augustine Le Sueur– out of the Island
Kenneth Priaulx Vibert, Connétable of St. Ouen– out of the Island
Alan Simon Crowcroft, Connétable of St. Helier– out of the Island
John Le Sueur Gallichan, Connétable of Trinity– out of the Island
David Leon Crespel, Deputy of Trinity – out of the Island
Philip John Rondel, Deputy of St. John– out of the Island
Maurice François Dubras, Deputy of St. Lawrence– out of the Island
Lyndon John Farnham – out of the Island
Judith Ann Martin –Deputy of St. Helier– ill
Geoffrey John Grime, Deputy of St. Mary– ill
Jacqueline Ann Hilton, Deputy of St. Helier– out of the Island

Prayers

Tribute to Sir Martin Le Quesne, K.C.M.G.,the late former member of the States

The Deputy Bailiff paid tribute to the late Sir Martin Le Quesne, K.C.M.G.,former Deputy of St. Saviour.

The States observed one minute’s silence as a mark of respect.

Lord Falconer visit – 10th May 2004

The Deputy Bailiff announced the visit of Rt. Hon. the Lord Falconer of Thoroton, Lord Chancellor and Secretary of State for Constitutional Affairs, accompanied by Mrs. Belinda Crowe, Head of Devolution and Crown Dependencies Division at the Department for Constitutional Affairs on 10th May 2004.

Subordinate legislation tabled

The following enactments were laid before the States, namely –

Shipping (Fishing Vessels – Safety Training) (Jersey) Order 2004. R&O 24/2004.

Shipping (Distress Signals and Prevention of Collisions) (Jersey) Order 2004. R&O 25/2004.

Shadow Scrutiny Panels – resignation of member

THE STATES noted the resignation of Kenneth Alan Le Brun, Connétable of St. Mary from the Shadow Scrutiny Panels.

Matters presented

The following matters were presented to the States –

Migration Policy. <i>Presented by the Policy and Resources Committee.</i>	R.C.15/2004.
Manpower survey as at 31st December 2003. <i>Presented by the Economic Development Committee.</i>	R.C.16/2004.
Youth Custody for persons aged 12 and over (P.2/2004): addendum to comments. <i>Presented by the Education, Sport and Culture Committee.</i>	P.2/2004. Com.(3) Add.
Youth Custody for persons aged 12 and over (P.2/2004): comments. <i>Presented by the Health and Social Services Committee.</i>	P.2/2004. Com.(4)
Machinery of Government: votes of no confidence in individual ministers (P.6/2004) – comments. <i>Presented by the Policy and Resources Committee.</i>	P.6/2004. Com.(2).
Draft Competition (Jersey) Law 200- (P.27/2004): comments. <i>Presented by the Finance and Economics Committee.</i>	P.37/2004. Com.
Residential and Business Parking Scheme, Stopford Road, St. Helier: Fees (P.47/2004) – comments. <i>Presented by the Environment and Public Services Committee.</i>	P.47/2004. Com.
Residential and Business Parking Scheme, Stopford Road, St. Helier: Fees (P.47/2004) – comments. <i>Presented by the Finance and Economics Committee.</i>	P.47/2004. Com.(2)
Former School, Clearview Street, St. Helier: proposed sale (P.49/2004)– comments. <i>Presented by the Health and Social Services Committee.</i>	P.49/2004. Com.
Draft Milk (Sale to Special Classes) (Jersey) Regulations 200- (P.50/2004): comments. <i>Presented by the Finance and Economics Committee.</i>	P.50/2004. Com.

The following matter was presented on 6th April 2004 –

Youth Custody for persons aged 12 and over (P.2/2004): comments. <i>Presented by the Education, Sport and Culture Committee.</i>	P.2/2004. Com.(3)
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The following matter was presented on 13th April 2004 –

States Members' Remuneration: increases for 2004 – rescindment (P.11/2004) – comments. <i>Presented by the Finance and Economics Committee.</i>	P.11/2004. Com.(2)
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THE STATES ordered that the said reports be printed and distributed.

Matters noted – land transactions

THE STATES noted Acts of the Finance and Economics Committee dated 1st and 15th April 2004, showing that, in pursuance of Standing Orders relating to certain transactions in land, the Committee had approved –

1st April 2004

- (a) as recommended by the Environment and Public Services Committee, the sale to Mr. Edward James Andrew Clucas and Mrs. Angela Kent Clucas, née White, of an area of land adjoining the property known as Sandpiper, Pontac, St. Clement on which an encroachment onto public land had been established, for a consideration of £10,000, on the basis that Mr. and Mrs. Clucas would be responsible for both parties' legal costs arising from the transaction;
- (b) as recommended by the Environment and Public Services Committee, the lease to Mrs. Gladys Faith Dunell, née Bayliss, and Messrs. Desmond Albert Pinel and Winston Clifford Pinel, of an area of land (measuring 465 square feet– as indicated on drawing No. 15/335/4) adjacent to the Beaumont Pumping Station, La Route de la Haule, St. Peter, required for general access and loading/unloading purposes, for a period of nine years from 1st January 2004, with an option to renew for a further nine years, at an initial annual rent of £1,000 subject to rent review every three years in line with the Jersey Retail Price Index, on the basis that each party would be responsible for its own legal costs arising from the transaction;
- (c) as recommended by the Environment and Public Services Committee –
 - (i) the purchase from the Crown of a strip of land forming the track to the south of the property known as the Cheval Roc Hotel, Bonne Nuit, St. John for the sum of £10; and
 - (ii) the entering into a Deed of Arrangement with the Parish of St. John and also the owners of the adjacent properties known as “Le Caigibi”, “The Maples”, “La Colline”, “Condora” and “White Heather” in order to ratify those matters set out in a report, dated 10th March 2004, prepared by the Director of Property Services;

on the basis that each party would be responsible for its own legal costs and professional fees arising from the transaction;

- (d) as recommended by the Education, Sport and Culture Committee, the entering into of a Deed of Arrangement with APC Limited in order to clarify and confirm the boundaries of the Beach Gardens development towards the adjoining public land, in particular St. Clement Infants School, Le Rocquie Secondary School, and Fields Nos. 131 and 131a, La Rue du Pontliétout to the south, on the basis that each party would be responsible for its own legal costs and for an equal share of those remaining costs payable in connexion with the preparation of the survey documentation totalling £660.

15th April 2004

- (e) as recommended by the Environment and Public Services Committee, the sub-lease to Paul Davis Freight Services Limited from Avo Shocks International of Unit 5, La Rue Gosset, La Collett St. Helier, for a period of nine years from a date to be agreed, at an annual rent of £42,000, with the remaining terms to be those contained in the head lease between the public and the Head Lessee, on the basis that the head lessee would be responsible for meeting any reasonable legal and surveyors fees arising from the transaction;
- (f) as recommended by the Economic Development Committee, the lease to Mr. Richard John Baudains, of

La Pepinière Farm, La Rue de Crabbé, St. Mary, of Fields Nos. 330 and 331, St. Mary (required for the grazing cattle) at an annual rent of £225, with the lease being deemed to have commenced upon the completion of the contract for a period of three years, on the basis that each party was to be responsible for its own legal costs arising from the transaction;

- (g) as recommended by the Economic Development Committee, the sub-lease to Master Farms Limited, of Westlands Farm, Route de Francief, St. Brelade, of Fields Nos. 810 and 811, adjacent to The Elms St. Mary, from the National Trust for Jersey (which had agreed to the sub-lease in accordance with clause 3(ii) of the Head-Lease), for a period of 21 months from 25th March 2004 until 24th December 2005, at an annual rent of £1,510 payable in two equal instalments on 24th June 2004 and 2005. All other terms and conditions were to remain as in the Head-Lease and each party was to be responsible for its own legal costs arising from the transaction;
- (h) as recommended by the Housing Committee, the lease to the Jersey Electricity Company Limited of an area of land sufficient for the provision of the proposed electricity sub-station (No. 650) at the former Le Coie Hotel Redevelopment site, Janvrin Road, St. Helier, for a period of 99 years from the date of occupation of the building, for a one-off payment of £990 upon completion of contracts, on the basis that each party would be responsible for its own legal costs arising from the transaction; and,
- (i) as recommended by the Environment and Public Services Committee, the annulment of the lease to CTS Computing Limited of the Ground Floor offices at Broadcasting House, Rouge Bouillon, St. Helier presently subject to a lease for a period of four years from 25th March 2003 at an annual rent of £30,320, subject to payment by the tenant of one quarter's rental and any additional professional and managing agent's fees arising from the transaction.

Matters noted – acceptance of tender

THE STATES noted an Act of the Finance and Economics Committee dated 1st April 2004, showing that, in pursuance of Rule 5 of the Public Finances (General) (Jersey) Rules 1967, as amended, the Committee had noted that the Housing Committee had accepted the lowest tender received for the development of 96 residential units and associated facilities on the site of the former Le Coie Hotel, St. Saviour namely that submitted by A.C Mauger and Son (Sunwin) Limited in the sum of £12,798,318 for a contract period of 100 weeks.

Matters lodged

The following matters were lodged “au Greffe” –

Draft Drainage (Jersey) Law 200- (P.193/2003): amendments. <i>Presented by the Environment and Public Services Committee.</i>	P.193/2003. Amd.
Draft Public Holidays and Bank Holidays (Jersey) Act 200-. <i>Presented by the Legislation Committee.</i>	P.56/2004.
Equalisation of Welfare. <i>Presented by Deputy G.C.L. Baudains of St. Clement.</i>	P.57/2004.
Public Sector Re-organisation: Five Year Vision for the Public Sector. <i>Presented by the Policy and Resources Committee.</i>	P.58/2004.
Shadow Scrutiny Panels: appointment of member. <i>Presented by the Privileges and Procedures Committee.</i>	P.59/2004.
Draft Public Employees (Contributory Retirement Scheme) (Existing Members) (Amendment No. 7) (Jersey) Regulations 200.	P.60/2004.

Presented by the Policy and Resources Committee.

Draft Public Employees (Contributory Retirement Scheme) (New Members) (Amendment No. 9) (Jersey) Regulations 2004. P.61/2004.
Presented by the Policy and Resources Committee.

Modernisation of Jersey's Gambling Legislation. P.62/2004.
Presented by the Economic Development Committee.

Jersey Competition Regulatory Authority: appointment of member and Chairman. P.63/2004.
Presented by the Economic Development Committee.

Draft Shops (Sunday Trading) (No. 8) (Jersey) Regulations 2004. P.64/2004.
Presented by the Economic Development Committee.

Draft Shipping (Jersey) Law 2002 (Appointed Day) Act 2004. P.65/2004.
Presented by the Harbours and Airport Committee.

Draft Shipping (Amendment) (Jersey) Law 2003 (Appointed Day) Act 2004. P.66/2004.
Presented by the Harbours and Airport Committee.

States Abattoir, La Route du Veulle, La Collette St. Helier: transfer of administration. P.67/2004.
Presented by the Harbours and Airport Committee.

Animal Waste Products Site, La Rue Phillippe Durell, La Collette, St. Helier: transfer of administration. P.68/2004.
Presented by the Economic Development Committee.

Royal Court House/States Building: allocation of accommodation. P.69/2004.
Presented by the Environment and Public Services Committee.

Draft Data Protection Law 2004. P.70/2004.
Presented by the Finance and Economics Committee.

Draft Harbours (Amendment No. 37) (Jersey) Regulations 2004. P.71/2004.
Presented by the Harbours and Airport Committee.

Draft Boats and Surf-Riding (Control) (Amendment No. 26) (Jersey) Regulations. P.72/2004.
Presented by the Harbours and Airport Committee.

Draft Non-Contributory Pensions (Repeal) (Jersey) Law 2004. P.73/2004.
Presented by the Employment and Social Security Committee.

Fields 519, 520, 521, 524, 527 and 528, Trinity – rescindment of planning permit. P.74/2004.
Presented by Senator P.V.F. Le Claire and referred to the Health and Social Services and Environment and Public Services Committees.

Draft Social Security (Amendment No. 17) (Jersey) Law 2004. P.75/2004.
Presented by the Employment and Social Security Committee.

The following matter was lodged on 6th April 2004 –

Travelling and entertaining costs: provision of information. P.51/2004.
Presented by Senator R.J. Shenton.

The following matters were lodged on 13th April 2004 –

Sale of properties. <i>Presented by the Housing Committee.</i>	P.52/2004.
Draft Stamp Duties and Fees (No. 3) (Jersey) Regulations 200. <i>Presented by the Finance and Economics Committee.</i>	P.53/2004.
Elizabeth Harbour Phase I Warehouse: lease to Commodore Express (Jersey) Limited. <i>Presented by the Harbours and Airport Committee.</i>	P.54/2004.
Draft Christmas Bonus (Amendment No. 2) (Jersey) Law 200. <i>Presented by the Employment and Social Security Committee.</i>	P.55/2004.

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 –

Draft Milk (Sale to Special Classes) (Jersey) Regulations 200-. Lodged: 30th March 2004. <i>Employment and Social Security Committee.</i>	P.50/2004.
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Arrangement of public business for the next meeting on 11th May 2004

THE STATES agreed that the following matter lodged “au Greffe” would be considered as the first item of public business at the next meeting on 11th May 2004 –

Draft Extradition (Jersey) Law 200-. Lodged: 9th March 2004. <i>Policy and Resources Committee.</i>	P.39/2004.
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THE STATES confirmed that the following matters lodged “au Greffe” would be considered at the next meeting on 11th May 2004 –

Public Sector Housing: establishment of a management company. Lodged: 8th July 2003, and referred to the Policy and Resources, Finance and Economics, and Housing Committees. <i>Deputy A. Breckon of St. Saviour.</i>	P.105/2003.
Social Security Fund: a new method of funding. Lodged: 7th October 2003. <i>Deputy G.P. Southern of St. Helier.</i>	P.137/2003.
Social Security Fund: a new method of funding (P.137/2003) – comments. Presented: 18th November 2003. <i>Employment and Social Security Committee.</i>	P.137/2003. Com.
Social Security Fund: a new method of funding (P.137/2003) – comments. Presented: 10th February 2004. <i>Finance and Economics Committee.</i>	P.137/2003. Com.(2)
Draft The Law Society of Jersey Law 200-.	P.154/2003.

Lodged: 11th November 2003. <i>Legislation Committee.</i>	
States Members' Remuneration: increases for 2004 – rescindment. Lodged: 27th January 2004. <i>Deputy T.J. Le Main of St. Helier.</i>	P.11/2004.
States Members' Remuneration: increases for 2004 – rescindment (P.11/2004) – comments. Presented: 30th March 2004. <i>Privileges and Procedures Committee.</i>	P.11/2004. Com.
States Members' Remuneration: increases for 2004 – rescindment (P.11/2004) – comments. Presented: 20th April 2004. <i>Finance and Economics Committee.</i>	P.11/2004. Com.(2)
States Members' Remuneration: increases for 2004 – rescindment (P.11/2004) – amendment. Lodged: 24th February 2004. <i>Senator J.A. Le Maistre.</i>	P.11/2004. Amd.
States Members' Remuneration: increases for 2004 – rescindment (P.11/2004) – second amendment. Lodged: 30th March 2004. <i>Senator R.J. Shenton.</i>	P.11/2004. Amd.(2)
Channel Islands Welding, La Collette: permission for alterations to head lease. Lodged: 17th February 2004. <i>Environment and Public Services Committee.</i>	P.26/2004.
Fields 1282 and 1287, La Fredée Lane, St. Helier: extinguishment of restrictive covenants. Lodged: 30th March 2004. <i>Environment and Public Services Committee.</i>	P.48/2004.
Former School, Clearview Street, St. Helier: proposed sale. Lodged: 30th March 2004. <i>Environment and Public Services Committee.</i>	P.49/2004. (re-issue)
Former School, Clearview Street, St. Helier: proposed sale (P.49/2004)– comments. Presented: 20th April 2004. <i>Health and Social Services Committee.</i>	P.49/2004. Com.
Travelling and entertaining costs: provision of information. Lodged: 6th April 2004. <i>Senator R.J. Shenton.</i>	P.51/2004.
Jersey Competition Regulatory Authority: appointment of member and Chairman. <i>Economic Development Committee.</i>	P.63/2004.
Draft Shops (Sunday Trading) (No. 8) (Jersey) Regulations 200. Lodged: 20th April 2004. <i>Economic Development Committee.</i>	P.64/2004.

Draft Shipping (Jersey) Law 2002 (Appointed Day) Act 200-. Lodged: 20th April 2004. <i>Harbours and Airport Committee.</i>	P.65/2004.
Draft Shipping (Amendment) (Jersey) Law 2003 (Appointed Day) Act 200-. Lodged: 20th April 2004. <i>Harbours and Airport Committee.</i>	P.66/2004.
Draft Harbours (Amendment No. 37) (Jersey) Regulations 200. Lodged: 20th April 2004. <i>Harbours and Airport Committee.</i>	P.71/2004.
Draft Boats and Surf-Riding (Control) (Amendment No. 26) (Jersey) Regulations. Lodged: 20th April 2004. <i>Harbours and Airport Committee.</i>	P.72.2004.

Consideration of alternatives to the Sales Tax – questions and answers (Tape No. 907)

Senator Richard Joseph Shenton asked Senator Philip Francis Cyril Ozouf, Vice-President of the Finance and Economics Committee, the following questions –

- “1. Would the Vice-President inform the Assembly whether the Committee considered the following alternatives to Sales Tax and, if so, state why they were rejected?
 - (a) Wealth/Net worth tax as, for example, in France and part of the United States of America;
 - (b) Capital Gains Tax as in most countries;
 - (c) Inheritance/Estate Tax as, for example, in the United Kingdom and the United States of America;
 - (d) Payroll Tax;
 - (e) Gift Tax as, for example, in the United Kingdom and United States of America;
 - (f) Permanent Establishment Tax as, for example, in the United Kingdom;
 - (g) Second property tax;
 - (h) Development Tax as, for example, in Canada;
 - (i) Increased registration charges for previously exempt companies;
 - (j) Registration charges for foreign incorporated but locally administered companies;
 - (k) Trust registration charges;
 - (l) Work permit registration;
 - (m) Graduated rates of tax.
2. Would the Vice-President explain why the Committee considers that the preservation of the 20% rate of income tax is so important if it now only applies to local residents, with wealthy persons able to negotiate alternative rates?

3. Would the Vice-President inform members whether the Committee has considered retaining personal tax allowances at their present rate and introducing a higher rate of 35% for those with a net income over £80,000 as a fairer alternative to the Committee's proposals and, if not, why not?
4. Would the Vice-President confirm that the current proposals of his Committee concerning taxation changes relate particularly to persons who are employed and do not affect those wealthy people who have planned their affairs to turn income into capital?
5. Has the Committee considered how much tax would be raised by the introduction of higher rates of tax together with a wealth/gift/inheritance/capital gains tax, together with a proposal to plug the gap for foreign owned trades, possibly with a permanent establishment tax or a payroll tax with credit, and if so, could he confirm whether these measures would be sufficient to reduce the projected deficit without doing undue harm to the majority of the population or significantly increasing the administrative burden?
6. Would the Committee agree to stop the draconian cuts in essential services which have been proposed as part of the Fundamental Spending Review process and that are causing hurt and anxiety amongst the most vulnerable in our community?"

The Vice-President of the Finance and Economics Committee replied as follows –

"1. The Committee considered a number of alternatives to some form of a goods and services tax, and reviewed alternatives against a number of tests –

Firstly, any measures had to be capable of generating significant revenues to help contribute to the expected States deficit of up to £80-£100 million. In short, the Committee preferred a limited number of measures as opposed to a plethora of relatively low yielding measures.

Secondly, any new taxes must not harm Jersey's competitive position as a major offshore financial centre.

Thirdly, the Committee sought taxation options which minimise complexity and are appropriate for a small island economy like Jersey. It must be recognised that simply duplicating the range of taxes used in larger jurisdictions could create an excessive legislative and bureaucratic burden.

Fourthly, any changes to the Island's fiscal structure must be acceptable to the international community and unlikely to provoke retaliatory action that could harm Jersey's economy.

Finally, any new tax should not incur administrative costs disproportionate to their yield.

Unfortunately, many of the taxes outlined in the question, including those in (a), (b), (c), (e), (g), (h), (l) and (m) do not meet one or more of the tests.

The Committee will publish, in the very near future, comprehensive responses to the feedback received throughout the consultation exercise, including in more detail, the reason for rejecting many of the alternative taxes.

Furthermore, as announced yesterday, the Committee has commissioned an independent review by pre-eminent tax expert, Mr. John Whiting of PricewaterhouseCoopers London. This review will cover the issues raised in Senator Syvret's Proposition P.41/2004 and give an independent opinion of the Committee's assessment of alternatives. This will provide States members with further evaluation of the Committee's proposals and the alternatives rejected.

Nevertheless, I would like to address here certain of the more substantive alternatives raised by Senator Shenton, starting with Capital Gains Tax (CGT) –

Firstly, the Comptroller of Income Tax has estimated that if implemented in a similar manner to the UK, CGT would only raise £5 million a year. It cannot therefore significantly reduce the projected deficit.

Secondly, whilst the Senator's question notes that many jurisdictions have adopted CGT, neither of Jersey's principal financial services competitors, Guernsey and the Isle of Man, tax capital gains. The imposition of this tax would therefore risk making our financial services industry less competitive.

Thirdly, CGT has a relatively high cost of collection and needs complex legislation, which can become progressively detailed as avoidance takes place. The imposition of CGT would therefore be contrary to our tradition of seeking clear, straightforward taxation legislation in Jersey. The Committee feels that this policy has served us well for many years and should be continued.

The Finance and Economics Committee has carefully considered Payroll Tax as an option in its current fiscal proposals. As members know, the Committee has retained it as a last resort should the proposed goods and services tax, however finally defined, fail to realise the necessary revenue to close the projected fiscal deficit.

However, as is made clear on Page 10 of our published document – 'Facing Up To The Future' – we have identified several drawbacks to the introduction of a Payroll Tax which make it an inherently unattractive option.

Where the tax liability falls on the Employer, this tax –

- raises the cost of doing business in Jersey;

- is counter-productive in terms of encouraging economic growth;

- makes it more difficult to ensure that Jersey remains internationally competitive for financial services businesses;

- acts as a severe deterrent to job creation and retention. This has been the experience in the United Kingdom in recent months with the announcement of the outsourcing of a significant number of jobs, which has been partly attributable to the recent rise in Employer National Insurance contributions.

Where the tax liability falls on the Employee, the defects are that –

- a payroll tax imposed in this way only impacts on wage earners rather than on total earnings. It is therefore somewhat inequitable;

- such a tax would be inconsistent with the Committee's longer term strategy of reserving Social Security contributions increases for addressing the problems generated by the Island's ageing population.

For these reasons the Committee remains of the view that Payroll Tax as an alternative to some form of a goods and services tax is not the best way to proceed.

The concept of any Permanent Establishment Tax (e.g. corporate profits tax, withholding tax) is one whereby the Group or organisation charged is recognised as having an identified place of business – involving property, locally employed persons and other signs of local establishment – within the jurisdiction which is seeking to raise the tax.

The U.K. (and indeed Jersey) does recognise Permanent Establishment as a determinant to liability to tax

in certain specialist situations, such as property owned by non-residents. However, these are not comparable to the general system that Jersey would require to make a success of such a proposal.

A Permanent Establishment tax for all companies in Jersey – which is essentially a territorial basis of taxation found in few international tax systems – has nevertheless been carefully considered by a specialist Group set up by the Finance and Economics Committee. This Group includes individuals with considerable private sector tax expertise.

It remains a possibility that this system could provide a partial answer to the fiscal shortfall we face if – and it is a big if – the home country of incorporation of the company or Group concerned – which in our situation primarily means the United Kingdom – is prepared to accept that corporate taxes paid in Jersey under such a system can be offset against home country tax liabilities of the company or Group.

If that home country treatment cannot be obtained, then the corporate tax paid in Jersey will be an additional cost to the company or Group arising from operating in Jersey. As our aim is to make business more, rather than less competitive, this outcome holds few attractions.

Nevertheless, we are currently engaged in sensitive negotiations with the U.K. Treasury on this issue. It should be noted though that even if the U.K. is prepared to grant the recognition of Permanent Establishment tax to which I have just referred as a unilateral matter, significant problems will still be faced with convincing EU partners that such an agreement complies with the EU Code of Conduct on Business Taxation rules. The U.K. has already indicated that in its view it does not and has not hitherto been prepared to discuss the matter further with other EU member states. It takes the view that such a system is simply another form of discrimination in favour of non-resident shareholders of companies. It was the elimination of the discrimination which was at the core of the EU Code of Conduct initiative in the first place.

This proposal therefore faces a significant uphill battle if it is to be successfully pursued but the Committee assures members that it will endeavour to keep them informed of progress as negotiations continue.

It is clearly unacceptable to lose the current ‘fees’ received from Jersey’s Exempt Companies sources as these amount to approximately £12 million per annum at present. However, some recovery of these monies has already been assumed in arriving at the figure of the £80-100 million shortfall we are seeking to address.

The modifications required to Jersey’s fiscal structure mean that it will not be possible in the future to have different fee levels for exempt and income tax paying companies. The recovery of this £12 million will therefore depend on setting a one size fits all, single rate for all Jersey companies.

By way of an example, if the core annual return fee proposal for Jersey companies was to be raised from the current £150 per annum to around £400-£450, then this could recoup most of the £12 million I have just referred to as this rate would also include companies currently exempt. It would however represent an increased cost of around £250-£300 on those local companies.

Members will notice that this does not raise any additional monies. To achieve that, the harmonised fee level would need to rise significantly above £600 per annum for ALL companies. There are competitive limits on how high this fee can go before the Jersey financial services sector becomes internationally disadvantaged.

Essentially then, finding a solution to recoup lost revenues as a consequence of the abolition of exempt companies will be something of a balancing act. For competitive reasons the Committee feels it is not possible to raise any significant additional sums from this source. The best we can do is get back most of what the Island stands to lose from the loss of exempt company status and that Committee has already assumed that recovery in its estimation of the £80-100 million shortfall.

Senator Shenton raises the issue of charging registration fees for companies incorporated by foreign investors from foreign jurisdictions, such as for example the British Virgin Islands, but which are administered on behalf of those investors by Jersey based institutions.

The question of extending a registration fee at some level to such companies is also currently being considered. However, naturally here the competitive situation must also be carefully taken into account. There could be significant migration of these entities from Jersey to be administered elsewhere should we begin to impose a cost which another jurisdiction is prepared to waive. The loss of business and associated employment activity would of course be damaging to the Committee's proposition to grow the Island's economy.

Were a registration charge to be feasible then it would require a low fee level. A modest fee of around £100 per company per year might raise around £7-8 million. This is not in itself a major contributor towards reducing the overall fiscal shortfall identified, although the Committee remains open minded about all measures which could practically reduce the amount required. The Committee has not ruled out this measure entirely, however, considering the competitive risks identified it feels it would be unwise to rely on any contribution from this source.

Trust registration charges equate to a tax on the capital of foreign sourced business at the heart of the Island's finance industry.

The Committee has severe reservations about this proposition since no other major financial centre proposes to impose trust registration charges. Jersey is viewed internationally as a major, if not pre-eminent, Trust services provider; when considering this option the Committee concluded that trust registration charges would diminish the Island's share of this key market.

Losing market share in any industry inevitably translates into less business, less jobs and ultimately less taxes, which then poses a repeat cycle of questions about how to fund essential services through taxation but this time from a smaller economy.

The Committee always sought solutions to the proposed deficit based upon the premise that the more competitive Jersey's businesses can become, the more there will be benefits for the population as a whole because taxation can be kept to a minimum.

This answer I hope shows that alternatives have been and continue to be considered by the Committee. The Committee welcomes alternative ideas but remains of the view that the arguments in favour of some form of goods and services tax are persuasive when compared to the relative merits of most of the alternatives. As most jurisdictions already have some form of a goods and services tax this is perhaps not an unsurprising conclusion.

2. 20 per cent has been the standard rate of income tax in Jersey for over 60 years, contributing to what is internationally recognised as a very stable fiscal regime. This recognition contributes to Jersey's appeal as a finance centre. The rate has therefore served the Island well in the past and there is no reason to suppose that it will not serve us well in the future as far as personal taxpayers are concerned.

The Committee's proposal to phase out allowances for high earners is a very effective way of increasing the amount of tax paid by those taxpayers, whilst maintaining that 20 per cent rate.

The answer the President gave on Tuesday 30th March 2004 to a question asked by Deputy Southern illustrates how this will work. In the example used then, the married couple on an income of £150,000 would see their effective rate of tax rise from a current average of 13.9 per cent to an effective rate of tax of 19 per cent.

It is the Committee's view that increasing the tax paid by high earners using this method is much more preferable than raising the standard rate of tax above 20 per cent, particularly when some of our main competitors, such as the Isle of Man, have already announced a reduction in direct rates of tax on their

residents.

The only wealthy persons who are able to negotiate how much tax they pay are non-residents who wish to become resident in Jersey by virtue of Regulation 1(1)(k) of the Housing Law. That Regulation was approved by the States in 1970 and still exists. As long as it does, any wealthy non-resident who wishes to take up residence in Jersey is able to make a specific application to the Housing Committee who will consider whether consent can be justified on social or economic grounds. It is a condition that a 1(1)(k) resident who takes up residence on economic grounds must pay an agreed amount of tax every year.

This does not equate to an alternative rate of tax applicable to 1(1)(k) residents as supposed in the question. The Notice of Assessment issued by the Comptroller of Income Tax, either to the individual personally, or to the company they beneficially own, or the trust in which they have an interest and which makes the tax contribution on his behalf, is still charged at the standard rate of 20 per cent to collect the amount of tax contribution agreed for each year.

Those 1(1)(k) residents already in Jersey paid a total of £10.7 million in tax in 2002. It may well be that we should be encouraging more 1(1)(k) residents to Jersey as a means of contributing to the deficit we face and thereby keeping down the tax increases for other islanders.

3. The Committee considered a large number of variations of introducing higher rates of income tax for those with higher incomes. We sought to achieve a level of greater tax contribution from wealthy residents, which would not ultimately be counter-productive by causing this highly mobile segment of the population to move to jurisdictions with a lower tax burden.

If a higher rate of income tax was levied on taxable household income over £80,000 it would be likely to raise slightly more than £1 million per annum per one per cent point increase above 20 per cent. A rate of 35 per cent might potentially yield somewhere in the order of £16 million to £17 million.

However, at this rate of 35 per cent, the highest income households in the Island could save considerable amount of tax by moving to a lower tax rate jurisdiction like the Isle of Man. Excluding 1(1)(k) residents, the households in Jersey with incomes above £500,000 per annum will see their total tax bills rise in total by over £6.5 million per annum, varying from a rise of around £60,000 to more than £150,000 each. If only one in five of taxpayers whose increase was over £120,000 decided to move, the total reduction in income tax paid would be in the order of more than £2 million, rather than any increase.

If all of the top 10 tax paying households moved, the reduction in income tax would be in the order of £4 million per annum. Even on these assumptions as to how an increase in tax rates from 20 per cent to 35 per cent might influence behaviour, there is a significant reduction in the net tax increase and the proposal could become counter-productive.

In addition to the reduction in tax revenues, emigration of this sort would be likely to cause a reduction in on-Island expenditure and other economic activities, so there would be additional knock-on effects in the economy.

The Committee takes the view that at a top rate of even 30 per cent, let alone 35 per cent, there is a real risk that a significant amount of taxable income would leave the Island. It is almost impossible to accurately estimate such a risk, but nonetheless the judgement of the Committee is that the risk is real and should be taken into account. The Committee believes that under its proposals the risk of income leaving the Island is minimal as the headline top rate of income tax remains at 20 per cent.

In addition, this 35 per cent top rate above £80,000 would not by itself be anywhere near sufficient to meet the challenge of moving to 0 per cent/10 per cent, so additional significant tax increases would still be necessary. If these were also aimed at those with incomes above £80,000 this would further increase the risk of 'income flight'.

4. I cannot confirm that the current proposals of the Committee concerning taxation changes relate particularly to persons who are employed. The '20 per cent means 20 per cent proposal, for example, will affect all Jersey resident taxpayers, not just employed persons, although 1(1)(k) residents who have agreed a specific tax contribution by virtue of Regulation 1(1)(k) of the Housing Law will not be directly affected. The proposed indirect tax on consumption will also affect all Jersey residents, including 1(1)(k) residents, so, once again, it is not just employed persons who are affected. Even the Income Tax Instalment Scheme being proposed is not targeted exclusively at employed persons, because subcontractors, who are self employed, will also be affected.

As for those people, including incidentally employed persons as well as those who may loosely be termed as wealthy, who attempt to plan their affairs to turn income into capital, the Comptroller of Income Tax has a general anti-avoidance provision in the Income Tax Law, Article 134A, which he has used to good effect when ruling in over 150 cases in the last six months.

Many of those cases related to taxpayers attempting to transfer income-producing assets into those producing a capital return. The Comptroller has invoked Article 134A to counteract such transactions either wholly or partly. He has also formally invoked that Article in other cases, for example, in a property development case where the taxpayer is arguing that no taxable profits arise in Jersey.

As the Senator will have noted from the President's reply to a question asked by Deputy Southern on Tuesday 30th March 2004, it may well be that the Committee will propose amendments to Article 134A or, alternatively, introduce new legislation, to strengthen the powers of the Comptroller to combat tax avoidance.

5. Because of the inherent uncertainties surrounding many of these proposals, including their feasibility and international acceptability, it is impossible to quantify precisely the additional tax revenues they would generate, however, it is clearly the case that they would not generate the £80-100 million needed and some, likely to damage the economy, would actually lead to a reduction in tax revenues.

As I have indicated, Permanent Establishment tax of the sort postulated here is theoretically possible but unlikely to be achievable in agreement with foreign governments, particularly the U.K., for the reasons I have given. The Committee has not given up but it would be irresponsible to put that solution forward as a definite proposal when the Committee's proposition is debated.

Were it to be achieved, it is possible that some or most of the £25 million identified as 'leakage' to foreign governments as a consequence of foreign owned businesses moving to a zero tax platform could be recouped. This would nevertheless still leave a significant amount of the total shortfall to be addressed.

I have already given an answer on the viability or otherwise of a Payroll Tax and its inherent defects. I should re-iterate that despite these drawbacks it has not been ruled out completely but remains a solution of last resort in the event that a sales tax does not raise the sums we need.

In this specific context, a Payroll Tax paid by companies with credit for any corporation taxes paid seems to be being proposed. This would mean that the finance industry would receive a reduction in corporate tax equivalent to any Payroll tax paid and the measure would thus only raise additional revenue and be relevant in the non-finance sector where significant employee numbers are a feature.

Where such companies are foreign owned, the Payroll Tax would attract no credit as the zero corporation tax proposal means no corporate tax paid in Jersey is available to use as an offset to Payroll Tax paid. Once again, in that situation, any taxes paid by way of Payroll in Jersey would raise the cost of doing business here to such companies since they would not be recoverable against home country taxes.

Another drawback of a Payroll Tax with credit system would be its administrative complexity when we have tried so hard to maintain, as far as possible, the simplicity of Jersey's tax system which undoubtedly enhances the competitiveness of the Island for international businesses of all sorts.

Finally, with Jersey-based companies making small or minimum profits but employing significant numbers of people, a profile which most agricultural, tourist or fulfilment businesses in the Island would presently fit, the proposal would mean again that no significant profits taxes would be available to set off against the Payroll tax expense incurred and once again the latter would have resulted in a net new cost to vulnerable businesses.

On the face of it, the proffered solutions seem attractive but in their detailed application would do all of the things which the Senator suggests we avoid. They would increase the administrative burden, raise the cost of doing business and would not raise sums of money sufficient to address anything like the full fiscal shortfall that we have to face. In short, the Committee has considered these measures carefully and has rejected them.

In conclusion I thank the Senator for the opportunity to illustrate that the Committee has considered a number of alternatives to the measures proposed. We have not stopped seeking credible additional sources of income, so long as they meet the criteria I outlined earlier.

However, recent statements from the business community have made acutely clear the need for this Assembly to dispel uncertainty about the preferred measures for meeting the projected £80-£100 million deficit by July. Unlike some of the taxation options I have discussed today, the measures currently proposed by the Finance and Economics Committee are an achievable and co-ordinated means to do this. If the Assembly approves these measures in principle when a proposition is brought to the States then the Committee will be able to create more detailed individual proposals for consideration at a later stage.

6. I would argue that emotive phrases like draconian are extremely unhelpful in describing what is a painful, but extremely necessary process for the Island imposed upon this Assembly by the poor financial management of past States Assemblies.

The Finance and Economics Committee would also like to remind members that the over whelming response to the Committee's extensive consultation on the Fiscal Strategy to date is that the public expects the States to demonstrate that they can control public expenditure before the public are willing to pay any more in taxes.

The Fundamental Spending Review has carefully been designed to ensure that scarce resources are targeted at areas of greatest need and all States members have had the opportunity to contribute to the setting of priorities. Committees were all asked to look at those areas of their budgets which they considered the least essential. Despite this, public expenditure will still increase by 2.5 per cent in 2000 if the States agree to the Finance and Economics Committee's spending plans and the States deficit, which ultimately will have to be funded by increases in taxes, will grow to £13 million. This is higher than the Committee would have liked but recognises the need to maintain those essential services."

1204-2004 celebrations – questions and answers (Tape 907)

Deputy Sarah Craig Ferguson of St. Brelade asked Senator Michael Edward Vibert, President of the Education Sport and Culture Committee the following questions –

- “1. Would the President advise members –
 - (a) whether the Committee, which is responsible for the 1204-2004 Sub-Committee, considers that the primary aim of the event is tourism or a genuine celebration of the Island's independence?
 - (b) of the total cost of the 1204-2004 celebrations, including any expense incurred by the Jersey Heritage Trust and Jersey Arts Trust and any financial guarantees offered through Jersey Tourism, together with a breakdown of how the funds will be spent?

- (c) of the source of this funding, and, in particular, would he provide information relating to –
 - (i) any contribution made from the budgets of Jersey Tourism, the Tourism Development Fund and the Trusts? and,
 - (ii) the provision of the sum of £150,000 relating to the holographic portrait of the Queen?
 - (d) whether the book commissioned by the Jersey Heritage Trust at a cost of £80,000, and the on-line booking system, could not have been sourced locally?
 - (e) what controls are in place for spending relating to the 1204-2004 celebrations?
 - (f) how many States' employees, Trust employees and other contract workers are involved in working on the 1204-2004 event?
 - (g) of the cost, if any, of outsourcing undertaken? and,
 - (h) how the contribution level by local traders of 25% of their margin on 1204-2004 merchandise, which equates to 50% of their mark-up, was arrived at?
2. Has the Committee undertaken an overall cost benefit analysis of the event and received an estimate of how many additional visitors will be attracted to the Island?"

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

- “1. (a) The aims of the celebrations were set by the working party which was established following a meeting of the Policy and Resources Committee attended by the then Director and Chairman of the Heritage Trust on 2nd November 2000. The working party developed a proposed programme of events to mark the 800th anniversary of the events of 1204. These aims have been used widely in related publications and promotional events. They are to –

reinforce 1204 as one of the key defining points in Jersey's unique history;

assert Jersey's cultural roots, sense of identity and nationhood and promote learning among Jersey people about the consequences of this period in their history;

strengthen the island's international image as a place with a long and separate history that looks back with care and forward with excitement and determination;

provide a programme of events that will engage islanders in participation, attract tourists in significant numbers and generate new business and promote reflection about island history;

create a lasting legacy.

As can be seen, the programme recognised the opportunities for attracting tourists, but this was not a primary or overriding aim.

In January 2003, the Policy and Resources Committee set out the Constitution and Terms of Reference for the 1204-2004 Sub-Committee, and included in the objectives of that Sub-Committee –

“To encourage and facilitate appropriate partnership arrangements in relation to the development and delivery of events and activities, so as to ensure as wide a participation as possible”

The Policy and Resources Committee also established the Jersey Revels Board, accountable to the 1204-2004 Sub-Committee, in the first instance, “to ensure the successful development and delivery of the ‘Jersey Revels’ event”. The Board was established to ensure that the terms of the agreement with the Tourism Development Fund could be fully complied with.

The Sub-Committee’s Terms of Reference have not been changed since coming under the auspices of the Education, Sport and Culture Committee on 22nd October 2003.

- (b) Table 1 shows the breakdown of the costs of the programme, by event. The total is £461,000, excluding Jersey Revels which event is budgeted at £326,000. The programme is the responsibility of the 1204-2004 Sub-Committee and there are no other areas of expense related to the programme which have been or will be incurred by the Jersey Heritage Trust or the Jersey Arts Trust.

The Tourism Development Fund has agreed to underwrite the costs of the Jersey Revels. There have been no financial guarantees provided by Jersey Tourism.

Table 1

Programme	Committee Total Funds	
	£	£
1204 Book Forging an Island Community	85,000	85,000
Holographic portrait HM The Queen	150,000	150,000
Holographic portrait promotion & DVD		25,000
1204-1480 Exhibition	37,000	60,000
Children’s Book	10,000	10,000
Wace Symposium	5,000	5,000
Commissioned piece of music	8,000	8,000
Theatre In Education Project	48,000	50,000
Arts Centre Programme of related drama	13,000	13,000
Medieval Concert Series	12,000	12,000
Medieval Sculpture workshops	5,000	5,000
Tree planting - La Bouaîs’sie du Duc		11,000
Medieval Costumes		2,500
Internet site	7,000	12,500
Marketing & Promotion	5,000	5,000
Administration		7,000
Programme excluding Jersey Revels	385,000	461,000
Jersey Revels		326,000
Total		787,000

- (c) Table 2 shows the sources of the funds provided to the 1204-2004 Sub-Committee.

Education sport & Culture	50,000	Children's book and Theatre in Education
	sub total	385,000
Business Barons	15,754	
Sponsorship	20,000	
Internet site sponsorship	5,500	
Tree planting - trees sold	16,020	
Bank Interest - budget	10,000	
Holographic portrait promotion - Jersey Tourism	5,000	
Holographic portrait - projected income from DVD	20,000	
	sub total	92,274
	overall total	477,274

The sum of £5,000 from Jersey Tourism is a contribution toward the promotion of the holographic portrait, in return for which Jersey Tourism will have free access to the promotional video film stock being produced.

No funds have been provided by the Trusts.

The Tourism Development Fund, as previously stated, is underwriting the Jersey Revels event and has made available £280,000. The total sum has been advanced and all revenue (including any profit) will be returned to the fund following the event. Jersey Tourism has incorporated the event into its 2004 marketing campaign and is helping to give the event a high profile overseas.

The sum of £150,000 relating to the holographic portrait was voted by the Finance and Economics Committee, together with £85,000 for the 1204 book, at their meeting of 5th February 2001. This enabled the commissions to be confirmed.

It is also worth noting that under the headings of Business Barons, Sponsorship and Internet sponsorship local businesses and individuals have contributed over £40,000 which has enabled some projects which were not fully funded from the States' grant to be fully funded and for additional projects to be supported.

- (d) The decision by the Policy and Resources Committee to support the proposal by the Jersey Heritage Trust to commission a definitive history of the period was made with the understanding that the authors would be recognised academics and experts in medieval history.

Professor Sir James Holt is Emeritus Professor of Medieval History, University of Cambridge, and was Master of Fitzwilliam College from 1981 to 1988. His many publications include Robin Hood, The Northeners and Magna Carta.

Dr. Judith Everard is Senior Research Associate to the British Academy AHRB 'Acta of the Plantagenets' research project at the University of Cambridge and a fellow of Fitzwilliam College. She has published on the history of France, Brittany and Britain in the central Middle Ages.

Neither of the two authors has charged for their time. Of the £85,000 budget cost, £70,000 is payable to the publishers, Thames and Hudson, who as part of their contract will deliver 200 free copies of the book to the Island and enable world wide sales. The remainder of the budget is to meet travel costs of the authors and other disbursements such as copyright charges incurred on reproducing images.

On 21st July 2003, the Jersey Revels Board were informed that an on-line booking system would not be available through Jersey Tourism, as had previously been hoped. The Board agreed that on-

line booking was an essential facility, required to be operational by 1st October to meet the expectations of tour operators and others, and approved the proposals that alternative providers be considered. The Chairman and Co-ordinator were asked to draw up a specification and invite proposals.

On 22nd August 2003, the Jersey Revels Board approved the appointment of Ticketing Solutions to provide the online ticketing provision and authorised the Chairman and Jersey Revels co-ordinator to sign the contract.

Of the four suppliers contacted, one supplier with a local agent withdrew due to the limited scope of providing a solution for one event and the timescales to which the Board was working. Two further providers with local connections were considered. One proposal was to develop a new system to meet the Board's requirements; whilst the provider had a good record of development and was slightly cheaper than the other systems, it was considered high risk, with the potential for a large amount of time being needed from the Revels team to ensure the development met the defined needs. The other supplier with local connections offered an existing system at a comparable cost to the Ticketing Solutions system. The final decision was based on a range of assessments including style and fit to the Jersey 1204 – 2004 requirements.

Jersey Tourism recognised that the experience gained in the exercise to provide Jersey Revels with online ticketing would be valuable and could save time and money when their own system was being considered. Jersey Tourism met the £3,000 set up costs and provided a project manager to assist the Jersey Revels team. This was very much appreciated. This sum of money is not included in Table 2 because the finances of the Jersey Revels Board are accounted for separately from the other events due to the nature of the separate contract with the Tourism Development Fund.

- (e) The Terms of Reference agreed by the Policy and Resources Committee are very clear with regard to the duties of the 1204-2004 Sub-Committee to –

‘ensure there are proper arrangements and controls in place for the expenditure of all funds and that all relevant States’ accounting procedures and Codes of Directions are followed’

‘ensure that consideration is given and, as necessary, arrangements are in place to secure value for money in relation to all expenditure authorised by the Sub-Committee’

and

‘report on the financial position and on progress generally, on an at least quarterly basis, to the Policy and Resources Committee [now Education, Sport and Culture Committee], confirming in so doing that all relevant States’ accounting procedures and Codes of Directions have been followed’.

Ultimately, the Sub-Committee is accountable to the Education, Sport and Culture Committee and in turn the Committee is accountable to the States. In addition however, the Tourism Development Fund Sub-Committee also receives copies of all Jersey Revels Committee minutes and financial updates. Quarterly meetings have also been held with the Director of Jersey Revels. Two members of the Tourism Development Fund Sub-Committee (Senators Paul Routier and myself) are members of the Jersey Revels Organisation Committee.

- (f) There are no States employees involved in working on the events themselves.

Three States employees are contributing to the work of the 1204-2004 Sub-Committee and the development of the programme. The working party includes David Greenwood representing Education, Sport and Culture, Rod McLoughlin representing the Bailiff's Office and Donna le Marrec representing Jersey Tourism. Derek de la Haye from the Education, Sport and Culture Department has also assisted with Revels' logistics and parking arrangements. Personnel from the

emergency services have been fully involved in planning for a safe event.

The working party also includes four of Jersey Heritage Trust employees: Beth Lloyd, Doug Ford, Nick Danby and Christopher Journeaux. Three other Jersey Heritage Trust staff are contributing to the administration, efficient and effective accounting and promotion of events: Debbie Shead, Corinna Steer and Val Nelson.

Daniel Austin, Director of the Jersey Arts Centre, is a member of the working party and Sara Clews, also for the Jersey Arts Trust, is assisting in the administration and promotion of events.

In most cases the majority of the time worked on the events is an ancillary and an unpaid part of their employment as a great deal of it is done out of office hours, in the evenings and at weekends. However, the successful delivery of the programme depends on a small army of volunteers who are contributing their time free of charge.

- (g) There is no outsourcing. All the costs are declared in the tables attached to these answers, including services bought in.
 - (h) The 1204-2004 Sub-Committee appointed merchandise agents to assist with the promotion of the 2004 celebrations through appropriate, high quality merchandise in accordance with the aim and objectives of the 1204 – 2004 Sub-Committee. The agents proposed that there should be a revenue sharing agreement with the retailers of official merchandise which would enable the Sub-Committee to recover some of the costs of the overall programme and to provide additional promotion of events at which merchandise could be sold, promotional materials for the retailers and promotion through the internet site. The licence fees are the subject of agreement between the merchandise agents and the retailers.
2. In making an application to the Tourism Development Fund for support, the Jersey Revels Business Plan set out the costs and benefits of the event. The expectation is that the event will either break even or show a small return to the Fund.

The Business Plan is based on between 9,000 and 12,000 people attending on each day, the majority will be local people. It is expected that a large number of visitors in the Island will attend Jersey Revels, and it is known from the market information available that some visitors are choosing to come to the Island specifically for Jersey Revels. Others have arranged their visit to coincide with the event. Jersey Tourism also reports a high level of interest in the event, for example, press and media coverage in Jersey Revels and the 800th anniversary celebrations.

The Tourism Development Fund recognised, in their support for the event, that the 25th to 27th June was outside the traditional peak visitor times and would help develop new visitor markets.

The programme as a whole, however, has not been subjected to a cost benefit analysis as the aims are qualitative and cannot be measured in simple financial terms. Of the events which have taken place so far, the tree planting was over subscribed, the two medieval music concerts have been sold out and the Theatre in Education production has been to over 30 schools and been hailed a great success.

Finally, I should like to pay tribute to the work done by all those involved in the 1204 – 2004 celebrations, particularly the 1204-1004 Sub-Committee chairman, former Senator Nigel Quéérée. An outstanding programme of celebrations to commemorate our 800 years allegiance to the Crown has been produced and I urge all States members and Islanders to fully support and participate in it.

Details of all events and ticket information can be found on the 1204-2004 website www.1204-2004.je.”

Connétable of St. Helier– attendance

The Connétable of St. Helier, having returned to the Island during the question put by Deputy Sarah Craig Ferguson, of St. Brelade to the President of the Education, Sport and Culture Committee, was present for the remainder of the sitting.

Education of children who are not nationals of an EU country – question and answer (Tape No. 907)

Senator Paul Vincent Francis Le Claire asked Senator Michael Edward Vibert, President of the Education, Sport and Culture Committee, the following question –

“Would the President advise members –

- (a) how many children currently being educated in Jersey are subject to paying fees because they are not nationals of an E.U. country and how many of them will no longer continue to be subject to such payment as a result of the recent expansion of the E.U.? and,
- (b) how much annually does this equate to per child?”

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

- “(a) Three children from a non E.U. country are currently being educated in Jersey. Their parents are charged fees in respect of this. As they are all from the same country which will become part of the E.U. on 1st May 2004, fees will no longer apply from then.
- (b) The annual charge depends on the age of the child. For a child in Year 9 the 2004 charge would be £3,117 per annum. For a child in Year 10 the charge would be £3,356 per annum. Of the three children for whom charges currently apply, two are in Year 9 and one is in Year 10.”

Absence levels at H.M. Prison, La Moye– questions and answers (Tape No. 907)

The Deputy of St. Martin asked Senator Wendy Kinnard, President of the Home Affairs Committee, the following question –

- “1. In RC.49/2003, entitled ‘Absence Levels in the Public Sector’, presented to the States by the Policy and Resources Committee on 2nd December 2003 it is stated that the level of absenteeism for the 12 month period ending on 30th June 2003 was 4.62 per cent for the Fire Service, 4.77 per cent for the Police Service and 11 per cent for the Prison Service.

Would the President explain why the Prison Service’s level of absenteeism was so much higher than the other two Services and state what steps, if any, have been taken address the issue?

- 2. Would the President inform Members –

- (a) of the total cost of overtime paid to Officers in the Prison Service for each of the years 2001, 2002 and 2003?
- (b) of the highest amount paid to any individual officer in each of those three years?
- (c) of the average payment paid per officer, for officers entitled to overtime, for each of those years?

- 3. Would the President state what percentage of the annual overtime was paid to –

- (a) compensate for officers on sick leave?
- (b) compensate for establishment shortages?

4. Would the President inform members whether any personnel from the Prison Service attended a Control and Constraint Conference in the U.K. in January this year and, if so, would she inform members whether any of those officers attending were on long-term sick leave at the time?

If so, would the President –

- (a) inform members of the cost of that officer's attendance?
 - (b) state whether the officer concerned has now returned to full duty?
 - (c) state what benefit the officer, the Prison Service and the taxpayer gained from the officer's attendance?
5. Would the President advise whether there is a formal policy in place concerning attendance of Prison Service personnel at conferences, courses and similar events? If so, would the President inform Members whether there are any criteria for Officers attending such events while on sick leave?
 6. Would the President inform the Assembly what measures are in place to ensure that the health of prison officers on long-term sick leave is monitored by the Prison Service to assess whether the officers are fit enough to return to work for light duties or part time work?"

The President of the Home Affairs Committee replied as follows –

- “1. Sick absence at the prison during the calendar year 2003 was 9.2 per cent or 2,354 days of which 65 per cent, 1,519 days, related to 16 staff who were on long term sick absence (in excess of 20 days) for a variety of reasons. Of these 16 members of staff, seven have now returned to duty, six have either retired through ill-health or are due to be retired as a result of ill health, two are still on sick leave and one officer's contract is being terminated.

Two new long-term sickness cases have commenced since the start of the New Year, one following an accident off duty and one following surgery. All sickness cases are monitored and dealt with using the sickness management process operating across States departments and utilising BMI, the Bradford formula, return to work interviews and back to work plans.

All of the long term sickness cases in 2003 were genuine absences that were covered by medical certificates. There is no one explanation which explains why there were so many, but I am satisfied that appropriate steps were taken to return staff to duty as early as possible. It needs to be understood that prison officers need to be fully fit before they can carry out their full range of duties which may involve the physical restraint of recalcitrant prisoners. The Prison Service has very few options for 'light duties'.

2. (a) 2001 – £430,963
2002 – £442,994
2003 – £562,110
 - (b) 2001 – £12,177
2002 – £12,380
2003 – £17,856
 - (c) 2001 – £5,986
2002 – £5,679
2003 – £7,300.
3. (a) 2001 – 29 per cent
2002 – 30 per cent
2003 – 24 per cent

- (b) 2001 – 41 per cent
2002 – 34 per cent
2003 – 45 per cent.
4. Staff from the prison attended a refresher training course and conference about Control and Restraints in the U.K. in January of this year. One of the staff attending was long-term sick at the time but for the duration of the course/conference he was given permission to attend by his G.P. As mentioned in the answer to question 1 prison staff need to be fully fit in order to carry out their full range of duties but this does not prevent them from making a positive contribution to the work of the prison in other ways. The officer in question has been the main Control and Restraints trainer for the prison for over eighteen years and one of the purposes of the U.K. trip was to discuss arrangements to select his replacement should he be unable to return to duty.
- (a) The cost of flights and hotel accommodation was £219.14.
 - (b) In April 2004 the prison was informed that BMI is recommending that he be retired by reason of ill-health. A firm decision on this has not yet been taken.
 - (c) The officer was able to make a positive contribution to the ongoing work of the establishment, the prison was able to use the expertise he has developed over the last 18 years to assist in planning the way forward should he be unable to return to duty and the taxpayer has benefited in many ways as a result of the efforts of this particular officer to secure the most effective and efficient methods of training staff and the equipment needed to deliver the Control and Restraints resource to the prison.
5. No.
6. This question has been answered in question 1.”

Recent increases in parcel rates – questions and answers (Tape No. 907)

Deputy Gerard Clifford Lemmens Baudains of St. Clement asked Deputy Patrick John Dennis Ryan of St. Helier President of the Committee for Postal Administration, the following questions –

- “1. Postal rates generally were increased on 6th April 2004, with the largest increases affecting parcels. Would the President outline what considerations the Committee gave to the effect these increases would have on local business and account for the fact that local letter rates are more expensive than U.K. internal rates?
- 2. Would the President explain the rationale behind the increases in parcel rates and in particular explain why –
 - (a) 50gm registered post to the U.K. is now £6 but only £4.70 to Australia and £3.75 from the U.K. to Jersey?
 - (b) there is no compensation available with recorded delivery to the UK?
 - (c) costs for compensation Special Delivery have risen in many cases by over 100 per cent, for example 500gm with £2,500 compensation to U.K. which has risen from £5.30 to £12.00?
 - (d) a 3kg parcel to the U.K. has risen from £4.25 to £11.20 (164 per cent increase) and a 1kg parcel to Ireland has risen from £4.40 to £17.50 (398 per cent increase)?”

The President of the Committee for Postal Administration replied as follows –

- “1. The Committee for Postal Administration is mindful of the impact that any increase has on local business but was also aware that the increases to charges levied by Royal Mail were unavoidable and had to be addressed immediately. Jersey Post is developing and progressing a number of initiatives to help local businesses, in particular it is working to identify ways in which Jersey Post can reduce or avoid costs by work sharing or changes and enhancement to the original production of the mail items. Wherever these savings can be realised, the benefits are passed on.

The Committee also felt it preferable, and made efforts to ensure all increases were introduced at the same time to avoid business customers incurring additional cost and inconvenience associated with changing their posting meters and associated equipment several times within a short period of time.

With regard generally to letter rates being more expensive than in the UK, one could be forgiven for assuming that short local distances might result in lower rates than on the mainland. To fully appreciate the economics involved one must consider the elements that are involved in mail services.

1. Overheads including the operation of a sub-post office network in the Parishes.
2. Collection.
3. Sortation.
4. Transportation within postal jurisdiction (not relevant in Jersey local to local).
5. Door to door delivery.

By far the most labour intensive and therefore expensive element is 5 – Door to door delivery, whereas 4 – Transportation within postal jurisdiction, starts to become more significant at increasing weights.

Jersey local to local price for the initial weight step for letter post covering items up to 60g is more expensive than in the U.K. but is still amongst the lowest in Europe (as detailed in the attached tables in Appendix A), and at higher weight steps above 60g Jersey becomes lower priced than the U.K. This variance reflects the fact that the basic cost of providing any service, particularly one as labour and resource intensive as the postal service, is unavoidably higher in Jersey than in the U.K.

Efficient and reliable postal services are crucial to any economy and the Committee believes that the long term provision of such services is best assured by Jersey Post carefully matching its charging structures for each service on a cost plus basis so as to ensure reasonable profitability for its shareholders (The Jersey Public) whilst at the same time wisely investing in its future technological infrastructure such as sortation automation and all the while also being subject to the strictest scrutiny from an independent regulator once incorporated as well as being open to competition as appropriate.

2. (a) Unfortunately Deputy Baudains is not making reasonable comparisons, and appears to be confusing different types of service.

History Approximately 18 months ago Royal Mail carried out a review of their enhanced mail services portfolio. The result as it affected Jersey Customers was as follows –

Old Service	Action	New Service
‘Recorded Delivery UK/Jersey’	Re-branded	‘Signed For’
‘International Recorded’	Re-branded	‘International Signed For’
‘Registered Mail UK/Jersey’	Re-branded	‘Proof of Delivery’
‘Special Delivery UK/Jersey’	No change	‘Special Delivery’

Features of each service –

Signed For	Proof of posting and signature on delivery
Intl. Signed For	Proof of posting and signature on delivery, compensation up to

Proof of Delivery	£30 Enhanced 'Signed For' with copy of receipt signature returned to sender
Special Delivery	Guaranteed next working day delivery, tracked and traced, proof of posting, signature on delivery incl. time, compensation £250 (upgrades available to £2,500)

Cost comparisons for a 50gm letter.

	Jersey – UK	U.K. – Jersey	Jsy – Australia	U.K. – Australia
Signed For and Intl. Signed For	.90p (.57+Jsy post)	.87p (.57+U.K. post)	£4.07	£4.72
Proof of Delivery	£3.10	£3.07	Not available	Not available
Special Delivery	£6.00	£3.75	Not available	Not available

Special Delivery is a guaranteed next working day delivery service offering a money back guarantee (subject to reasonable exemptions such as bad weather, detention by U.K. customs, etc.). Special Delivery includes compensation against loss or damage of up to £250 with further options for insurance of either £1,000 or £2,500. Special Delivery also offers full track and trace capabilities throughout the journey and a confirmation of delivery which can be confirmed either by telephone or on the internet.

Why is the Jersey to U.K. Special Delivery Service more expensive than the equivalent U.K. to Jersey price for the same service?

According to Jersey Post's extensive cost research the correct price for this service is £6.00 – it is very labour intensive at every stage of the process. Royal Mail's price in our opinion must therefore be driven by one or a number of the following –

1. downward price pressure from the U.K. Regulator wanting better quality of service before allowing a price increase;
 2. political/marketing considerations having just withdrawn the old 'Standard Parcels' service (see answer to question 2(d).) resulting in substantial parcel price increases. (Parcel services to some degree overlap with Special Delivery);
 3. lack of true cost comparison information leading to a loss making service being subsidised by other services; and
 4. above 2 Kilo Jersey prices are much cheaper than the U.K. i.e. Are Royal Mail using 'Optical' low weight low entry price marketing to encourage use of higher weight band mailings at enhanced profit margin?
- (b) at the moment if customers require a compensation payable service they would have the option to use Special Delivery. However the question of the lack of compensation for the 'Signed For' service does appear to be an anomaly and will be discussed at the next opportunity by my Committee.
- (c) the Postal Committee and the Finance and Economics Committee believe that it is not appropriate for Jersey Post to lose money providing the Special Delivery service for low weight items. The pricing strategy is representative of the costs associated with provision of the service, a principle referred to in my answer to question 1 and question 2(a).
- (d) from the beginning of April, ParcelForce, Royal Mail's parcels division, have withdrawn the

standard U.K. economy parcel service. It has been replaced by a fully tracked and traced delivery time assured service, which is provided at a much higher cost to Jersey Post.

In the case of International parcels and as a result of careful analysis by Jersey Post the new rates reflect the costs of conveyance and final delivery in the country of final destination.

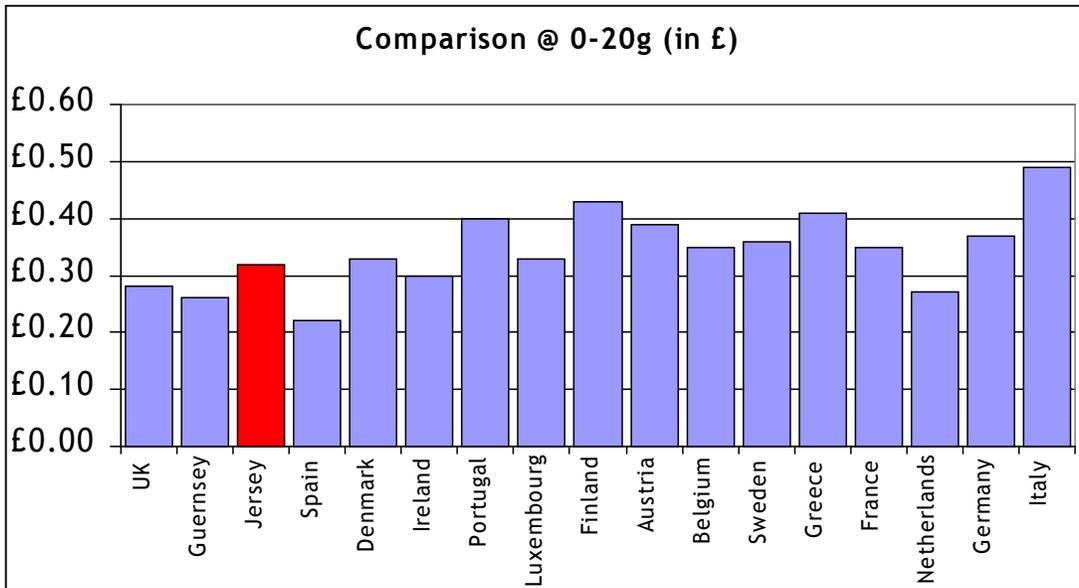
In the specific case of the Republic of Ireland it appears that in the past Jersey Post has been providing this parcel service at a significant loss. I have been unable to ascertain the exact reason for this other than to confirm that in general past prices have been based on the old Royal Mail system of pricing. The new parcel prices for the Republic of Ireland are now in keeping with the average of other destinations in Europe.

This analysis and new approach to pricing has highlighted several anomalies in the previous pricing structure, so much so that now over half of all International destinations have lower costs than before and many are at their lowest since 1995, there are many more winners (including some of our most popular destinations) than losers as can be seen from Appendix B.

APPENDIX A.

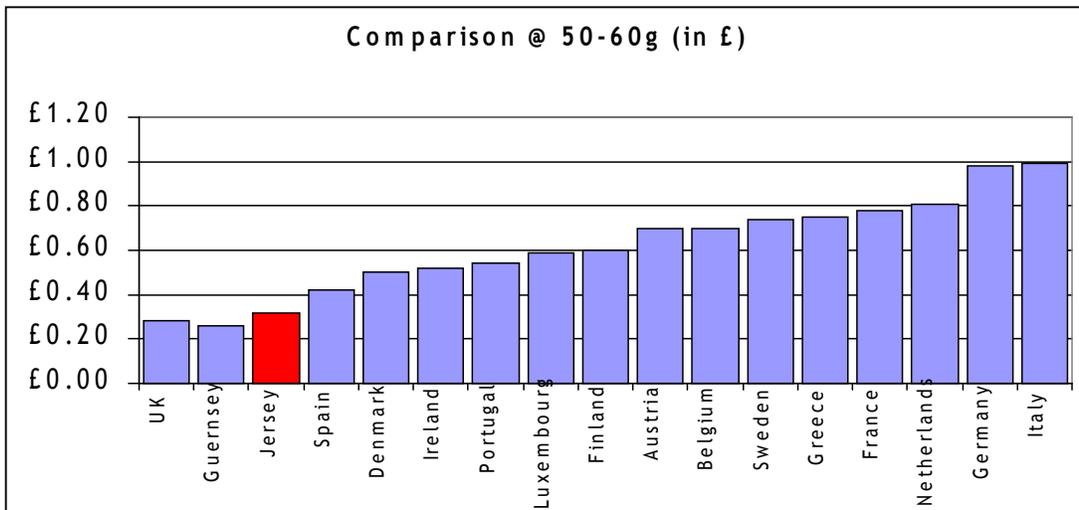
LOCAL LETTER RATES – Comparison to local letter rates in other countries.

The following table compares postage rates for an item at 20g.



However, a far more appropriate comparison is to compare postage at the 50-60g level as the average Jersey item sent falls into this weight bracket (so this is a more honest comparison to make).

The following table compares postage rates for an item at 50-60g.



Based on April 2004 Prices.

APPENDIX B.

The following table is a sample of destinations from over 100 (this representing the majority of destinations) where the new parcels rates (from 6th April 2004) for the most popular weight items are as low or lower than at any time since 1995.

Examples of impact of new 2004 rates compared to previous published parcel rates (STANDARD AIR PARCEL).

	Rate since 1995	New Rate	Variance		Rate since 1995	New Rate	Variance	
	5kg	5kg	£	%	10kg	10kg	£	%
Algeria	£38.80	£26.42	-£12.38	-31.91%	£70.80	£36.32	-£34.48	-48.70%
Australia	£48.00	£38.44	-£9.56	-19.92%	£88.00	£67.74	-£20.26	-23.02%
Austria	£22.20	£22.22	£0.02	0.09%	£35.20	£28.12	-£7.08	-20.11%
Bahamas	£26.50	£26.22	-£0.28	-1.06%	£46.50	£41.12	-£5.38	-11.57%
Bahrain	£38.80	£26.42	-£12.38	-31.91%	£70.80	£36.32	-£34.48	-48.70%
Canary Islands	£22.20	£22.22	£0.02	0.09%	£35.20	£28.12	-£7.08	-20.11%
Czech Republic	£22.20	£22.22	£0.02	0.09%	£35.20	£28.12	-£7.08	-20.11%
Egypt	£38.80	£26.42	-£12.38	-31.91%	£70.80	£36.32	-£34.48	-48.70%
Falkland Islands	£38.80	£38.44	-£0.36	-0.93%	£70.80	£67.74	-£3.06	-4.32%
Fiji	£48.00	£45.70	-£2.30	-4.79%	£88.00	£80.20	-£7.80	-8.86%
Ghana	£38.80	£34.12	-£4.68	-12.06%	£70.80	£58.02	-£12.78	-18.05%
India	£38.80	£34.12	-£4.68	-12.06%	£70.80	£58.02	-£12.78	-18.05%
Italy	£22.20	£22.22	£0.02	0.09%	£35.20	£28.12	-£7.08	-20.11%
Morocco	£38.80	£26.42	-£12.38	-31.91%	£70.80	£36.32	-£34.48	-48.70%
Pakistan	£38.80	£34.12	-£4.68	-12.06%	£70.80	£58.02	-£12.78	-18.05%
Saudi Arabia	£38.80	£26.22	-£12.58	-32.42%	£70.80	£41.12	-£29.68	-41.92%
Seychelles	£38.80	£38.44	-£0.36	-0.93%	£70.80	£67.74	-£3.06	-4.32%
Slovak Republic	£22.20	£22.22	£0.02	0.09%	£35.20	£28.12	-£7.08	-20.11%
Solomon Islands	£48.00	£38.44	-£9.56	-19.92%	£88.00	£67.74	-£20.26	-23.02%
South Africa	£38.80	£34.12	-£4.68	-12.06%	£70.80	£58.02	-£12.78	-18.05%
Spain	£22.20	£22.22	£0.02	0.09%	£35.20	£28.12	-£7.08	-20.11%
Syria	£38.80	£26.42	-£12.38	-31.91%	£70.80	£36.32	-£34.48	-48.70%
Tunisia	£38.80	£26.42	-£12.38	-31.91%	£70.80	£36.32	-£34.48	-48.70%
United Arab Emirates	£38.80	£26.42	-£12.38	-31.91%	£70.80	£36.32	-£34.48	-48.70%
Western Samoa	£48.00	£45.70	-£2.30	-4.79%	£88.00	£80.20	-£7.80	-8.86%

The following table is a sample of the most popular destinations from the remaining destinations where the new parcels rates (from 6th April 2004) will have increased.

Increased Rates	Rate since 1995	New Rate	Variance		Rate since 1995	New Rate	Variance	
	5kg	5kg	£	%	10kg	10kg	£	%
Belgium	£16.10	£29.52	£13.42	83.35%	£24.10	£36.92	£12.82	53.20%
Canada	£26.50	£34.12	£7.62	28.75%	£46.50	£58.02	£11.52	24.77%
France	£16.10	£22.22	£6.12	38.01%	£24.10	£28.12	£4.02	16.68%
Germany	£16.10	£22.22	£6.12	38.01%	£24.10	£28.12	£4.02	16.68%
Holland (Netherlands)	£16.10	£22.22	£6.12	38.01%	£24.10	£28.12	£4.02	16.68%
Hong Kong	£27.20	£34.12	£6.92	25.44%	£45.20	£58.02	£12.82	28.36%
Hungary	£22.20	£29.52	£7.32	32.97%	£35.20	£36.92	£1.72	4.89%
Irish Republic	£10.00	£22.22	£12.22	122.20%	£22.20	£28.12	£5.92	26.67%
Madeira	£22.20	£26.42	£4.22	19.01%	£35.20	£36.32	£1.12	3.18%
Portugal	£22.20	£26.42	£4.22	19.01%	£35.20	£36.32	£1.12	3.18%
Sweden	£22.20	£29.52	£7.32	32.97%	£35.20	£36.92	£1.72	4.89%
USA	£26.50	£34.12	£7.62	28.75%	£46.50	£58.02	£11.52	24.77%

Note: The above comparisons have been based on the most popular weight of parcels (the vast majority of which are between 5 and 10kg)

International Standard Parcel Key Information.

All Zones where new rates are lower than 1995

	Weight	
	OLD ZONE	NEW ZONE
AUSTRALIA	7	F
GUYANA	5	D
ISRAEL	5	D
JAMAICA	5	D
KIRIBATI	7	F
LIBERIA	5	D
MONTSERRAT	4	D
SOLOMON ISLANDS	7	F
ST CHRISTOPHER (ST KITTS) & NEVIS	4	D
ST LUCIA	4	D

TONGA	7	F	ALL
TURKS & CAICOS ISLANDS	4	D	ALL
TUVALU	7	F	ALL
AFGHANISTAN	5	E	+5kg
ALGERIA	5	C	+5kg
ANGOLA	5	E	+5kg
ANGUILLA	4	D	+5kg
ANTIGUA & BARBUDA	4	D	+5kg
ARGENTINA	5	F	+5kg
ARUBA	5	E	+5kg
AUSTRIA	3	A	+5kg
BAHAMAS	4	D	+5kg
BAHRAIN	5	C	+5kg
BANGLADESH	5	E	+5kg
BARBADOS	4	D	+5kg
BENIN	5	C	+5kg
BERMUDA	4	D	+5kg
BHUTAN	5	F	+5kg
BOLIVIA	5	F	+5kg
BOTSWANA	5	F	+5kg
BRITISH VIRGIN ISLANDS	4	D	+5kg
BURKINA FASO	5	E	+5kg
CAMEROON	5	E	+5kg
CANARY ISLANDS	3	A	+5kg
COLOMBIA	5	F	+5kg
CROATIA	3	A	+5kg
CURACAO	5	E	+5kg
CZECH REPUBLIC	3	A	+5kg
DEM REP OF CONGO (Formerly Zaire)	5	E	+5kg
DJIBOUTI	5	E	+5kg
DOMINICA	4	D	+5kg
DOMINICAN REPUBLIC	4	D	+5kg
ECUADOR	5	E	+5kg
EGYPT	5	C	+5kg
ERITREA	5	E	+5kg
ETHEOPIA	5	E	+5kg
FALKLAND ISLANDS	5	F	+5kg
FIJI	7	G	+5kg
FRENCH POLYNESIA	7	G	+5kg
GAMBIA	5	E	+5kg
GAZA & KHAN YUNIS	5	C	+5kg
GHANA	5	E	+5kg
GRENADA	4	D	+5kg
GUINEA	5	E	+5kg
GUINEA BISSAU	5	E	+5kg
HAITI	4	D	+5kg
INDIA	5	E	+5kg
IRAN	5	E	+5kg
IRAQ (Currently Suspended)	5	F	+5kg
ITALY	3	A	+5kg
IVORY COAST (Cote d'Ivoire)	5	E	+5kg
JORDAN	5	C	+5kg

KENYA	5	E	+5kg
KUWAIT	5	C	+5kg
LEBANON	5	C	+5kg
LESOTHO	5	E	+5kg
MACEDONIA (Former Yugoslav Rep. of)	3	A	+5kg
MADAGASCAR	5	E	+5kg
MALAWI	5	E	+5kg
MALDIVES	5	E	+5kg
MAURITANIA	5	E	+5kg
MAURITIUS	5	F	+5kg
MOROCCO	5	C	+5kg
MOZAMBIQUE	5	F	+5kg
NAMIBIA	5	E	+5kg
NEPAL	5	E	+5kg
NEW CALEDONIA	7	G	+5kg
NIGERIA	5	E	+5kg
OMAN	5	C	+5kg
PAKISTAN	5	E	+5kg
PARAGUAY	5	F	+5kg
PERU	5	F	+5kg
QATAR	5	C	+5kg
REUNION ISLAND	5	E	+5kg
SAUDI ARABIA	5	D	+5kg
SENEGAL	5	E	+5kg
SEYCHELLES	5	F	+5kg
SIERRA LEONE	5	E	+5kg
SLOVAK REPUBLIC	3	A	+5kg
SLOVENIA	3	A	+5kg
SOMALIA	5	F	+5kg
SOUTH AFRICA	5	E	+5kg
SPAIN	3	A	+5kg
SRI LANKA	5	E	+5kg
SUDAN	5	D	+5kg
SURINAM	5	E	+5kg
SWAZILAND	5	E	+5kg
SYRIA	5	C	+5kg
TANZANIA	5	E	+5kg
TOGO	5	E	+5kg
TOKELAU ISLANDS	7	G	+5kg
TRINIDAD & TOBAGO	5	D	+5kg
TRISTAN DA CUNHA	5	E	+5kg
TUNISIA	5	C	+5kg
UGANDA	5	E	+5kg
UNITED ARAB EMIRATES	5	C	+5kg
URUGUAY	5	F	+5kg
VATICAN STATE CITY	3	A	+5kg
VENEZUELA	5	E	+5kg
WALLIS & FUTUNA ISLANDS	7	G	+5kg
WESTERN SAMOA	7	G	+5kg
YEMEN	5	E	+5kg
ZAMBIA	5	F	+5kg
ZIMBABWE	5	F	+5kg

BOSNIA HERZEGOVINA	3	B	+12kg
BULGARIA	3	B	+12kg
ESTONIA	3	B	+12kg
GIBRALTAR	3	B	+12kg
HUNGARY	3	B	+12kg
LATVIA	3	B	+12kg
LITHUANIA	3	B	+12kg
NORWAY	3	B	+12kg
POLAND	3	B	+12kg
SWEDEN	3	B	+12kg
DENMARK	2	A	+18kg
FRANCE	2	A	+18kg
GERMANY	2	A	+18kg
LUXEMBOURG	2	A	+18kg
NETHERLANDS (HOLLAND)	2	A	+18kg
SWITZERLAND	2	A	+18kg

Appointment of members of the Jersey Advisory and Conciliation Service Board – statement

The President of the Employment and Social Security Committee made a statement in the following terms –

“The Employment and Social Security Committee is required, by the Jersey Advisory and Conciliation (Jersey) Law 2003, to inform the States of appointments to the JACS Board.

Following an advertisement in the JEP, short listing and interviews, the Board has recently selected two new members; Teresa Lamy and Tom Slattery, who have been appointed to the JACS Board for a three year term.

Teresa Lamy is the Human Resources Director of Jersey Post and Tom Slattery recently retired as Managing Director of Lloyds TSB. It is considered that they will bring valuable knowledge and experience to the Board.

I would like to thank the retiring JACS Board members, Mrs Sheila Henwood and Dr. Gary Jones, for their contribution over the past three years and would also like to thank the Chairman, Mike Berry, and his Board members for their continued hard work and commitment.”

Jersey New Waterworks Company Limited – statement

The Vice-President of the Finance and Economics Committee made a statement in the following terms –

“Following the interest expressed in acquiring the Jersey New Waterworks Company Limited, (JNWW) the Finance and Economics Committee has decided not to support the current proposal made by the Jersey Electricity Company Limited (JEC).

The Committee has made this decision based upon independent professional advice taken and is now proposing to undertake a Strategic Review of the future of the JNWW business.

That Review will clarify and consolidate the objectives of the States in respect of the provision of water services and the regulation of those services. It will also identify the most cost effective and efficient means of providing that water service by examining, amongst other elements, engineering, ownership and organisational issues and any synergies in providing sewerage and water services through one organisation.

The Committee looks forward to working closely and in co-operation with other States Committees, the

Board of Jersey New Waterworks, its workforce and other stakeholders in bringing forward this Review, which will commence shortly with final results being available later this year.

The Committee recognises and is grateful to the workforce of JNWW in achieving the high quality and service standards currently enjoyed by Islanders and looks forward to the workforce's input in achieving the standards required for the future.

The President of Finance and Economics Committee intends to convene a meeting, as soon as possible, between the President of those Committees whose remits include the various aspects of such a Strategic Review to consider terms of reference.

The Review will have consideration of the need for an appropriate balance for consumers, the Company's workforce, shareholders and other stakeholders and as promised we shall keep members informed at all stages of the Review wherever possible."

Jersey Financial Services Commission: appointment of Commissioners –P.38/2004

The Deputy Bailiff, in accordance with Article 3(1A) of the Financial Services Commission (Jersey) Law 1998 as amended, and Standing Order No. 46(2), ordered the withdrawal of Strangers and the closing of the doors of the Chamber in order that the appointment of a Commissioner of the Jersey Financial Services Commission be debated in camera.

THE STATES, having deliberated thereon in camera, proceeded to vote in public assembly and adopting a proposition of the Economic Development Committee, and in pursuance of Article 3 of the Financial Services Commission (Jersey) Law 1998, as amended, appointed the under-mentioned persons as Commissioners of the Jersey Financial Services Commission –

with effect from 1st June 2004 to 31st May 2007 –

Mr. Geoffrey Colin Powell, O.B.E.
Mr. Richard John Pirouet
Dr. Frederik Christiaan Musch;

with effect from 3rd October 2004 to 31st May 2007 –

Mrs. Jacqueline Anne Richomme;

re-appointed Mr. Geoffrey Colin Powell, O.B.E. as Chairman of the Commission.

Change in Presidency

The Deputy Bailiff retired from the Chair prior to the consideration of the proposition of the Economic Development Committee regarding the draft Animal Welfare (Jersey) Law 200- and the meeting continued under the Presidency of Mr. Michael Nelson de la Haye, Greffier of the States.

Draft Animal Welfare (Jersey) Law 200- P.126/2003 Comments and Amendments

THE STATES resumed consideration of the draft Animal Welfare (Jersey) Law 200-, having adopted the preamble on 30th March 2004, and adopted Articles 1-5.

THE STATES adopted Schedule 1, having rejected an amendment of the Deputy of St. Martin that in paragraph 1, after subparagraph (g) there be inserted the following subparagraph –

“(h) the docking of a dog’s tail during the first week of life;”

and the remaining sub-paragraphs be renumbered accordingly; and in paragraph 2, at the end of sub-paragraph (e) the words “following the first week of life” be added.

Members present voted as follows –

“Pour” (2)

Deputies

Baudains(C), De Faye(H).

“Contre” (34)

Senators

Norman, Walker, Kinnard, Le Claire, M. Vibert, E. Vibert, Shenton.

Connétables

St. Martin, St. Brelade, St. Mary, St. Clement, St. Helier, St. Lawrence, Grouville, St. John.

Deputies

Duhamel(S), Breckon(S), Huet(H), St. Martin, Le Main(H), Dorey(H), Troy(B), Voisin(L), Scott Warren(S), Le Hérissier(S), Fox(H), Bridge(H), Bernstein(B), Ferguson(B), St. Ouen, Ryan(H), Taylor(C), Grouville, St. Peter.

Article 6 was adopted.

Members present voted as follows –

“Pour” (33)

Senators

Norman, Walker, Kinnard, M. Vibert, E. Vibert, Shenton.

Connétables

St. Martin, St. Brelade, St. Mary, St. Clement, St. Helier, St. Lawrence, Grouville, St. John.

Deputies

Breckon(S), Huet(H), Le Main(H), Dorey(H), Troy(B), Voisin(L), Scott Warren(S), Le Hérissier(S), Fox(H), Bridge(H), Southern(H), Bernstein(B), Ferguson(B), St. Ouen, Ryan(H), Taylor(C), Grouville, St. Peter, De Faye(H).

“Contre” (2)

Deputies

St. Martin, Baudains(C).

Two members abstained from voting.

Deputy Maurice François Dubras – attendance

Deputy Maurice François Dubras, having returned to the Island during consideration of Article 6 of the draft

Animal Welfare (Jersey) Law 200-, (P.126/2003) was present for the remainder of the sitting.

**Draft Animal Welfare (Jersey) Law 200- P.126/2003
Comments and Amendments**

THE STATES resumed consideration of the draft Animal Welfare (Jersey) Law 200-, and adopted Articles 7 to 13.

THE STATES commenced consideration of Article 14 and an amendment of the Deputy of St. Martin that paragraph (2), sub-paragraph (a) the number '5' be substituted for the number '3'.

THE STATES rejected an amendment of the Deputy of St. Martin that for sub-paragraph (b) there be substituted the following sub-paragraph –

“(b) the provision, for reward, of accommodation for other people’s dogs, cats, horses, rabbits, guinea pigs or birds at any premises;”.

Members present voted as follows –

“Pour” (11)

Senator

E. Vibert.

Connétables

St. Martin, St. Brelade, St. John.

Deputies

Duhamel(S), Huet(H), St. Martin, Baudains(C), Southern(H), Grouville, De Faye(H).

“Contre” (24)

Senators

Syvret, Norman, Kinnard, Le Claire, Shenton.

Connétables

St. Mary, St. Clement, St. Helier, St. Lawrence, Grouville.

Deputies

Breckon(S), Le Main(H), Dorey(H), Troy(B), Voisin(L), Scott Warren(S), Le Hérissier(S), Fox(H), Bernstein(B), Ferguson(B), St. Ouen, Ryan(H), Taylor(C), St. Peter.

One member abstained from voting.

THE STATES rejected an amendment of the Deputy of St. Martin that in Article 14, paragraph (2),ni sub-paragraph (d) there be deleted the words“other than a private dwelling,” in each place where they appeared.

Members present voted as follows –

“Pour” (11)

Senator

E. Vibert.

Connétables

St. Martin, St. John.

Deputies

Duhamel(S), Huet(H), St. Martin, Baudains(C), Dorey(H), Southern(H), Grouville, De Faye(H).

“Contre” (24)

Senators

Syvret, Norman, Kinnard, Le Claire, Shenton.

Connétables

St. Brelade, St. Mary, St. Clement, St. Helier, St. Lawrence, Grouville.

Deputies

Breckon(S), Le Main(H), Troy(B), Voisin(L), Scott Warren(S), Le Hérissier(S), Fox(H), Bernstein(B Ferguson(B), St. Ouen, Ryan(H), Taylor(C), St. Peter.

One member abstained from voting.

THE STATES rejected an amendment of the Deputy of St. Martin that in Article 14, paragraph (2) ~~for~~ sub-paragraph (f) the following paragraph be added–

“(g) the keeping of livestock or poultry for the purpose of producing for sale, whether by the person commencing or carrying on the business or any other person, any product derived to any substantial extent, with or without process from such livestock or poultry;”.

Members present voted as follows –

“Pour” (10)

Senator

E. Vibert.

Connétables

St. Martin, St. John.

Deputies

Duhamel(S), Huet(H), St. Martin, Baudains(C), Dorey(H), Grouville, De Faye(H).

“Contre” (25)

Senators

Syvret, Norman, Kinnard, Le Claire, Shenton.

Connétables

St. Brelade, St. Mary, St. Clement, St. Helier, St. Lawrence, Grouville.

Deputies

Breckon(S), Le Main(H), Troy(B), Voisin(L), Scott Warren(S), Le Hérissier(S), Fox(H), Southern(H) Bernstein(B), Ferguson(B), St. Ouen, Ryan(H), Taylor(C), St. Peter.

One member abstained from voting.

THE STATES rejected an amendment of the Deputy of St. Martin that in Article 14, paragraph (2) after subparagraph (g) the following paragraph be added –

“(h) the keeping or use of one or more dogs wholly or mainly for the purpose of protecting, for reward, another person’s premises or property;”.

Members present voted as follows –

“Pour” (11)

Senator

E. Vibert.

Connétables

St. Martin, St. John.

Deputies

Duhamel(S), Huet(H), St. Martin, Baudains(C), Dorey(H), Southern(H), Grouville, De Faye(H).

“Contre” (24)

Senators

Syvret, Norman, Kinnard, Le Claire, Shenton.

Connétables

St. Brelade, St. Mary, St. Clement, St. Helier, St. Lawrence, Grouville.

Deputies

Breckon(S), Le Main(H), Troy(B), Voisin(L), Scott Warren(S), Le Hérissier(S), Fox(H), Bernstein(B) Ferguson(B), St. Ouen, Ryan(H), Taylor(C), St. Peter.

One member abstained from voting.

THE STATES rejected an amendment of the Deputy of St. Martin that in Article 14, paragraph (2), after subparagraph (h) the following paragraph be added –

“(i) the keeping of horses for the purpose of their being –

- (i) let out on hire for riding or for driving with a carriage, cart, trap or other means of conveyance, or
- (ii) used, in return for reward, for instruction in riding or in driving a carriage, cart, trap or other means of conveyance;”.

Members present voted as follows –

“Pour” (11)

Senator

E. Vibert.

Connétables

St. Martin, St. John.

Deputies

Duhamel(S), Huet(H), St. Martin, Baudains(C), Dorey(H), Southern(H), Grouville, De Faye(H).

“Contre” (24)

Senators

Syvret, Norman, Kinnard, Le Claire, Shenton.

Connétables

St. Brelade, St. Mary, St. Clement, St. Helier, St. Lawrence, Grouville.

Deputies

Breckon(S), Le Main(H), Troy(B), Voisin(L), Scott Warren(S), Le Hérissier(S), Fox(H), Bernstein(B)
Ferguson(B), St. Ouen, Ryan(H), Taylor(C), St. Peter.

One member abstained from voting.

Article 14 as amended was adopted.

Members present voted as follows –

“Pour” (23)

Senators

Syvret, Norman, Walker, Kinnard, Le Claire, Shenton.

Connétables

St. Mary, St. Clement, St. Lawrence.

Deputies

Breckon(S), Le Main(H), Dubras(L), Troy(B), Voisin(L), Scott Warren(S), Fox(H), Bridge(H), Southern
(H), Bernstein(B), St. Ouen, Ryan(H), Taylor(C), St. Peter.

“Contre” (13)

Senator

E. Vibert.

Connétables

St. Martin, St. Brelade, St. Helier, St. John.

Deputies

Duhamel(S), Huet(H), St. Martin, Baudains(C), Dorey(H), Le Hérissier(S), Ferguson(B), De Faye(H).

Articles 15 to 21 were adopted.

Article 22 was adopted, the States having adopted an amendment of the Deputy of St. Martin that after paragraph (1) there be inserted the following paragraph –

“(2) The Committee shall not authorize to be an inspector any person, or any officer or employee of a person, who requires or holds a licence under this Part.”

and the remaining paragraphs be renumbered accordingly.

Members present voted as follows –

“Pour” (19)

Senators

M. Vibert, E. Vibert, Shenton.

Connétables

St. Martin, St. Mary, St. Clement, St. Helier, St. John.

Deputies

Duhamel(S), Breckon(S), Huet(H), St. Martin, Baudains(C), Dorey(H), Le Hérissier(S), Southern(H), Bernstein(B), St. Peter, De Faye(H).

“Contre” (17)

Senators

Syvret, Norman, Walker, Kinnard, Le Claire, Routier.

Connétables

St. Lawrence, Grouville.

Deputies

Le Main(H), Troy(B), Voisin(L), Scott Warren(S), Bridge(H), Ferguson(B), St. Ouen, Ryan(H), Taylor(C).

Articles 23 to 25 were adopted.

Articles 26 to 35 were adopted.

Articles 36 to 43 and Schedule 2 were adopted.

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

Members present voted as follows –

“Pour” (32)

Senators

Syvret, Norman, Walker, Kinnard, Le Claire, Routier, M. Vibert, E. Vibert, Shenton.

Connétables

St. Martin, St. Brelade, St. Mary, St. Clement, St. Helier, St. Lawrence, Grouville.

Deputies

Duhamel(S), Breckon(S), Huet(H), Le Main(H), Dubras(L), Troy(B), Voisin(L), Scott Warren(S),
Le Hérissier(S), Fox(H), Bridge(H), Southern(H), St. Ouen, Ryan(H), Taylor(C), St. Peter.

“Contre” (3)

Deputies

St. Martin, Baudains(C), De Faye(H).

Fields 519, 520, 521, 524, 527 and 528, Trinity – rescindment of planning permit (P.74/2004) – date for consideration.

THE STATES rejected a proposition of Senator Paul Vincent Francis Le Claire that the proposition regarding Fields 519, 520, 521, 524, 527 and 528, Trinity – rescindment of planning permit (P.74/2004), lodged ‘au Greffe’ on 20th April 2004 and referred to the Environment and Public Services Committee should be considered at the next meeting on 11th May 2004.

Members present voted as follows –

Pour” (8)

Senators

Syvret, Le Claire, Shenton.

Deputies

Duhamel(S), Breckon(S), Scott Warren(S), Bridge(H), Southern(H).

“Contre” (31)

Senators

Norman, Walker, Kinnard, Routier, M. Vibert, Ozouf, E. Vibert.

Connétables

St. Martin, St. Saviour, St. Brelade, St. Mary, St. Clement, St. Helier, St. Lawrence, Grouville, St. Jol

Deputies

Huet(H), St. Martin, Le Main(H), Dubras(L), Baudains(C), Dorey(H), Troy(B), Voisin(L), Le Hérissier(S), Fox(H), St. Ouen, Ryan(H), Taylor(C), St. Peter, De Faye(H).

Adjournment

THE STATES then adjourned, having agreed to reconvene on Tuesday 27th April 2004, in order to consider the remaining items of public business.

THE STATES rose at 5.45 p.m.

M.N. DE LA HAYE

Greffier of the States.

Re-issue Note

These Minutes have been re-issued to correct certain errors in relation to the Draft Animal Welfare (Jersey) Law 200- P.126/2003 on pages 184 and 188.