

**THE STATES assembled on Tuesday,
30th March 2004 at 9.30 a.m. under
the Presidency of the Bailiff,
Sir Philip Bailhache.**

**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 Frank Harrison Walker – ill
Senator Edward Philip Vibert – out of the Island
Philip Francis Ozouf, Connétable of St. Saviour – out of the Island
Jacqueline Jeannette Huet, Deputy of St. Helier – out of the Island
Celia Joyce Scott Warren, Deputy of St. Saviour – ill.

Prayers

Newly-elected Senator Richard Joseph Shenton O.B.E. – welcome

The Bailiff, on behalf of all members, welcomed newly-elected Senator Richard Joseph Shenton, O.B.E. to the Assembly.

Subordinate legislation tabled

The following enactments were laid before the States, namely –

Royal Court (Remuneration of Commissioners) (Jersey) Order 2004.	R&O 21/2004.
Court of Appeal (Remuneration of Ordinary Judges) (Jersey) Order 2004.	R&O 22/2004.

Matters presented

The following matters were presented to the States –

Public Records (Jersey) Law 2002: report on the application of the Law during 2003. <i>Presented by the Education, Sport and Culture Committee.</i>	R.C.13/2004.
General Reserve: grant of additional funds to 31st December 2003. <i>Presented by the Finance and Economics Committee.</i>	R.C.14/2004.
Machinery of Government: votes of no confidence in individual ministers (P.6/2004) – comments. <i>Presented by the Privileges and Procedures Committee.</i>	P.6/2004. Com.
States Members' Remuneration: increases for 2004 – rescindment (P.11/2004) –	P.11/2004.

comments.

Com.

Presented by the Privileges and Procedures Committee.

The following matter was presented on 23rd March 2004 –

Youth Custody for persons aged 12 and over (P.2/2004): comments.

P.2/2004.

Presented by the Finance and Economics Committee.

Com.(2)

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

Matters noted – land transactions

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

- (a) as recommended by the Environment and Public Services Committee, the sale to Mr. James William Wesley Harrison of an area of land (measuring 105 square metres) to the west of No. 9 Vue des Mielles La Route des Quennevais, St. Brelade, for a consideration of £2,735, and subject to a number of restrictive covenants, on the basis that the purchaser would be responsible for both parties' reasonable legal costs arising from the transaction;
- (b) as recommended by the Policy and Resources Committee, the lease to the Jersey Electricity Company Limited of an area of land (measuring 160 square metres– required for an electricity sub-station) on the St. Helier Waterfront (within the West of Albert car park – as designated on Drawing No. 53547) for a period of 99 years at an annual rent of £1 payable in one lump sum upon the passing of the contract, on the usual terms and conditions, with the Jersey Electricity Company Limited to be responsible for both parties' reasonable legal fees arising from the transaction;
- (c) as recommended by the Housing Committee, the lease to the Jersey Electricity Company Limited of an area of land (required for the provision of an electricity Section Pillar) at Princess Place, Grève d'Azette, St. Clement, for a period of 99 years for a one-off payment of £20, on the basis that each party would be responsible for its own legal costs arising from the transaction, and with the Jersey Electricity Company Limited to meet the cost of the works associated with the provision of the Section Pillar;
- (d) as recommended by the Housing Committee, the lease to the Jersey New Waterworks Company Limited of areas of land (being the sites of an Air Vessel Chamber and a Booster Station – shown on Drawing No. 3798/169A and 751 respectively) at Oak Tree Gardens, St. Helier, for a period of 99 years for a consideration of £99 payable at the commencement of the lease, on the basis that the Housing Committee would require access rights for maintenance of the retaining wall surrounding the Air Vessel Chamber, and with each party to be responsible for its own legal costs arising from the transaction;
- (e) as recommended by the Health and Social Services Committee, the renewal of the lease to Mr. Anthony William Paine and Mrs. Vida Anne Paine, née Combes, of No. 3 The Denes, St. Clement (a three bedroom property) for a period of three years from 1st December 2002, at an initial annual rent of £8,500, subject to annual rent reviews 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;
- (f) as recommended by the Health and Social Services Committee, the renewal of the lease from Arradon Holdings Limited of the property No. 14 Byron Road, St. Helier (measuring 1,337 square feet plus 1 car parking spaces – required for use by the Department of Clinical Psychology), for a period of three years from 1st March 2003, at an initial annual rent of £34,625, subject to annual rent reviews 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;

- (g) as recommended by the Health and Social Services Committee, the lease to Mrs. Christina McLallen Gillen, née McAllister, of the property known as 52 Don Street, St. Helier, for a period of three years from 1st January 2003, at a commencing annual rent of £8,500 subject to annual review in line with the Jersey Retail Price Index, on the basis that the rent reflected an option to remove part of the rear storeroom and toilet at the property some time in the future in order to make way for the redevelopment of No. 12 Burrard Street, St. Helier, and with each party to be responsible for its own legal costs arising from the transaction;
- (h) as recommended by the Environment and Public Services Committee, the renewal of the lease to Mr. Peter Gibbons and Mrs. Ann Huelin, née Gibbons, of the property known as Le Braye Café, Le Braye Slip, St. Brelade, for a period of six years from 25th December 2003, at a commencing annual rent of £18,000 subject to review on the third anniversary of the lease in line with the Jersey Retail Price Index, on the basis that all other terms and conditions would remain the same as the existing agreement, and with each party to be responsible for its own legal costs arising from the transaction;
- (i) as recommended by the Environment and Public Services Committee –
 - (i) the entering into of a Deed of Arrangement with Mrs. Carol Anne Walker, née Horne, of Rosedale Farm, Le Mont Cochon, St. Helier, in respect of the incorporation of a strip of land (measuring 571 square feet – shown on Drawing No. 15/731/1-01) required for the establishment in perpetuity of a road stabilisation structure and a new hoggin public footpath to improve pedestrian safety along the eastern side of Le Chemins des Moulins (Waterworks Valley), St. Helier (as shown on Drawing No. 982-005), for a consideration of £600, on the basis of terms set out in a report dated 26th February 2004, of the Director of Property Services, and with the Committee being responsible for both parties’ legal costs arising from the transaction; and,
 - (ii) the entering into of a Deed of Arrangement with Mrs. Drusilla Mary Burdon, née Herbert, of White Lodge, Le Chemins des Moulins, St. Helier, in respect of the purchase of a strip of land (measuring 5,167 square feet – shown on Drawing No. 15/731/1-01) required for the establishment in perpetuity of a road stabilisation structure and a new hoggin public footpath to improve pedestrian safety along the eastern side of Le Chemins des Moulins (Waterworks Valley), St. Helier (as shown on Drawing No. 982-003), for a sum of £5,200, on the basis of terms set out in a report dated 26th February 2004, of the Director of Property Services, and with the Committee being responsible for both parties’ legal costs arising from the transaction;
- (j) as recommended by the Health and Social Services Committee, the lease from Mrs. Thelma May Durbano, née Guillou, of the property known as Admar, No. 12 Maudelaine Estate, La Route Orange St. Brelade (required for the establishment of a group home) for a period of eight years from 1st October 2003, at an annual rent of £29,900 subject to rent reviews on the third and sixth anniversaries of the lease in line with the Jersey Retail Price Index, and on the basis that each party would be responsible for its own legal costs arising from the transaction.

Matters lodged

The following matters were lodged “au Greffe” –

States Members’ Remuneration: increases for 2004 – rescindment (P.11/2004) – second amendment. <i>Presented by Senator R.J. Shenton.</i>	P.11/2004. Amd. (2)
Residential and business parking scheme, Stopford Road area, St. Helier: fees. <i>Presented by Deputy G.P. Southern of St. Helier, and referred to the Environment and Public Services Committee.</i>	P.47/2004.
Fields 1282 and 1287, La Fredée Lane, St. Helier: extinguishment of restrictive	P.48/2004.

covenants.

Presented by the Environment and Public Services Committee.

Former School, Clearview Street, St. Helier: proposed sale.

P.49/2004.

Presented by the Environment and Public Services Committee.

Draft Milk (Sale to Special Classes) (Jersey) Regulations 200-.

P.50/2004.

Presented by the Employment and Social Security Committee.

The following matters were lodged on 23rd March 2004 –

Draft Competition (Jersey) Law 200- (P.37/2004): amendment.

P.37/2004.

Presented by Deputy J.L. Dorey of St. Helier.

Amd.

Draft Prison (Amendment No. 5) (Jersey) Law 200-.

P.45/2004.

Presented by the Home Affairs Committee.

Draft Shipping (Registration) (Jersey) Regulations 200-.

P.46/2004.

Presented by the Harbours and Airport Committee.

Code of Practice on Public Access to Official Information: Register of Reports – P.196/2003 – withdrawn.

THE STATES noted that, in accordance with Standing Order 22(3), Deputy Peter Nicholas Troy of St. Brelade had instructed the Greffier of the States to withdraw the proposition regarding a ‘Code of Practice on Public Access to Official Information: Register of Reports’, (P.196/2003 lodged “au Greffe” on 23rd December 2003).

Draft Public Elections (Jersey) Law 2002 (Appointed Day) (No. 2) Act 200, P.43/2004 – withdrawn.

THE STATES granted leave to the President of the Legislation Committee to withdraw the draft Public Elections (Jersey) Law 2002 (Appointed Day) (No. 2) Act 200, (P.43/2004 lodged “au Greffe” on 16th March 2004), and set down for consideration at the present meeting.

Draft Public Elections (Amendment) (Jersey) Regulations 200-, P.44/2004 – withdrawn.

THE STATES granted leave to the President of the Legislation Committee to withdraw the draft Public Elections (Amendment) (Jersey) Regulations 200-, (P.44/2004 lodged “au Greffe” on 16th March 2004), and set down for consideration at the present meeting.

Arrangement of public business for the next meeting on 20th April 2004

THE STATES confirmed that the following matters lodged “au Greffe” would be considered at the next meeting on 20th April 2004 –

Public right of access to information, financial and other records of the States of Jersey. Lodged: 1st April 2003. <i>Deputy A. Breckon of St. Saviour.</i>	P.34/2003.
Public right of access to information, financial and other records of the States of Jersey (P.34/2003): comments. Presented: 3rd June 2003. <i>Employment and Social Security Committee.</i>	P.34/2003. Com.
Public right of access to information, financial and other records of the States of Jersey (P.34/2003): comments. Presented: 19th August 2003. <i>Privileges and Procedures Committee.</i>	P.34/2003. Com.(2)
Public right of access to information, financial and other records of the States of Jersey (P.34/2003): comments. Presented: 14th October 2003. <i>Policy and Resources Committee.</i>	P.34/2003. Com.(3)
Public right of access to information, financial and other records of the States of Jersey (P.34/2003): comments. Presented: 10th February 2004. <i>Finance and Economics Committee.</i>	P.34/2003. Com.(4)
Youth Custody for persons aged 12 and over. Lodged: 20th January 2004. <i>Deputy of St. Martin.</i>	P.2/2004.
Youth Custody for persons aged 12 and over (P.2/2004): comments. Presented: 2nd March 2004. <i>Home Affairs Committee.</i>	P.2/2004. Com.
Youth Custody for persons aged 12 and over (P.2/2004): comments. Presented: 23rd March 2004. <i>Finance and Economics Committee.</i>	P.2/2004. Com.(2)
Draft Shipping (Local Small Ships Registration) (Jersey) Regulations 200-. Lodged: 16th March 2004. <i>Harbours and Airport Committee.</i>	P.42/2004.
Draft Shipping (Registration) (Jersey) Regulations 200-. Lodged: 23rd March 2004.	P.46/2004.

Harbours and Airport Committee.

Residential and business parking scheme, Stopford Road area, St. Helier: fees.
Lodged: 30th March 2004.
Deputy G.P. Southern of St. Helier.

P.47/2004.

Spending on the Methadone programme – question and answer (Tape No. 905)

Deputy Jeremy Laurence Dorey of St. Helier asked Senator Stuart Syvret, President of the Health and Social Services Committee the following question –

“Would the President inform the Assembly why it is intended to reduce spending on the methadone programme from £205,000 in 2005, to £153,390 in 2006, and to £115,000 in 2007?”

The President of the Health and Social Services Committee replied as follows –

“It is not intended to reduce spending on the methadone programme over the period described.

The addition of an alternative drug, Subutex, to the treatment programme may have caused some confusion in the recent States debate of the Safer Society Strategy. The Strategy perhaps should have referred to the treatment programme rather than the Methadone Programme because the programme now incorporates both Methadone and Subutex as treatment options; Subutex being used for addicts who for clinical reasons cannot respond to Methadone as the substitute drug of withdrawal.

As members will recall Objective 5 of Strategic Priority 3 of the Building a Safer Society Strategy is to ‘continually review evidence based interventions in order to extend the range and availability of options for problematic drug users’. The initiatives described below the objective refer to both a Methadone Programme and a Subutex Programme. Both are drugs used to help addicts to withdraw from the use of heroin.

Methadone is presently the main drug used on the treatment programme but Subutex is now being trialled as an alternative for those heroin addicts for whom methadone is not a suitable means of withdrawal.

In fact, the Methadone element of the treatment programme increases slightly during the three years in question, with £105,000 inscribed for 2005, £110,000 for 2006 and £115,000 for 2007. What may have confused members is the addition of funding for Subutex in 2005 and 2006 of £100,000 and £43,000 respectively. This will allow the trials of Subutex in the treatment programme to be concluded. If, as anticipated, Subutex proves to be an effective substitute to methadone for some heroin addicts seeking treatment, then recurring funding for the new drug will be sought as part of the Health and Social Services Committee’s revenue budget for 2007 and beyond.”

Disposal of agricultural polythene – question and answer (Tape No. 905)

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

“Would the President inform members what action, if any, the Committee is taking to ensure the appropriate disposal of all discarded agricultural polythene in the Island?”

The President of the Economic Development Committee replied as follows –

“Since 2003, any grower wishing to receive Area Payments has to complete a declaration. Section 4 of the declaration is as follows –

‘that I/we agree to dispose of any plastic film used to grow crops on the land I/we farm in 2003 in a

method specified by the Department and I/we agree to pay the disposal charge of £188 per tonne of material for disposal.’

Of the 150 registered growers, 88 signed the above mentioned declaration and therefore received Area Payments.

Those growers that grew potatoes under plastic in 2003 had to complete a further declaration giving details of plastic film to be disposed of in 2003, to be retained for further use and to be temporarily stored including the place of storage. The information contained within this declaration was checked against disposal records held by Public Services Department and a random physical check was carried out.

The same procedure will be carried out in 2004; this ensures that only those willing to commit to appropriate disposal of their plastic receive Area Payments.”

Transport Fund – question and answer (Tape No. 905)

Deputy Gerard Clifford Lemmens Baudains of St. Clement asked Senator Philip Francis Cyril Ozouf, President of the Environment and Public Services Committee, the following question –

“Would the President inform members whether, in November 2002, the Committee requested the Finance and Economics Committee to sanction the transfer of £250,000 from the Car Park Trading Fund to the Transport Fund from which £50,000 was allocated to collecting baseline data, £50,000 for safe routes to schools and £50,000 for bus travellers information, and, if so, whether these funds have been spent, and, if so, how?”

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

“In late 2002, the Finance and Economics Committee approved the use of £250,000 from the Car Park Trading Fund to ‘pump prime’ transport fund initiatives. On the recommendations of the Sustainable Island Transport Steering Group, in November 2002, the then Public Services Committee decided that these funds should be allocated as follows: –

- £100,000 to boost the programme of road safety improvements;
- £50,000 for a pilot “safe routes to schools” project;
- £50,000 for a real time information system at bus shelters along a chosen route; and,
- £50,000 to improve the automatic traffic monitoring system to enable the effect of traffic policies to be monitored.

Progress for each issue is as follows: –

Improved pedestrian facilities are being designed at a number of locations including West Park, at Midvale Road/Rouge Bouillon junction, on Longueville Road, on St. Aubin’s Inner Road in St. Lawrence, and on Rue Le Masurier, with implementation programmed for 2004.

Following a selection process, a ‘Safe routes to school’ pilot scheme has been designed at St. Martin’s Primary school and details are being discussed with all interested parties, before finalising the plans.

Potential real time information systems for a chosen bus route have been identified which will be implemented when the design of the proposed Transportation Centre is finalised, as this will have a bearing on the information system to be introduced.

A quotation for the supply and installation of a comprehensive automatic counting system has been obtained, but requires modification to fall within the budget.”

A ‘hoppa’ bus service and resident’s parking scheme – questions and answers (Tape No. 905)

Deputy Geoffrey Peter Southern of St. Helier asked Senator Philip Francis Cyril Ozouf, President of the Environment and Public Services Committee the following questions –

- “1. Would the President inform members whether the Committee is committed to the provision of a town ‘hoppa’ bus service as part of a proposed ‘hop-on/hop-off’ tourist service, or as a separate service?
2. Would the President inform members of the Committee’s intentions regarding the imminent expiration of the residential parking scheme for those living in the Stopford Road area of St. Helier on 4th May 2004, and whether a reasonably priced replacement scheme will be introduced in early course to allow full consultation with residents of the area concerned?”

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

- “1. There is a significant difference between the visitor service and the ‘hoppa’ service. If operated in a similar manner to the experiment in 1999, a ‘hoppa’ service would require a subsidy in excess of £300,000 per year to operate. The Committee has a number of fundamental issues to tackle with the bus service and has a duty to ensure the Island is getting the best out of the current contract with Connex before committing the States to any further expenditure.
2. The Committee has not yet formally considered this matter but will do so at its meeting on 8th April 2004. Since assuming the Presidency, I have had discussions with the department concerning the residential parking scheme. Last week I wrote to all permit holders to seek their views ahead of the meeting on 8th April. What I can say today is that the Residential and Business Parking Scheme is a permanent scheme and is not due to expire, as inferred by the Deputy. Most permits will be due for renewal on or about 4th May 2004. The previous Committee had set a fee of £150 for a six month period. The current Committee will consider what fee to charge for the next six month period on 8th April 2004.”

The proposed construction of a warehouse at the Harbour – question and answer (Tape No. 905)

The Deputy of St. John asked Senator Leonard Norman, President of the Harbours and Airport Committee the following question –

“With regard to the recent notice seeking expressions of interest for the proposed third phase warehousing development at the Harbour, would the President inform members –

- (a) whether negotiations on the use of the proposed development have taken place with the agricultural industry?
- (b) whether discussions with the Parish of St. Helier have taken place regarding possible traffic implications? and,
- (c) whether this project will be supported by States funding, and, if so, whether the Committee will bring the matter to the States for debate given the apparent number of empty agricultural sheds and buildings already in the Island?”

The President of the Harbours and Airport Committee replied as follows –

- “(a) Informal discussions have taken place with representatives of the agricultural industry on the use of the proposed development, but no negotiations.
- (b) No, not as yet.
- (c) It is not expected that this project would involve States funding.”

Finance and Economics Committee's proposed new tax reforms – questions and answers (Tape No. 905)

Deputy Geoffrey Peter Southern of St. Helier asked Senator Terence Augustine Le Sueur, President of the Finance and Economics Committee the following questions –

- “1. In answer to my question of 16th March 2004, regarding the proposed new tax reforms, the President gave a maximum figure for additional tax payable under his proposed reductions in allowances of £5,720 for a couple with 2 children earning £150,000 and having a mortgage of £300,000. Will the President inform members by how much this figure will be raised if –
 - (a) the children were in higher education?
 - (b) the wife/spouse was working? and,
 - (c) either partner was paying additional voluntary contributions (AVCs) to top up a States pension, or was paying contributions into a private pension fund of, say, £10,000 per annum?
2. Would the President inform members whether the Committee intends to introduce any tax avoidance measure such as or similar to that introduced in the United Kingdom, whereby all those offering tax-planning schemes involving payments to employees or financial products are required to seek the approval of the Inland Revenue by registration of any scheme prior to offering it to the public as failure to do so would render the selling of any such scheme illegal?
3. With regard to answers given by the President in reply to questions asked by Senator P.V.F. Le Claire on 16th March 2004, regarding a new fiscal policy, would the President inform members –
 - (a) why provision is made for exempt companies to pay 20% tax on income arising in Jersey when the information available suggests that their tax contribution is no more than the exempt company charge of £600;
 - (b) how many International Business Companies (IBCs) pay tax at rates of 2% and under, and how much income this has generated in 2003? and,
 - (c) How many IBCs paid tax in 2003 at the rates between 2% and 30% on income or profits other than those arising from international activities, and how much revenue this produced?
4. Would the President provide details to members of what proportion of the possible £100 million of lost revenue produced by the Committee's zero/ten proposals will come from each of the following sectors?
 - International business companies
 - Exempt companies
 - Financial administration companies associated with the above
 - Non-finance businesses – locally owned
 - Non-finance businesses – not locally owned.
5. With regard to the Committee's plan to raise revenue by £100 million, which includes an increase in the Island's economic output of 2% resulting in raising £20 million in extra tax, would the President inform members –
 - (a) whether this would mean an actual increase of 6% in economic growth if the current rate of inflation remains the same as this year?
 - (b) whether an increase in economic growth of this magnitude can only be achieved by creating more jobs and thus putting more money into circulation? and,

- (c) whether the addition of a sales tax on top of proposed economic growth of this magnitude could cause double digit inflation?"

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

“1. The figure of £5,720 would be raised as follows –

- (a) if full child allowance were given for both children in higher education, by another £1,000;
- (b) if the wife was working and earning at least £4,500, by another £900;
- (c) there would be no increase in the couple’s tax bill as pension contributions to an approved scheme will continue to be allowed as a deduction from assessable earnings.

Deputy Southern’s example demonstrates the merits of the Finance and Economics Committee’s proposals to phase out tax allowances and reliefs for those on high incomes. The current very generous level of tax allowances for those on high incomes means that, in Deputy Southern’s example, the couple earning £150,000 making pension contributions of 5% would pay tax of £20,880. This is an effective rate of tax of 13.9%. Under the Committee’s proposals, the tax paid would rise to £28,500, which is an effective rate of tax of 19%.

- 2. The Income Tax Law has had, for many years, a general anti-avoidance provision at Article 134A, which has proved useful in tackling tax avoidance in Jersey. For example, in the last 6 months alone, the Comptroller of Income Tax has ruled in 154 cases where a degree of tax avoidance was involved. It is, however, likely that the introduction of a measure similar to the one proposed in the United Kingdom would prove useful in further reducing tax avoidance in Jersey, so the Committee awaits, with interest, the detailed draft legislation that will be published in the U.K. Finance Bill 2004. It may well be that the Committee shall propose amendments to Article 134A, or perhaps introduce new legislation to make it a condition that any person who engages in any scheme or structure to avoid Jersey income tax must declare such a scheme to the Comptroller of Income Tax, who will have the power to counteract any schemes that entail the avoidance of Jersey income tax. However, as with so many matters to do with tax, there are potential difficulties, as experience internationally has shown that such draconian arrangements can get bogged down in legal challenges. It may also impact on what taxpayers would regard as legitimate commercial activity aimed at, for example, making them more competitive. Such a system would also inhibit the current constructive and reasonable working relationship that the Comptroller has with taxpayers and professionals. If the Committee does decide to proceed with such a measure, the time to do so may well be in conjunction with the proposed ‘look through’ arrangements to tax corporate profits on Jersey resident shareholders, as these provisions will have to be very tightly drawn to ensure that there is no leakage of tax revenues through avoidance schemes being put in place by taxpayers and professional advisers.
- 3.
 - (a) The Income Tax Law provides that, if certain conditions are met, an exempt company shall be treated for all purposes as not resident in the Island. Being treated as not resident means that the exempt company is exempt from Jersey income tax on income arising outside Jersey and on bank and building society interest arising in the Island, (in accordance with the usual concession). However, other income arising in Jersey, such as rental income, and profits arising in Jersey through an established place of business, are liable to Jersey income tax at the standard rate of 20%. As exempt companies are exclusively used by non residents of Jersey, virtually all of their activities and income arise outside Jersey, but provision had to be made in the Law to ensure that those exempt companies that do receive any Jersey source income pay tax on it at the standard rate of 20%.
 - (b) It is impossible to answer this question accurately in the time available as the Comptroller of Income Tax has to undertake a detailed examination of the manual records relating to some 100 international business companies. The Comptroller has now started such an examination and it is

anticipated that, if the Deputy contacts the Comptroller after the end of next week, he will have the information that the Deputy seeks.

- (c) It is impossible to answer this question accurately for the same reason as given at (b), but it is anticipated that this information will also be available for the Deputy at the end of next week.
4. The loss of some £100 million in tax revenues is a worse case scenario and it can be broadly categorised as coming from the following areas –

International business companies – 10%. Many of the international business companies who pay substantial tax revenues are already close to an effective rate of tax of 10% so the majority of that business should stay once the proposed 10% rate is introduced, but a few may go.

Exempt companies – 10%. This relates to the loss of the exempt company fee of some £10 million as they will all be categorised as zero rate. However, it should be possible, subject to international competitive pressures, to recoup this loss through, for example, increasing the annual filing fee.

Financial administration companies associated with the above –

It is not possible to give a percentage loss to this kind of business as it is not known which, if any, financial administration companies deal solely with international business and exempt companies. The percentage figure is not expected to be significant.

Non-finance business – locally owned and not locally owned. In broad terms, some 40% of the potential loss relates to non-finance business. Of that, I estimate some 20% to 30% relates to non-finance business trading locally whose shareholder base is outside the Island. The balance relates to locally owned businesses. It will, of course, be possible to claw back some of the tax lost through levying a zero corporate rate on locally owned companies by taxing the Jersey resident shareholders of such a company on the actual company profits under ‘look through’ arrangements. We are also pursuing ways of recovering some or all of the tax attributable to non-resident shareholders.

The majority of the loss, perhaps 50%, is estimated to come from the income tax companies involved in the finance industry currently paying at an effective rate of tax close to the standard rate of 20% which will fall to be taxed at 10% under the Committee’s proposals. Again, some, but by no means all of these, are locally owned.

5. (a) In theory, economic growth should be measured against an indicator such as GNI, (Gross National Income). In this instance, the Committee is using the Retail Price Index as the yardstick, and on that basis the 2% real increase in output would equate to 6% in cash terms given the current R.P.I. of 4%.
- (b) It is conceivable that such a rate of growth could be achieved without creating more jobs and by simply improving productivity and/or increasing investment in the economy. However, realistically if such growth is to be sustained it should lead to higher employment levels on the island, and therefore inward migration, (given the prevailing low level of unemployment). Higher growth should also generally mean more transactions in the economy and an increase in the circulation of money, although this does not necessarily mean higher inflation.
- (c) The imposition of a Sales Tax or other form of Goods and Services Tax, (GST), will have two opposing impacts on inflation. Firstly, it will constrain or reduce inflation by reducing aggregate demand in the economy. Without the GST, (or another tax increase of similar magnitude to replace it), the government deficit will be higher, adding greater stimulus to the economy and therefore adding to inflationary pressure. Secondly, to the extent that the GST will increase retail prices it will in the short term add to inflation. This impact can be reduced if it is prevented from feeding through into higher wage demands and prices elsewhere in the economy. This can be

achieved by breaking the link between RPI and wage demands, managing inflation expectations and increasing competition across the economy. Under such circumstances the introduction of a GST should have a largely one-off impact on inflation. Even allowing for economic growth, I would be amazed if the proposed rate for a Goods and Services Tax of 5% caused anything like double digit inflation.”

Draft Code of Conduct for elected members of the States – statement

Deputy Roy George Le Hérisssier of St. Saviour, President of the Privileges and Procedures Committee made a statement in the following terms –

“On 29th April 2003, the States adopted a proposition of the Privileges and Procedures Committee concerning the introduction of a Code of Conduct for Elected Members of the States and in doing so approved the draft Code attached to the proposition.

At the time of the debate it was made clear that the draft Code, and in particular the complaints procedure, could not be given full effect until its provisions were incorporated into the revised Standing Orders that are being prepared as part of the machinery of government reforms. Paragraph 3.1 of the report accompanying the proposition was in the following terms –

3.1 It will be necessary for appropriate amendments to be made to the Standing Orders of the States to give effect to the Code. The Privileges and Procedures Committee intends to bring forward those amendments as part of its overall review of the Standing Orders. In the interim it is hoped that Members will regard the Code as a helpful guide to conduct albeit, at this stage, an informal one.

Since April 2003, a small number of complaints have been submitted to the Privileges and Procedures Committee alleging breaches of the draft Code. After seeking the advice of the Law Officers the Committee has had to make it clear to complainants that the Code remains, as mentioned above, an informal one at this stage and the Committee has been unable to take any formal action in respect of these complaints. The Committee accepts that this situation is somewhat unsatisfactory but to avoid any further misunderstandings I am making this statement to clarify the position. The Committee is beginning work on the revised Standing Orders and this work will continue throughout 2004 so that they will be in place to coincide with the introduction of the new system of government in 2005.

Although the draft Code cannot yet be fully enforced, the Committee wishes to make it clear that it remains fully committed to promoting the principles contained in the Code which, as said at the time of the debate, are in fact nothing more than the normal standards of behaviour that should be expected from elected members at all times. I trust that all members share this view and will continue to do all they can to abide by the Code’s provisions at all times.”

Working Party on the Arrangement of Public Business – statement

Deputy R.G. Le Hérisssier of St. Saviour, President of the Privileges and Procedures Committee made a statement in the following terms –

“I am making this statement to update members on the progress being made by the Working Party on the Arrangement of Public Business.

The Working Party was originally established by the Privileges and Procedures Committee as previously constituted but was only able to meet once before the change of Committee in February. The Working Party was reconstituted under the chairmanship of Deputy Peter Troy at the first meeting of the new Privileges and Procedures Committee and I am pleased to inform members that the group held its first meeting yesterday. The other members of Working Party are –

the Bailiff;
the Connétable of St. Clement representing the PPC;
Deputy M.F. Dubras representing the Policy and Resources Committee;
Senator L. Norman representing the Economic Development Committee;
Senator E.P. Vibert;
the Connétable of St. Peter;
Deputy G.C.L. Baudains;
Deputy J.L. Dorey.

The terms of reference of the Working Party are –

to review the management of public business in the States Assembly and to bring forward recommendations for change with a view to ensuring that public business is dispatched in a timely and efficient manner and that improved liaison exists between the Greffier of the States and Committees as to the future legislation programme;

to examine the advantages and disadvantages of setting up a Business Committee, or Parliamentary 'Bureau', to be responsible for the regular forward planning of public business, and if considered appropriate, to bring forward recommendations for the establishment of a Parliamentary Bureau for Jersey; and

to review current procedures relating to question time and to bring forward recommendations to improve the current system whilst safeguarding the proper place of questions in the Assembly.

The Privileges and Procedures Committee is conscious that many members have expressed the view that changes are needed in the manner in which we currently organise questions and public business in this Assembly but the Committee is also aware that members hold widely differing views on the nature of the changes that could be made. I would like to stress that the Committee recognises that the rights of private members to table questions and bring forward propositions must be preserved but this right may need to be balanced by the requirement to ensure that business is conducted in an orderly and timely manner. In addition the establishment of the two Shadow Scrutiny Panels has created a new structure for members to hold Committees to account and this may enable changes to be made in other procedures.

At the meeting held yesterday the Working Party decided that it would aim to conclude its work and report to the Privileges and Procedures Committee by 20th April 2004. The meeting discussed present procedures for fixing dates for debate and agreed that efforts should be made to improve the present uncertainty caused by the fact that some items remain on the 'no dates fixed' list for considerable periods. The Working Party agreed to request the Greffier of the States to ensure that all members comply with the provisions of Standing Order 18(3) which requires members to indicate the requested date for debate when giving notice of a proposition. The Working Party also intends to recommend steps to reduce the time being taken by some Committees to present comments on propositions lodged by private members.

The Working Party discussed present procedures relating to question time. The Working Party believes it is essential to preserve the right of all members to table questions and hold Presidents to account but is also conscious of the views expressed by many members that the present procedures on questions are in need of reform. At yesterday's meeting the Working Party agreed that a system of separate oral and written questions should be developed and intends to recommend that this system be trialled for a period of three to four months.

The final decision taken yesterday was that members should agree to reduce the length of the lunch adjournment after the Easter recess by adjourning at 1 p.m. instead of the present system of adjourning at approximately 12.45 p.m. Although a very minor change this would provide some additional time during each States' meeting.

At its next meeting the Working Party intends to finalise its recommendations on question time and on the fixing of dates for debate. In addition it intends to consider whether to make recommendations on the present

rules governing debates and the management of public business.

I would like to reiterate that the proposals of the Working Party on matters such as question time will, of course, be brought to the States for consideration and no changes can be made before they are approved by the Assembly. It is also intended that the conclusions of the Working Party will assist the Privileges and Procedures Committee in drafting the new Standing Orders which are being prepared as part of the machinery of government reforms.

The Working Party has already received a number of suggestions but I would like to invite all members who have comments on the issues being considered to submit those to the Chairman or to the Greffier of the States who is assisting the group in its work.”

Field 126, La Grande Route de la Côte, St. Clement – statement

Senator Philip Francis Cyril Ozouf, President of the Environment and Public Services Committee made a statement in the following terms –

“Members will recall that on 18th March 2003, the States approved the proposition P.17/2003 of Deputy G.C.L. Baudains of St. Clement to request the Environment and Public Services Committee *to ‘review the decision of the former Planning and Environment Committee to allow the construction of 9 three-bedroom houses on Field 126, La Grande Route de la Côte, St. Clement’*, (Ref: PP/2000/2083).

Implicitly, the States requested that the Committee reverse its decision to approve the application. The previous Committee, under the Presidency of Deputy M.F. Dubras, sought the advice of the Crown Officers on the subject. This advice was received just before he and his Committee resigned in February this year.

The present Committee was able to give consideration to the States’ request at its first business meeting last Thursday 25th March 2004. The Committee was able to be entirely objective about the matter, as none of the members present at the meeting had been members of former Senator Quérée’s Committee which had made the original decision to grant permission. This decision was made by that Committee on 8th November 2001, when the application was approved subject to conditions which included that recorded in the Committee minute as *‘the necessary visibility splays must be achieved and the legal requirement in respect thereof, submitted as part of a detailed Planning application’*.

The Committee reviewed the background to the decision, the way in which it was arrived at, and considered especially the legal advice. The Committee considered the implications of reversing the previous Committee’s decision to approve the application.

Had the decision been reversed, the applicant would almost certainly appeal to the Royal Court. On the basis of the legal advice received, the Committee concluded that the prospects for successfully defending such an appeal in the Royal Court were extremely poor, that the Royal Court would be likely to uphold the appeal and grant permission, and in all probability costs would be awarded against the Committee. Accordingly, the Committee is not prepared to reverse the decision made by the previous Planning and Environment Committee on 8th November 2001.

The Committee, having now completed this review as the States requested with the benefit of comprehensive legal advice, has confirmed the principle of development on this site.

On 20th December 2002, the applicant submitted a detailed application, for a similar development of the site but with a different means of access, (Ref: P.2002/3109). That application has been held in abeyance since March 2003, pending the States request for a review of the original permission, and remains to be dealt with. The Committee has resolved to do so very shortly.

The Committee has already received representations on this latest application; however, before the Committee makes a determination, Deputy Baudains will be given the opportunity to make a further

representation on the detail of this application.”

**Draft Postal Services (Jersey) Law 200- P.24/2004
Amendments – P.24/2004 Amd.**

THE STATES commenced consideration of the draft Postal Services (Jersey) Law 200-, and adopted the preamble and Articles 1 to 28.

Article 29 was adopted, the States having adopted amendments of the Economic Development Committee that for paragraph (2) there be substituted the following paragraph –

- “(2) The States may guarantee the repayment of loans made to a principal company or any of its subsidiaries and the discharge of the obligations of a principal company or any of its subsidiaries.”;

and, that for paragraph (4) there be substituted the following paragraph –

- “(4) That Committee may, against the income of the States, guarantee the repayment of loans made to a principal company and the discharge of the obligations of a principal company.”;

Article 30 was adopted, the States having adopted an amendment of the Economic Development Committee that for paragraphs (a) and (b) there be substituted the following paragraphs –

- “(a) the total amount outstanding at that moment of loans made under this Law to that company and its subsidiaries;
- (b) the total amount outstanding at that moment of such loans to that company and its subsidiaries as are guaranteed (but are not made) under this Law; and
- (c) the total monetary value outstanding at that moment of guarantees given under this Law in respect of the obligations (not being loans) of that company and its subsidiaries.”.

THE STATES, having adopted Articles 31 to 85 together with the Schedules, and subject to the sanction of Her Most Excellent Majesty in Council, adopted a Law entitled the Postal Services (Jersey) Law 200-.

Members present voted as follows –

“Pour” (39)

Senators

Le Maistre, Norman, Kinnard, Le Sueur, Le Claire, Routier, Ozouf, Shenton.

Connétables

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

Deputies

Trinity, Duhamel(S), Breckon(S), St. John, Le Main(H), Dubras(L), Dorey(H), Troy(B), Voisin(L), Farnham(S), Le Hérissier(S), Fox(H), Martin(H), Ferguson(B), St. Mary, St. Ouen, Ryan(H), Taylor(C), Grouville, St. Peter, Hilton(H).

“Contre” (2)

Senator

Syvret.

Deputy

De Faye(H).

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

Projet de Loi (200-) (Amendement No. 10) réglant la procédure criminelle– P.13/2004

THE STATES, subject to the sanction of Her Most Excellent Majesty in Council, adopted a Law entitled the Projet de Loi (200-) (Amendement No. 10) réglant la procédure criminelle.

Draft Housing (Amendment No. 11) (Jersey) Law 200 P.34/2004

THE STATES, subject to the sanction of Her Most Excellent Majesty in Council, adopted a Law entitled the Housing (Amendment No. 11) (Jersey) Law200-.

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

THE STATES commenced consideration of the preamble to the draft Animal Welfare (Jersey) Law 2000-, and, after discussion, the Deputy of St. Martin sought leave to propose that the matter be referred back to the Economic Development Committee, but the proposition was ruled out of order by the Bailiff and was, therefore, disallowed.

THE STATES, following further discussion, adopted the preamble.

Members present voted as follows –

“Pour” (32)

Senators

Le Maistre, Syvret, Norman, Kinnard, Le Sueur, Le Claire, Routier, M. Vibert, Shenton.

Connétables

St. Ouen, St. Mary, St. Peter, St. Clement, Grouville.

Deputies

Trinity, Breckon(S), Le Main(H), Troy(B), Voisin(L), Farnham(S), Fox(H), Bridge(H), Martin(H), Southern(H), Bernstein(B), Ferguson(B), St. Mary, St. Ouen, Ryan(H), Taylor(C), Grouville, Hilton(H).

“Contre” (12)**Connétables**

St. Martin, St. Brelade, St. Helier, Trinity, St. Lawrence, St. John.

Deputies

Duhamel(S), St. Martin, St. John, Dorey(H), Le Hérissier(S), De Faye(H).

Adjournment

THE STATES then adjourned, having agreed to continue consideration of the draft Animal Welfare (Jersey) Law 200-, together with the other outstanding matters of public business from the present meeting at the next meeting on 20th April 2004, when they would be listed as the first items of public business.

THE STATES rose at 5.40 p.m.

M.N. DE LA HAYE

Greffier of the States.