

**THE STATES assembled on Wednesday,
7th July 2004 at 9.30 a.m. under
the Presidency of the Deputy Bailiff,
Michael Cameron St. John Birt, Esquire.**

All members were present with the exception of –

Senator Wendy Kinnard – out of the Island
Senator Paul Vincent Francis Le Claire – out of the Island
Thomas John du Feu, Connétable of St. Peter – out of the Island
David Leon Crespel, Deputy of Trinity – out of the Island
Maurice François Dubras, Deputy of St. Lawrence – ill
Jeremy Laurence Dorey, Deputy of St. Helier – ill
Francis Gerald Voisin, Deputy of St. Lawrence – out of the Island
Lyndon John Farnham, Deputy of St. Saviour – out of the Island
Jennifer-Anne Bridge, Deputy of St. Helier – out of the Island

Prayers read by the Greffier of the States.

Arrangement of public business for the present meeting

THE STATES agreed to defer consideration of the following matter set down for consideration at the present meeting –

Public and political access to economic models. P.121/2004.
Lodged: 22nd June 2004.
Senator S. Syvret.

Public and political access to economic models (P.121/2004): comments. P.121/2004.
Presented: 6th July 2004. Com.
Finance and Economics Committee.

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

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

Fields 181, 182 and 183, St. Peter: restriction on development. P.133/2004.
Lodged: 6th July 2004, *and referred to the Environment and Public Services
Committee at the present meeting.*
Deputy of St. Peter.

Public and political access to economic models. P.121/2004.
Lodged: 22nd June 2004.
Senator S. Syvret.

Public and political access to economic models (P.121/2004): comments. P.121/2004.
Presented: 6th July 2004. Com.
Finance and Economics Committee.

**Fiscal Strategy – P.106/2004, Comments
Amendments – P.106/2004.Amd.**

THE STATES resumed consideration of amendments of Deputy Geoffrey Peter Southern of St. Helier to the Fiscal Strategy of the Finance and Economics Committee, and rejected paragraph (1) that in paragraph (c)(ii), for the words “*a target for economic growth of 2% per annum*” there be substituted the words “*a sustainable annual target for economic growth concomitant with the objective of restraining overall population growth*”.

Members present voted as follows –

POUR: 20

Senator J.A. Le Maistre
Senator S. Syvret
Senator E.P. Vibert
Senator R.J. Shenton
Connétable of St. Mary
Connétable of St. John
Deputy R.C. Duhamel (S)
Deputy A. Breckon (S)
Deputy J.J. Huet (H)
Deputy of St. Martin
Deputy G.C.L. Baudains (C)
Deputy P.N. Troy (B)
Deputy R.G. Le Hérisier (S)
Deputy J.A. Martin (H)
Deputy G.P. Southern (H)
Deputy J.A. Bernstein (B)
Deputy S.C. Ferguson (B)
Deputy of Grouville
Deputy of St. Peter
Deputy G.W.J de Faye (H)

CONTRE: 23

Senator L. Norman
Senator F.H. Walker
Senator T.A. Le Sueur
Senator P.F. Routier
Senator M.E. Vibert
Senator P.F.C. Ozouf
Connétable of St. Martin
Connétable of St. Ouen
Connétable of St. Saviour
Connétable of St. Brelade
Connétable of St. Clement
Connétable of St. Helier
Connétable of Trinity
Connétable of St. Lawrence
Connétable of Grouville
Deputy of St. John
Deputy T.J. Le Main (H)
Deputy J.B. Fox (H)
Deputy of St. Mary
Deputy of St. Ouen
Deputy P.J.D. Ryan (H)
Deputy M.A. Taylor (C)
Deputy J.A. Hilton (H)

ABSTAIN: 0

THE STATES rejected paragraph (2) that paragraph (d)(ii) be deleted and that subsequent paragraphs b renumbered accordingly.

Members present voted as follows –

POUR: 9

Senator J.A. Le Maistre
Senator S. Syvret
Senator E.P. Vibert
Senator R.J. Shenton
Connétable of St. Mary
Deputy A. Breckon (S)
Deputy G.C.L. Baudains (C)
Deputy J.A. Martin (H)
Deputy G.P. Southern (H)

CONTRE: 35

Senator L. Norman
Senator F.H. Walker
Senator T.A. Le Sueur
Senator P.F. Routier
Senator M.E. Vibert
Senator P.F.C. Ozouf
Connétable of St. Martin
Connétable of St. Ouen
Connétable of St. Saviour
Connétable of St. Brelade
Connétable of St. Clement
Connétable of St. Helier

ABSTAIN: 0

Connétable of Trinity
 Connétable of St. Lawrence
 Connétable of Grouville
 Connétable of St. John
 Deputy R.C. Duhamel (S)
 Deputy J.J. Huet (H)
 Deputy of St. Martin
 Deputy of St. John
 Deputy T.J. Le Main (H)
 Deputy P.N. Troy (B)
 Deputy C.J. Scott-Warren
 (S)
 Deputy R.G. Le Hérissier (S)
 Deputy J.B. Fox (H)
 Deputy J.A. Bernstein (B)
 Deputy S.C. Ferguson (B)
 Deputy of St. Mary
 Deputy of St. Ouen
 Deputy P.J.D. Ryan (H)
 Deputy M.A. Taylor (C)
 Deputy of Grouville
 Deputy of St. Peter
 Deputy J.A. Hilton (H)
 Deputy G.W.J de Faye (H)

THE STATES rejected paragraph (3) that in paragraph (d)(iii), after the words “*payroll tax*” there be inserted the words “*further changes to income tax, wealth taxes*”.

Members present voted as follows –

POUR: 13

Senator J.A. Le Maistre
 Senator S. Syvret
 Senator E.P. Vibert
 Senator R.J. Shenton
 Connétable of St. Mary
 Deputy R.C. Duhamel (S)
 Deputy A. Breckon (S)
 Deputy of St. Martin
 Deputy G.C.L. Baudains (C)
 Deputy P.N. Troy (B)
 Deputy R.G. Le Hérissier (S)
 Deputy J.A. Martin (H)
 Deputy G.P. Southern (H)

CONTRE: 31

Senator L. Norman
 Senator F.H. Walker
 Senator T.A. Le Sueur
 Senator P.F. Routier
 Senator M.E. Vibert
 Senator P.F.C. Ozouf
 Connétable of St. Martin
 Connétable of St. Ouen
 Connétable of St. Saviour
 Connétable of St. Brelade
 Connétable of St. Clement
 Connétable of St. Helier
 Connétable of Trinity
 Connétable of St. Lawrence
 Connétable of Grouville
 Connétable of St. John
 Deputy J.J. Huet (H)
 Deputy of St. John
 Deputy T.J. Le Main (H)
 Deputy C.J. Scott-Warren
 (S)
 Deputy J.B. Fox (H)
 Deputy J.A. Bernstein (B)

ABSTAIN: 0

Deputy S.C. Ferguson (B)
Deputy of St. Mary
Deputy of St. Ouen
Deputy P.J.D. Ryan (H)
Deputy M.A. Taylor (C)
Deputy of Grouville
Deputy of St. Peter
Deputy J.A. Hilton (H)
Deputy G.W.J de Faye (H)

THE STATES rejected paragraph (4) that before paragraph (e), there be inserted the following new paragraph-

“to charge the Employment and Social Security Committee, in consultation with the Finance and Economics Committee, to bring forward to the States for approval proposals to reduce or eliminate the requirement for the supplementation of social security contributions from general tax revenues.”

and renumber the subsequent paragraph accordingly.

Members present voted as follows –

POUR: 18

Senator J.A. Le Maistre
Senator S. Syvret
Senator L. Norman
Senator E.P. Vibert
Senator R.J. Shenton
Connétable of St. Mary
Connétable of St. Helier
Deputy R.C. Duhamel (S)
Deputy J.J. Huet (H)
Deputy of St. Martin
Deputy G.C.L. Baudains
(C)
Deputy R.G. Le Hérisssier (S)
Deputy J.A. Martin (H)
Deputy G.P. Southern (H)
Deputy J.A. Bernstein (B)
Deputy of Grouville
Deputy of St. Peter
Deputy G.W.J de Faye (H)

CONTRE: 26

Senator F.H. Walker
Senator T.A. Le Sueur
Senator P.F. Routier
Senator M.E. Vibert
Senator P.F.C. Ozouf
Connétable of St. Martin
Connétable of St. Ouen
Connétable of St. Saviour
Connétable of St. Brelade
Connétable of St. Clement
Connétable of Trinity

Connétable of St. Lawrence
Connétable of Grouville
Connétable of St. John
Deputy A. Breckon (S)
Deputy of St. John
Deputy T.J. Le Main (H)
Deputy P.N. Troy (B)
Deputy C.J. Scott-Warren
(S)
Deputy J.B. Fox (H)
Deputy S.C. Ferguson (B)
Deputy of St. Mary
Deputy of St. Ouen
Deputy P.J.D. Ryan (H)
Deputy M.A. Taylor (C)
Deputy J.A. Hilton (H)

ABSTAIN: 0

THE STATES, following further consideration of the proposition of the Finance and Economics Committee concerning the Fiscal Strategy, and in accordance with the decision of the States on 26th May 2004, adopted a proposition of Senator Jean Amy Le Maistre that the question be now put.

Members present voted as follows –

POUR: 30

Senator J.A. Le Maistre
Senator F.H. Walker
Senator T.A. Le Sueur
Senator P.F.C. Ozouf
Senator E.P. Vibert

Senator R.J. Shenton
Connétable of St. Ouen
Connétable of St. Saviour
Connétable of St. Brelade
Connétable of St. Mary
Connétable of St. Clement
Connétable of St. Lawrence
Connétable of Grouville
Connétable of St. John
Deputy R.C. Duhamel (S)
Deputy A. Breckon (S)
Deputy of St. Martin
Deputy of St. John
Deputy T.J. Le Main (H)
Deputy P.N. Troy (B)
Deputy C.J. Scott-Warren (S)
Deputy J.B. Fox (H)
Deputy J.A. Martin (H)
Deputy S.C. Ferguson (B)
Deputy of St. Mary
Deputy of St. Ouen
Deputy P.J.D. Ryan (H)
Deputy M.A. Taylor (C)
Deputy of St. Peter
Deputy J.A. Hilton (H)

CONTRE: 9

Senator S. Syvret
Senator P.F. Routier
Senator M.E. Vibert
Deputy J.J. Huet (H)
Deputy R.G. Le Hérisssier (S)
Deputy G.P. Southern (H)
Deputy J.A. Bernstein (B)
Deputy of Grouville
Deputy G.W.J. de Faye (H)

ABSTAIN: 0

THE STATES adopted paragraph (a) of the proposition of the Finance and Economics Committee concerning the Fiscal Strategy, and agreed, in order to maintain a strong and competitive economy, that a 0% standard rate of corporate profits taxation and a 10% rate of corporate profits taxation for companies in particular sectors, including financial services, be introduced by no later than 1st January 2008, and charged the Finance and Economics Committee to bring forward for approval by the States the necessary legislation to give effect to the proposal.

Members present voted as follows –

POUR: 38

Senator J.A. Le Maistre
Senator L. Norman
Senator F.H. Walker
Senator T.A. Le Sueur
Senator P.F. Routier
Senator M.E. Vibert
Senator P.F.C. Ozouf

CONTRE: 4

Senator S. Syvret
Deputy R.C. Duhamel (S)
Deputy J.A. Martin (H)
Deputy G.P. Southern (H)

ABSTAIN: 0

Senator E.P. Vibert
Senator R.J. Shenton
Connétable of St. Ouen
Connétable of St. Saviour
Connétable of St. Brelade
Connétable of St. Mary
Connétable of St. Clement
Connétable of St. Helier
Connétable of St. Lawrence
Connétable of Grouville
Connétable of St. John
Deputy A. Breckon (S)
Deputy J.J. Huet (H)
Deputy of St. Martin
Deputy of St. John
Deputy T.J. Le Main (H)
Deputy G.C.L. Baudains (C)
Deputy P.N. Troy (B)
Deputy C.J. Scott-Warren (S)
Deputy R.G. Le Hérissier (S)
Deputy J.B. Fox (H)
Deputy J.A. Bernstein (B)
Deputy S.C. Ferguson (B)
Deputy of St. Mary
Deputy of St. Ouen
Deputy P.J.D. Ryan (H)
Deputy M.A. Taylor (C)
Deputy of Grouville
Deputy of St. Peter
Deputy J.A. Hilton (H)
Deputy G.W.J de Faye (H)

THE STATES adopted paragraphs (b), (c), (d) and (e) of the proposition, and –

1. charged the Finance and Economics Committee to research measures to mitigate the loss of taxation revenues as a result of the changes to the corporate taxation structure in paragraph (a) above, without damaging the competitiveness of the Jersey economy, such measures to include –
 - (i) taxation provisions requiring Jersey resident participators to pay personal taxation based upon the profits of the Jersey companies accruing to them as a result of their direct or indirect ownership of those companies;
 - (ii) mechanisms for withholding tax from non-resident shareholders of local trading companies;
 - (iii) developing such anti-avoidance measures as may be necessary to enforce (b)(i) and (b)(ii) above;and to bring forward detailed proposals for consideration by the States by February 2005;
2. agreed an overall strategy for addressing the funding deficit arising from (a) above, yet not fully mitigated by (b) above, specifically –
 - (i) agreed that the annual increase in total States' net expenditure should be limited to 1% less than the underlying increase in the Retail Prices Index for each of the years 2005 to 2009 and varied their decision of 18th September 2003 in P.118/2003 (Resource Plan 2004-8) accordingly;

- (ii) agreed that a target for economic growth of 2% per annum should be set for the period 2005 to 2009 and requested the Economic Development Committee, in conjunction with other Committees as necessary, to bring forward, for approval by the States, a strategy for delivery of this growth by February 2005;
 - (iii) agreed in principle that, in order to balance States' income and expenditure, any remaining budget deficit arising be addressed by taxation measures, to be implemented by no later than 1st January 2008;
3. in connection with introducing a package of new tax measures which would be broadly progressive to balance the States' income and expenditure –
- (i) agreed to the introduction of an Income Tax Instalment System (I.T.I.S.) and charged the Finance and Economics Committee to bring forward detailed proposals to the States to enable the system to be implemented from 1st January 2006;
 - (ii) agreed in principle that tax allowances for taxpayers on high incomes be phased out and charged the Finance and Economics Committee to bring forward detailed proposals to give effect to the proposal as part of the 2005 budget;
 - (iii) charged the Finance and Economics Committee to undertake further research into a goods and services tax, a payroll tax, environmental taxes, development levies and further tax enforcement measures in order to investigate the feasibility of their introduction, and to bring forward details to the States with recommendations for approval by February 2005; and,
4. charged the Finance and Economics and Employment and Social Security Committees, in consultation with other Committees as appropriate, to take steps to ensure that the effect of any new tax proposals on those with low incomes could be mitigated by the prior or simultaneous implementation of a new income support scheme.

Members present voted as follows –

POUR: 34

Senator L. Norman
 Senator F.H. Walker
 Senator T.A. Le Sueur
 Senator P.F. Routier
 Senator M.E. Vibert
 Senator P.F.C. Ozouf
 Connétable of St. Ouen
 Connétable of St. Saviour
 Connétable of St. Brelade
 Connétable of St. Mary
 Connétable of St. Clement
 Connétable of St. Helier
 Connétable of St. Lawrence
 Connétable of Grouville
 Connétable of St. John
 Deputy R.C. Duhamel (S)
 Deputy J.J. Huet (H)
 Deputy of St. Martin
 Deputy of St. John
 Deputy T.J. Le Main (H)
 Deputy P.N. Troy (B)
 Deputy C.J. Scott-Warren (S)

CONTRE: 8

Senator J.A. Le Maistre
 Senator S. Syvret
 Senator E.P. Vibert
 Senator R.J. Shenton
 Deputy A. Breckon (S)
 Deputy G.C.L. Baudains (C)
 Deputy J.A. Martin (H)
 Deputy G.P. Southern (H)

ABSTAIN: 0

Deputy R.G. Le Hérissier (S)
Deputy J.B. Fox (H)
Deputy J.A. Bernstein (B)
Deputy S.C. Ferguson (B)
Deputy of St. Mary
Deputy of St. Ouen
Deputy P.J.D. Ryan (H)
Deputy M.A. Taylor (C)
Deputy of Grouville
Deputy of St. Peter
Deputy J.A. Hilton (H)
Deputy G.W.J de Faye (H)

Changes in Presidency

The Deputy Bailiff retired from the Chair during consideration of the proposition of the Finance and Economics Committee concerning the Fiscal Strategy, (P.106/2004 lodged “au Greffe” on 1st June 2004), and the meeting continued under the presidency of the Bailiff.

The Bailiff subsequently retired from the Chair during further consideration of the proposition of the Finance and Economics Committee concerning the Fiscal Strategy, (P.106/2004 lodged “au Greffe” on 1st June 2004), and prior to the proposition of Senator Jean Amy Le Maistre that the matter be now put, and the meeting continued under the presidency of Mr. Michael Nelson de la Haye, Greffier of the States.

Shadow Public Accounts Committee revised membership – P.116/2004

THE STATES, adopting a proposition of the Privileges and Procedures Committee, referred to their Act dated 27th January 2004, in which they agreed that the Shadow Public Accounts Committee should be established from 1st February 2004, and agreed the terms of reference and constitution of the Committee, and agreed that the composition of the Shadow Public Accounts Committee should be amended with immediate effect to include 2 additional States members, not being Presidents of Committees or members of the Finance and Economics Committee or Privileges and Procedures Committee, with the additional members being appointed by the States on the nomination of the Shadow Chairman of the Committee.

Commissioners or Appeal for Income Tax: appointment – P.118/2004

THE STATES, adopting a proposition of the Finance and Economics Committee, and in accordance with Article 10 of the Income Tax (Jersey) Law 1961, as amended, approved the appointment as Commissioners of Appeal for Income Tax for a period of three years of –

Mr. Philip J. Barber
Mr. Charles R. Blampied
Miss. Jacqueline B. Collins
Mr. Peter G. Farley
Mr. John M. King
Mr. Nigel G. Pritchard
Mrs. C. Elizabeth Rees
Mr. James Shaw.

Draft Taxation (Implementation) (Jersey) Law 200- P.122/2004

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

THE STATES rose at 4.40 p.m.

M.N. DE LA HAYE

Greffier of the States.