

STATES OF JERSEY ORDER PAPER

Tuesday 2nd December and subsequent days, as required

A. COMMUNICATIONS BY THE BAILIFF

B. TABLING OF SUBORDINATE LEGISLATION

(Explanatory note attached)

Rabies (Importation of Dogs, Cats and other Mammals)
(Amendment No. 5) (Jersey) Order 2003.
Economic Development Committee. R&O 139/2003.

Pet Travel Scheme (Jersey) Order 2003.
Economic Development Committee. R&O 140/2003.

Financial Services (Trust Company Business (Registration and
Fees)) (Jersey) Order 2003.
Economic Development Committee. R&O 141/2003.

Companies (General Provisions) (Amendment) (Jersey) Order 2003.
Economic Development Committee. R&O 142/2003.

Community Customs (Wine and Spirits) (Amendment No. 2)
(Jersey) Order 2003.
Home Affairs Committee. R&O 143/2003.

Post Office (General Provisions) (Amendment No. 52) (Jersey)
Order 2003.
Committee for Postal Administration. R&O 144/2003.

Post Office (Foreign Post Provisions) (Amendment No. 30) (Jersey)
Order 2003.
Committee for Postal Administration. R&O 145/2003.

C. MATTERS RELATING TO COMMITTEE MEMBERSHIP

D. PRESENTATION OF PAPERS

(a) Papers for information

Matters presented under Standing Order 6A(1)(a)

Absence levels in the Public Sector.
Policy and Resources Committee. R.C.49/2003.

Jersey Community Relations Trust (P.120/2003): addendum to report.
Policy and Resources Committee. P.120/2003.
Add.

Draft Housing (General Provisions) (Amendment No. 20) (Jersey)
Regulations 200- (P.156/2003): comments.
Finance and Economics Committee. P.156/2003.
Com.

Budget 2004: second amendment (P.165/2003) – comments. <i>Finance and Economics Committee.</i>	P.165/2003. Com.
Budget 2004: third amendment (P.166/2003) – comments. <i>Finance and Economics Committee.</i>	P.166/2003. Com.
Draft Family Allowances (Jersey) Regulations 200- (P.167/2003): comments. <i>Finance and Economics Committee.</i>	P.167/2003. Com.
Draft Boats and Surf-Riding (Control) (Amendment No. 25) (Jersey) Regulations 200- (P.177/2003): addendum to report. <i>Harbours and Airport Committee.</i>	P.177/2003. Add.

Matters presented under Standing Order 6A(1)(b)

(b) Notification of Standing Order decisions

26th November 2003

Decisions under delegated functions.
Finance and Economics Committee.

(c) Notification of acceptance of tenders

26th November 2003

Magistrate's Court, and Probation and After Care Service office development, St. Helier.

(d) Papers to be lodged “au Greffe” under Standing Order 17A(1)(a)

Greville Bathe Fund: appointment of trustee. <i>Finance and Economics Committee.</i>	P.181/2003.
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La Pouquelaye School redevelopment: approval of drawings. <i>Education, Sport and Culture Committee.</i>	P.182/2003.
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Jersey Police Complaints Authority: appointment of Chairman and members. <i>Home Affairs Committee.</i>	P.183/2003.
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(e) Notification of Papers lodged “au Greffe” under Standing Order 17A(1)(b)

(f) Papers for consideration by the States in Committee under Standing Order 38A

E. STATEMENTS AND PROPOSITIONS RELATING TO THE ARRANGEMENT OF PUBLIC BUSINESS AT THIS OR ANY SUBSEQUENT MEETING

THE STATES are asked to agree that the following matters lodged “au Greffe” be considered at their next meeting on 9th December 2003 -

Official Report of the States Assembly and its Committees (‘Hansard’): Introduction. Lodged: 17th June 2003.	P.81/2003.
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Privileges and Procedures Committee.

<p>Official Report of the States Assembly and its Committees ('Hansard'): Introduction (P.81/2003) – comments. Presented: 18th November 2003. <i>Finance and Economics Committee.</i></p>	<p>P.81/2003. Com.</p>
<p>Jersey Community Relations Trust. Lodged: 12th August 2003. <i>Policy and Resources Committee.</i></p>	<p>P.120/2003.</p>
<p>Jersey Community Relations Trust (P.120/2003): addendum to report. Presented: 2nd December 2003. <i>Policy and Resources Committee.</i></p>	<p>P.120/2003. Add.</p>
<p>Jersey Community Relations Trust (P.120/2003): comments. Presented: 7th October 2003. <i>Finance and Economics Committee.</i></p>	<p>P.120/2003. Com.</p>
<p>Jersey Community Relations Trust (P.120/2003): amendments. Lodged: 7th October 2003. <i>Connétable of St. Helier.</i></p>	<p>P.120/2003. Amd.</p>
<p>Draft Police Force (Amendment No. 10) (Jersey) Law 200. Lodged: 4th November 2003. <i>Home Affairs Committee.</i></p>	<p>P.150/2003.</p>
<p>Draft Housing (General Provisions) (Amendment No. 20) (Jersey) Regulations 200-. Lodged: 11th November 2003. <i>Housing Committee.</i></p>	<p>P.156/2003.</p>
<p>Draft Housing (General Provisions) (Amendment No. 20) (Jersey) Regulations 200- (P.156/2003): comments. Presented: 2nd December 2003. <i>Finance and Economics Committee.</i></p>	<p>P.156/2003. Com.</p>
<p>Le Coie Hotel site, Janvrin Road/Springfield Road, St. Helier: approval of drawings and sale of units. Lodged: 18th November 2003. <i>Housing Committee.</i></p>	<p>P.161/2003.</p>
<p>Draft Family Allowances (Jersey) Regulations 200-. Lodged: 25th November 2003. <i>Employment and Social Security Committee.</i></p>	<p>P.167/2003.</p>
<p>Draft Family Allowances (Jersey) Regulations 200- (P.167/2003): comments. Presented: 2nd December 2003. <i>Finance and Economics Committee.</i></p>	<p>P.167/2003. Com.</p>
<p>Draft Health Insurance (Medical Benefit) (Amendment No. 58) (Jersey) Regulations 200-. Lodged: 25th November 2003. <i>Employment and Social Security Committee.</i></p>	<p>P.168/2003.</p>

Draft Parish Rate (Administration) (Amendment) (Jersey) Regulations 200-. Lodged: 25th November 2003. <i>Legislation Committee.</i>	P.169/2003.
Draft Amendment (No. 28) to the Tariff of Harbour and Light Dues. Lodged: 25th November 2003. <i>Harbours and Airport Committee.</i>	P.171/2003.
Waterfront Leisure Complex: sale of Head Lease. Lodged: 25th November 2003. <i>Finance and Economics Committee.</i>	P.172/2003.
Health Services Disciplinary Tribunal: appointment of members. Lodged: 25th November 2003. <i>Employment and Social Security Committee.</i>	P.173/2003.
Manual Workers' Joint Council: membership. Lodged: 25th November 2003. <i>Policy and Resources Committee.</i>	P.174/2003.
Draft Harbours (Amendment No. 36) (Jersey) Regulations 200-. Lodged: 25th November 2003. <i>Harbours and Airport Committee.</i>	P.175/2003.
Bas du Mont Flats, Pier Road, St. Helier: sale to the Christians Together in Jersey (CTJ) Housing Trust. Lodged: 25th November 2003. <i>Housing Committee.</i>	P.176/2003.
Draft Boats and Surf-Riding (Control) (Amendment No. 25) (Jersey) Regulations 200-. Lodged: 25th November 2003. <i>Harbours and Airport Committee.</i>	P.177/2003.
Draft Boats and Surf-Riding (Control) (Amendment No. 25) (Jersey) Regulations 200- (P.177/2003): addendum to report. Presented: 2nd December 2003. <i>Harbours and Airport Committee.</i>	P.177/2003. Add.
Draft Road Traffic (No. 56) (Jersey) Regulations 200-. Lodged: 25th November 2003. <i>Deputy G.C.L. Baudains of St. Clement.</i>	P.179/2003.
Cattle Street Car Park, St. Helier: transfer of administration of a part of land. Lodged: 25th November 2003. <i>Telecommunications Board.</i>	P.180/2003.

F. PRESENTATION OF PETITIONS

G. QUESTIONS

Deputy G.C.L. Baudains of St. Clement will ask a question of the President of the Home Affairs Committee regarding the States of Jersey Police.

The Deputy of St. John will ask a question of the President of the Economic Development Committee regarding fees charged by the Jersey Competition Regulatory Authority (JCRA).

Senator E.P. Vibert will ask questions of the President of the Harbours and Airport Committee regarding Emeraude Lines.

Deputy G.P. Southern of St. Helier will ask questions of the President of the Finance and Economics Committee regarding average earnings variances.

Deputy G.C.L. Baudains of St. Clement will ask questions of the President of the Environment and Public Services Committee regarding matters relating to Jersey's obligations under the Ramsar Convention.

Deputy R.G. Le Hérisier of St. Saviour will ask a question of the President of the Health and Social Services Committee regarding properties owned and/or managed by the Committee.

Senator E.P. Vibert will ask questions of the President of the Environment and Public Services Committee regarding the Connex bus service.

Deputy G.P. Southern of St. Helier will ask a question of the President of the Environment and Public Services Committee regarding the Connex bus service.

Deputy G.P. Southern will ask a question of the President of the Housing Committee regarding proposed performance measures.

Deputy R.G. Le Hérisier of St. Saviour will ask a question of the President of the Economic Development Committee regarding the rôle of the Training and Employment Partnership.

H. MATTERS OF PRIVILEGE

I. PERSONAL STATEMENTS

J. COMMITTEE STATEMENTS

K. PUBLIC BUSINESS

Budget 2004.
Lodged: 4th November 2003.
Finance and Economics Committee.

Budget 2004: amendment. P.160/2003.
Lodged: 18th November 2003.
Deputy of St. John.

Budget 2004: second amendment. P.165/2003.
Lodged: 18th November 2003.
Deputy G.P. Southern of St. Helier.

Budget 2004: second amendment (P.165/2003) – comments. P.165/2003.
Presented: 2nd December 2003. Com.
Finance and Economics Committee.

Budget 2004: third amendment. Lodged: 18th November 2003. <i>Deputy G.P. Southern of St. Helier.</i>	P.166/2003.
Budget 2004: third amendment (P.166/2003) – comments. Presented: 2nd December 2003. <i>Finance and Economics Committee.</i>	P.166/2003. Com.
Budget 2004: fourth amendment. <i>Deputy C.J. Scott Warren of St. Saviour.</i> (attached).	
Budget 2004: fifth amendment. <i>Deputy C.J. Scott Warren of St. Saviour.</i> (attached).	
Budget 2004: sixth amendment. <i>Deputy G.P. Southern of St. Helier.</i> (attached).	
Budget 2004: seventh amendment. <i>Senator E.P. Vibert.</i> (attached).	
Draft Finance (Jersey) Law 200-. Lodged: 18th November 2003. <i>Finance and Economics Committee.</i>	P.158/2003.
Draft Income Tax (Amendment No. 23) (Jersey) Law 200. Lodged: 18th November 2003. <i>Finance and Economics Committee.</i>	P.159/2003.
Draft Income Tax (Amendment No. 23) (Jersey) Law 200 (P.159/2003): amendments. <i>Deputy G.P. Southern of St. Helier.</i> (attached).	P.159/2003. Amd.
Public Employees Contributory Retirement Scheme Committee of Management: membership. Lodged: 11th November 2003. <i>Policy and Resources Committee.</i>	P.155/2003.

M.N. DE LA HAYE
Greffier of the States

27th November 2003.

Explanatory Note regarding subordinate legislation tabled at this meeting.

R&O 139/2003.

This Order makes changes to the Rabies (Importation of Dogs, Cats and other Mammals) (Jersey) Order 2000 that are purely consequential on the replacement of the Pet Travel Scheme (Pilot Arrangements) (Jersey) Order 2000 by the Pet Travel Scheme (Jersey) Order 2003. The opportunity has been taken to remove a spent provision and to make minor drafting improvements.

The Order was made on 26th November 2003, and comes into force on 3rd December 2003.

R&O 140/2003.

The purpose of this Order is to consolidate, with amendments, the Pet Travel Scheme (Pilot Arrangements) (Jersey) Order 2000. The Pet Travel Scheme creates, in limited circumstances, an exemption from the requirements for pet dogs and cats (referred to simply as pets) imported into Jersey to be put in quarantine under the Rabies (Importation of Dogs, Cats and other Mammals) (Jersey) Order 1976. The scheme was amended in 2001 to allow pets from a range of places outside Europe to be imported into Jersey but the new Order now requires these pets to have been imported elsewhere in Britain first.

Article 1 contains the interpretation provisions. *Article 2* applies the Order to any pet that within the previous 6 months has not been outside (a) the British Islands, Eire or any country or territory listed in *Schedule 1* (various European countries and territories) or (b) has been imported into the British Islands in compliance with a scheme and since then has not been out of any of those territories. The 2000 Order (as amended) included various "long haul" destinations (in this Order referred to as "recognized countries or territories" in *Schedule 1* but now pets from these countries can only come into Jersey if they have been admitted under another British scheme, in practice via England or Scotland. The Order does not apply to any pet that enters Jersey directly from the British Islands and Eire that has never been outside of those places or has been outside and brought in in accordance with a scheme. Under *Article 3a* a person may import a pet to which the Order applies without complying with the 1976 Order where this Order is complied with.

Article 4 requires the pet to be imported by sea from St. Malo to St. Helier (either directly or via Guernsey) using an approved carrier and without leaving the vessel throughout the journey.

Article 5 requires the pet to have been implanted with a microchip which must be read by the carrier. The health requirements set out in *Article 6* must also be satisfied. These relate to vaccination against rabies resulting in a sufficiency of antibodies and treatment against a type of tapeworm and ticks. *Article 7* makes special provision for pets that have obtained their identification marking abroad.

Article 8 imposes requirements as to documentation which must accompany the pet. The detail of the information regarding the health certificate relating to rabies is set out in *Schedule 2* and *Schedule 3* sets out the form of the declaration that has to be signed by the person importing the pet.

Article 9 empowers the Economic Development Committee to approve carriers to transport pets under the scheme if certain conditions and requirements are met. There are new provisions affording carriers the right to make representations before decisions with respect to approval, amendment, suspension or revocation are made. The requirements for carriers are set out in *Schedule 4*. The duties imposed on carriers are set out in *Article 10* which require them to carry out various checks to satisfy themselves that the importation of the pet complies with the Order. Where the carrier is not so satisfied it must refuse to allow the pet to travel to Jersey or ensure that it is quarantined on arrival. Where it is satisfied it will, in the case of importation by a foot passenger, issue a certificate and attach a label to the pet's collar or cage and, in the case of importation by car, provide a sticker or hanger for the windscreen of the car in which the pet is carried. The person importing the pet has to display the label or sticker/hanger until the pet leaves the confines of the port and must produce the documentation described in *Article 6* on demand by an inspector (*Article 11*).

Article 12 gives power to an inspector to stop those who appear to be carrying pets and to carry out searches and checks.

Article 13 contains transitional provisions relating to blood tests carried out before the original Order came into force. *Article 14* revokes the original scheme. The citation and commencement provision is in *Article 15*

The Order was made on 26th November 2003, and comes into force on 3rd December 2003.

R&O 141/2003.

The purpose of this Order is to prescribe revised application and registration fees in respect of certain people who carry on trust company business.

The Order was made on 26th November 2003, and comes into force on 1st December 2003.

R&O 142/2003

This Order amends the Companies (General Provisions) (Jersey) Order 2002 so as to further limit the application of the requirements relating to the circulation of a prospectus and to reduce the information regarding directors' interests that must be specified in a prospectus.

The Order was made on 26th November 2003, and comes into force 7 days after it was made.

R&O 143/2003

This Order updates the list of Community provisions laying down rules with respect to certain wines and spirits that are given full force and effect in Jersey.

It was made on 27th November 2003, and comes into force 7 days after it was made.

R&O 144/2003

The effect of this Order is to increase the insular and domestic letter post rates by between 8.97 and 10.34%. The rates were last varied with effect from 31st March 2003.

The Order was made by the Committee for Postal Administration on 27th November 2003, and comes into force on 6th April 2004.

R&O 145/2003

The effect of this Order is to increase foreign postal rates by between 1.45 and 2.70%. The rates were last varied with effect from 31st March 2003.

The Order was made by the Committee for Postal Administration on 27th November 2003, and comes into force on 6th April 2004.

**NOTIFICATION OF STANDING ORDER DECISIONS -
FINANCE AND ECONOMICS COMMITTEE
(delegated functions)**

26th November 2003

- (a) As recommended by the Environment and Public Services Committee, the renewal of the ground lease to Mrs. Gillian Geraldine Hidrio, née Carré, of the property upon which stood Colleens Café, Grève de Lecq, St. Ouen, for a period of nine years from 25th December 2003 at a commencing annual rent of £7,000 increasing to £7,500 for the second and third years, and thereafter to increase on the third and sixth anniversary of the lease in line with the Jersey Retail Price Index, on the basis that all other terms and conditions would remain unchanged, and with each party to be responsible for its own legal costs arising from this transaction;
- (b) as recommended by the Environment and Public Services Committee, the purchase from Cass Properties (Jersey) Limited of an area of land (measuring 621 square feet) adjacent to Nos. 14½ and 15 Union Street, St. Helier (446 square feet fronting No. 14½ Union Street and 175 square feet fronting 15 Union Street- as shown on Drawing No. 001 prepared by the Public Services Department), required for road widening purposes, for a consideration of £621 (representing a rate of £1 a square foot). Zolfino Holdings Limited and Annic Properties Limited, who currently had a respective leasehold interest in respect of the properties, were required, and had agreed, to be party to the public's deed of purchase, in order to abandon their said respective interests and to provide full vacant possession of the land to be acquired. In addition, compensation in the sum of £2,000 was to be paid to Annic Properties Limited in relation to the relocation of its on-site car parking and a further £350 in relation to its associated reasonable legal costs. The Committee was to be responsible for both parties' reasonable legal costs arising from this transaction;
- (c) as recommended by the Environment and Public Services Committee, the entering into of a Deed of Arrangement with the Parish of St. Brelade in order to establish new boundaries between the Slip Road lying between La Route du Petit Port and the slipway at Petit Port, St. Brelade and land to the north owned by the public (being Pumping Station No. 10), as detailed on Drawing No. M681/03 dated July 2003 prepared by the Public Services Department, on the basis that each party would be responsible for its own legal costs arising from the transaction, and that the fees of the Public Services Department in preparing the said drawing would be met equally; and,
- (d) as recommended by the Environment and Public Services Committee, the purchase from Mr. Paul Edwin Vibert and Mrs. Nicola Daryl Vibert, née Rimeur, of an area of land at Field No. 77, St. Ouen, required for the construction of a pumping station, for a consideration of £1,288, on the basis that the public would be granted a vehicular and pedestrian right of way at all times to access and egress the site to be purchased onto the remainder of Field No. 77. In addition, the public would be granted the use of a working area at Field No. 77 (measuring 1,550 square feet) for the duration of the construction works and at no extra cost. Mr. and Mrs. Vibert's property "Les Heches" would be provided with a free connection to the foul sewer by the public, and the public would also ensure suitable access to the lower part of Field No. 77, with the location of the crossing to be agreed on site at the time of construction. Following completion of the works, the public would not accept responsibility for the repair, maintenance, upkeep or replacement of the crossing, nor the safety of any users thereof. It was to be agreed that the existing crossing between Field No. 77 to Field No. 78 would remain. The public was to be responsible for the payment of Mr. and Mrs. Vibert's legal costs in relation to this transaction.

**NOTIFICATION OF ACCEPTANCE OF TENDER UNDER RULE 5 OF THE PUBLIC
FINANCES (GENERAL) (JERSEY) RULES 1967, AS AMENDED -
FINANCE AND ECONOMICS COMMITTEE**

26th November 2003

The Finance and Economics Committee noted that the lowest tender received in respect of the proposed development of the new Magistrate's Court, and Probation and After Care Service office development, St. Helier, had been submitted by Hacquoil and Cook Limited in the sum of £7,164,825.54 in an alternative contract period of 92 weeks.

The other tenders received were as follows -

Contractor:	Price for 104 week Contract period:	Alternative submission:
Camerons Limited	£7,455,079.00	no offer
Charles Le Quesne Limited	no offer	£7,850,905.00

It was further noted that both A.C. Mauger and Son (Sunwin) Limited and Quille Normandie had withdrawn and had not submitted a tender.

The Committee accordingly approved the lowest tender submitted by Hacquoil and Cook Limited and agreed to the immediate release of funds amounting to £1,720,422 from the Capital Reserve in respect of previously identified risk items and inflation.

QUESTION PAPER

(See Item G)

Deputy G.C.L. Baudains of St. Clement, will ask the following question of the President of the Home Affairs Committee –

Would the President inform members whether the States of Jersey Police has made any changes to its working relationship with the Honorary Police, and, if so, whether the Committee is content with the changes?

The Deputy of St. John will ask the following question of the President of the Economic Development Committee –

Would the President advise –

- (a) what licensing fees are charged by the Jersey Competition Regulatory Authority, (JCRA), in respect of Jersey Telecom? and,
- (b) how much in fees has the JCRA received since its inception, and what proportion of these fees have been collected from Jersey Telecom?

Senator E.P. Vibert will ask the following questions of the President of the Harbours and Airport Committee –

1. Will the President give a full report of his discussions with the Tribunal de Commerce in St. Malo in relation to the takeover of Emeraude Lines?
2. Would the President confirm whether the Committee will do everything possible to ensure that no obstacle is put in the way of the new owners of Emeraude to continue the tradition of service to the Island established by Emeraude Lines in providing a reliable, all year-round service between St. Helier and St. Malo.

Deputy G.P. Southern of St. Helier will ask the following questions of the President of the Finance and Economics Committee –

1. The figures below show the cumulative rise in average earnings by sector over the years 1994 to 2002 –

<i>Sector</i>	<i>Percentage change</i>
Agriculture	31
Manufacturing	34
Electricity, gas, water	52
Construction	47
Distribution	53
Hotels, restaurants, bars	49
Transport and communications	56
Financial Intermediation	68
Other business	61
Public administration	40
All sectors	53

Does the President accept that these figures demonstrate clearly that the gap between higher and lower incomes has increased markedly over this period of time?

2. Will the President inform members which measures proposed in the 2004 budget are designed to reduce the growing gap between rich and poor?

Deputy G.C.L. Baudains of St. Clement will ask the following questions of the President of the Environment and Public Services Committee –

1. With regard to Jersey's obligations under the Ramsar Convention, would the President advise members –
 - (a) of the number of nature reserves that have been established on wetlands to date and give details of the manpower and other resource requirements occasioned by their management, together with the number of persons trained in wetland research/management and the associated training costs? and,
 - (b) give details of the steps taken to increase wildfowl populations, if any, and advise what success has been achieved in this regard?
2. At the Environment and Public Services Committee's meeting held at the Royal Jersey Agricultural and Horticultural Society, Trinity, to determine the Jersey Heritage Trust's planning application for Mont Orgueil Castle, it was stated that work would have to be prioritised. As the only visible activity is new work as opposed to repair, would the President make available the schedule of work currently approved by the Committee, together with the estimated timescales?

Deputy R.G. Le Hérisser of St. Saviour, will ask the following question of the President of the Health and Social Services Committee -

Would the President inform members whether there exists an overall plan in respect of all properties owned and/or managed by the Health and Social Services Department, and, if so, would he indicate, in approximate percentage terms, the under-utilisation that exists within the property portfolio and what major initiatives are in place to deal with the issue of under-utilisation?

Senator E.P. Vibert will ask the following questions of the President of the Environment and Public Services Committee –

1. Would the President inform members –
 - (a) how the recently announced cuts to the Connex bus schedules fits into the Bus Strategy approved by the States in 2001, which was intended to improve the quality of service provided to all bus users?
 - (b) whether he would agree that as the Committee, due to staff shortages, has not been able to monitor the much-vaunted Service Level Agreement with Connex together with that company's performance, and, given the service cuts announced recently, that the Bus Strategy has been a total and expensive failure?
2. Would the President confirm that a bus service, that only two years ago was costing the tax payer £140,000, is now costing nearly £1.9 million, and would he inform members of the likely cost of the service for the next year?

Deputy G.P. Southern of St. Helier, will ask the following question of the President of the Environment and

Public Services Committee –

- (a) Would the President agree that the proposed reductions in service levels in the bus service will lead to a reduction in fare revenue and would he advise members –
 - (i) what fare revenue is estimated for the next 12 months? and,
 - (ii) what this level of fare revenue will mean for the level of subsidy payable to Connex during this period?
- (b) Will the President explain the rationale behind the decision to remove additional ‘K’ services from the ‘shoulder’ months in Spring and Autumn?
- (c) Would the President agree that the proposals fail to meet the commitment contained in the Bus Strategy, approved by the States in 2001, to support the Island’s tourism industry, and that the latest proposals will force tourists to use alternative methods of transport throughout the year, and, in particular, explain why there will be no bus service at all to the Living Legend, as one of Jersey’s major tourist attractions? and,
- (d) Would the President explain the Committee’s reasoning for supporting the proposed reduction from the current 20 minute frequency to a half-hourly frequency on the No. 15 service between the hours of 3.00 and 6.00 p.m., and, whether the Committee is satisfied that the reduced frequency will be adequate?

Deputy G.P. Southern of St. Helier, will ask the following question of the President of the Housing Committee –

On page 50 of the Budget 2004, the Committee outlines performance measures to be introduced in the coming year. These include –

the percentage spent on maintenance to planned repairs; and,

average cost of response repairs.

Will the President inform members whether the Committee has initial figures for these two measures and, if so, will he reveal them to members, and will he also advise whether the Committee has comparable figures for UK authorities?

Deputy R.G. Le Hérisier of St. Saviour will ask the following question of the President of the Economic Development Committee –

Would the President confirm that a report on the rôle of the Training and Employment Partnership was undertaken in 2001 by Professor Hillier, and, if so, would the President outline the major recommendations of the report and the action taken in respect of these?

BUDGET 2004: FOURTH AMENDMENT

PAGE 15 AND 16 –

To increase the estimate of revenue expenditure of the Finance and Economics Committee from £19,196,300 to £19,446,300 by adding –

£250,000 to the estimate of the Income Tax Department by not increasing the late payment surcharge from 10% to 15%.

DEPUTY C.J. SCOTT WARREN OF ST. SAVIOUR

Report

The vast majority of people who have not paid their income tax by the deadline are experiencing financial difficulties. They do not have available the required amount of money.

To increase the surcharge for these late payers from 10% to 15% is, in my opinion, overly harsh. It may cause additional stress and possible hardship.

Whilst I accept that there is a need to find additional States revenue, I do not believe that it is morally justifiable to levy a 15% instead of a 10% surcharge on these late payers.

I would therefore ask Members to support my amendment in order that the surcharge will remain at 10%, and to request the Finance and Economics Committee to find a more appropriate means by which to gain additional revenue.

The financial implications are self evident and there are no additional manpower implications.

If this amendment is adopted there will be a consequential amendment to make the change in the Draft Income Tax (Amendment No. 23) (Jersey) Law 200 (P.159/2003), which is shown below.

BUDGET 2004: FIFTH AMENDMENT

PAGE 23 –

To increase the estimate of revenue expenditure of the Environment and Public Services Committee (Public Services) from £18,831,300 to £19,895,300 by adding –

£1,064,000 to the estimate for buses; and

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To reduce the proposed appropriation to the General Reserve from £5,016,000 to £3,952,000.

DEPUTY C.J. SCOTT WARREN OF ST. SAVIOUR

Report

The purpose of this amendment is to allocate a sum equivalent to the amount being raised from 2 pence from every 5 pence of the proposed increase on a litre of unleaded petrol (estimated to be £1,064,000) to the Environment and Public Services Committee to be used towards the costs of providing the bus service which operates as a result of the competitive tendering process.

The Bus Strategy was debated in the States in 2001, prior to the competitive tendering process being introduced. There was much enthusiasm amongst members of the States that the Island would ultimately get an improved bus service. The Finance and Economics Committee met with the group of politicians who were deciding on who should receive the contract, and it was agreed to offer sufficient financial support. It was also recognised that it was necessary to provide a seven-year contract in order to allow time for adequate investment and enhancement of the bus service.

Incentives to increase the number of bus users were discussed and deemed important.

Whilst it was recognised that some routes might need to be changed, it was never the intention to severely cut services. My amendment seeks to allocate additional funds from the increase in duty on unleaded petrol in order to fulfil the above objectives. As I have no wish to increase the overall deficit I am proposing that the proposed allocation to the General Reserve should be reduced by the same sum.

The financial implications are self evident and there are no additional manpower implications.

BUDGET 2004: SIXTH AMENDMENT

PAGE 2 –

1) *In the estimates of income from Income Tax –*

Reduce the estimate from £370,000,000 to £ 369,325,000 by increasing the exemption limit for persons aged 63 and over from £12,000 to £12,540 for a single person and from £19,750 to £20,638 for a married couple.

DEPUTY G.P. SOUTHERN OF ST. HELIER

Report

Members will be aware that for the last 4 years the Finance and Economics Committee has pursued a policy of “freezing” small income exemptions. This has the effect of increasing the revenue obtained from lower-income taxpayers by around £4 million annually. It also means that each year a number of relatively low earners are brought into the tax net. This has resulted in a reduction of the number of taxable persons who do not pay tax from 43% in 1993 to around 27% today.

I believe that this slow but inexorable inclusion of those on lower incomes in the tax net should now be halted. This amendment seeks to protect one particular group, the pensioners, from this increased taxation, by restoring the index linking for those aged 63+. Pensioners are particularly vulnerable to this process in that they are unlikely to be able to claim other allowances (children no longer dependant, mortgage paid off). They are also over-represented in the lowest income groupings according to the recent Income Distribution Study. Over one-third of pensioners are found in the bottom income quintile and over half (more than 7,000 pensioners) in the bottom 2 quintiles. Although average incomes are low for both single pensioners and pensioner couples in comparison with their non-pensioner equivalents, without additional allowances, many pensioners are paying income tax. It has been 4 years since exemptions have been raised. I believe it is time to restore the value of the additional exemptions for pensioner households.

The effect of this amendment is to increase the exemptions for 2004 of those aged 63+ by 4.5% in line with inflation.

Financial and manpower statement

There is no additional manpower requirement from the adoption of the amendment. The loss in income tax revenue is difficult to estimate without detailed understanding of the demographics but is estimated by the Comptroller of Income Tax to be £675,000.

If this amendment is adopted there will be a consequential amendment to the Draft Income Tax (Amendment No. 23) (Jersey) Law 200 (P.159/2003).

BUDGET 2004: SEVENTH AMENDMENT

PAGE 2 –

In the estimates of income from Income Tax –

Reduce the estimate from £370,000,000 to £ 367,494,000 by increasing the exemption limits as follows –

Single person from £10,750 to £11,018;
Married couple from £17,250 to £17,680;
Single person aged 63 or over from £12,000 to £12,299;
Married couple aged 63 or over from £19,750 to £20,242

and by increasing maximum child care tax relief from £6,000 to £6,150

SENATOR E.P. VIBERT

Report

I have brought this amendment to protect those taxpayers on lower incomes from the full effect of the budget. The effect of this amendment is to increase small income exemptions (applicable to those taxpayers on relatively low incomes) by 2½%. Members will be aware that the Finance and Economics Committee's proposal to freeze allowances for a fifth year in succession will have the effect of increasing the tax paid by all those on marginal rates who receive a cost of living increase in the year. It will also bring a number of such people into taxation. The overall effect of freezing these exemptions is to increase revenue from this section of society by some £4 million.

Over the past 4 years the Finance and Economics Committee has succeeded in bringing an ever greater number of those on low incomes into income tax (figures). The recent Income Distribution Study (IDS) reveals that 24% of the Jersey population of both people (20,290) and households (8,520) exist below the E.U. and U.K. accepted thresholds of low income after housing costs (AHC). These are households with average annual pre-benefit incomes of £13,500. Do we really wish to bring these 20,000 people into taxation? Shall we actually give benefits with one hand, only to take it back with the other? I believe that the time has come to stop this search for increased tax from those on ever lower incomes.

Members will recall one attempt to upgrade exemptions in line with inflation (P.6/2003), in order to increase the progressive nature of our tax system. They will also recall that the attempt failed partly because it also included allowances for better off. This amendment does not repeat that error. It also seeks not full indexation (say 4.5%), but a moderate partial indexation at 2.5%.

In this budget the Finance and Economics Committee, despite the increasingly problematic nature of our income/expenditure situation, has avoided any fundamental changes to the income tax system, apart from the insidious freezing of exemptions and allowances, and has relied on raising indirect taxes. Indirect taxes are intrinsically regressive, disproportionately affecting those least well off. Despite an attempt to make the changes contained in this budget progressive (differential rates of VRD and Stamp Duty), I believe that the overall impact of these measures will be regressive. This is shown below –

Tax measure	Revenue £ million
Impots on spirits	0.2
Impots on wines	0.3
Impots on beer	0.7
Impots on tobacco	2.6
Impots on motor fuel	2.6
VRD	1.7
Stamp duty	2.0
Mortgage interest tax	3.0
Total	13.1

The table shows some £6.4 million of undifferentiated indirect taxation disproportionately impacting on the lower paid, to which must be added £1.5 million to be taken from rental subsidy schemes deliberately targeted at the least well-off. If we are also to continue the freezing of exemptions, which will add a further £4 million taxation on lower income households then I estimate that the total additional taxation on the lower paid will amount to some £10 million. The result of this amendment will reduce this tax burden on the lower paid by just under £2.2 million.

Financial and Manpower considerations

There is no additional manpower requirement. Acceptance of this amendment will result in an estimated additional revenue from the lower paid of only £7.8 million.

The breakdown in the total loss of income of £2,506,000 is as follows –

- Increase in ordinary exemption levels – £2,100,000
- Increase in exemption levels for persons aged 63 and over – £400,000
- Increase in Child Care tax relief – £6,000

If this amendment is adopted there will be consequential amendments to the Draft Income Tax (Amendment No. 23) (Jersey) Law 200 (P.159/2003).

(1) PAGE 22, ARTICLE 7 –

In Article 7, in paragraph (5) of the inserted Article 90AA, for the amount “£275,000” substitute the amount £300,000”

(2) PAGE 22, ARTICLE 7 –

In Article 7, in paragraph (2) of the inserted Article 90AB, after the words “relief of tax on” insert the words “90% of”.

DEPUTY G.P. SOUTHERN OF ST. HELIER

REPORT

Amendment (1) seeks to raise the cap on mortgage interest relief to a figure that more accurately reflects the state of house prices and the likely trends in interest rates and mortgage availability in the market place today.

We find in the Jersey House Price Index (HPI) for the third quarter of 2003 that the “average” price of dwellings sold in the third quarter was £322,000. This average is further examined in table 2 and section 4 of the note included in the index, summarised here –

<i>Dwelling type</i>	<i>Price</i>	<i>Weighting</i>
1-bed flats	147,000	0.069
2-bed flats	223,000	0.124
2-bed houses	283,000	0.159
3-bed houses	330,000	0.482
4-bed houses	452,000	0.165

The weighting of each type of dwelling relates to the proportion of each property type accounted for in all sales over 2002. Members will notice that almost half of all transactions involve 3-bed houses. My concern is that setting the cap at too low a level may have a damaging effect on this part of the housing market, as follows.

Whilst neither of the figures under discussion will have any impact on those buying flats and 2-bed houses (the majority of whom will be first-time buyers), nor on most people who are trading up, the value of the cap is critical to the 3-bed market. In particular, to those first-time buyers attempting to buy in this market.

Thus the first-time buyer requires a substantial deposit. A 90% mortgage, on the average £330,000 house would mean £33,000 savings and a £297,000 mortgage. A more realistic 95% mortgage would require £16,500 savings and a mortgage of £316,500 on the same transaction. In reality, either savings or the loan would have to be larger to cover legal fees and duties on the transaction.

Let us now examine what income is required to support this level of mortgage. At current rates, using a multiple of 5 times the joint gross sustainable income (as is common in Jersey), the income required would be £63,300. This is not an unrealistic figure for a young professional couple and suggests that a proportion of this sector of the market is open to first-time buyers.

In real terms, such a couple with a £316,000 mortgage at 5% interest will currently be paying around £1,800 per month. It could be argued that the additional £400 in annual tax payable under the lower figure of interest tax relief (£34 per month) would make very little difference to loans in this sector.

However there is another factor that must be taken into consideration. We have recently seen the first rise in the Bank of England base rate for several years, by a quarter point to 3.75%. All predictions suggest that further rises will be seen next year. As the base rate rises, so will mortgage rates. As these rates rise then not only does the level of monthly payments, but more significantly, the amount that can be borrowed is reduced.

Every percentage point rise would see a cut of around 10% from the sum available. In the case of the couple with the £316,000 loan, a one per cent rise will see their monthly payments rise from £1,800 to around £2,030. However, the amount that can be borrowed will be reduced by 10% to around £284,000.

It is the rise in interest rates that is most likely to have the greatest effect on the housing market, certainly at this level, but we must be careful that the capping of interest tax relief does not compound any negative effects.

I believe that an increase of £25,000 in the interest relief cap to £300,000 would be a small but significant precautionary measure to ensure stability in the housing market.

Amendment (2) seeks to create a form of parity between 2 groups of people outlined in the first section of 10.4 (p.xxiv) of the Budget Report. The 2 groups of people qualifying for interest tax relief under the proposals are outlined in bullet points 1 and 5, namely –

- those with mortgages up to a capital sum of £275,000 used to purchase or extend a principal private residence; and
- those using a mortgage or loan to purchase or extend commercially let property and in wholly and exclusively earning the profits of commercially let property.

In their opening words, the Finance and Economics Committee focus clearly on the principle of equity in interest tax relief –

“It is inequitable that interest tax relief is granted on loans and overdrafts used to purchase second homes outside Jersey or for the purchase of private assets such as expensive motorcars and boats”.

I believe it is equally inequitable that such interest tax relief should remain on those who choose to purchase what is, effectively, a second home in Jersey – a private and very expensive asset – on a buy-to-rent basis.

It is a matter of clear and obvious equity that a person who buys a £350,000 luxury seafront flat to live in, should pay, perhaps, £750 in tax, whereas the neighbouring owner, with an identical asset on buy-to-rent, pays nothing due to his interest tax relief. Under my proposals, he would pay £350 in additional tax.

In effect, the proposal amounts to an additional 2% tax on the loan interest paid by landlords in the pursuance of their business. Assuming a 5% interest rate, this equates to an additional 0.1% on capital borrowed. It would apply equally to businesses (both large and small) in what many refer to today as “the accommodation industry” as it would to individual landlords. However, it is clear from paragraphs (2), (3) and (4) of the new Article 90AE inserted by Article 7 of the Draft Income Tax (Amendment No. 23) (Jersey) Law 2004 that the purpose of the loan must be *to let the whole or most of the property to someone unconnected with the person paying the loan*. Those who take in a lodger to help cover the mortgage payments will remain eligible for interest tax relief. For those who let for a short period or to a relative, interest payments eligible for relief will be apportioned.

Financial and manpower statement

There are no manpower implications from the adoption of amendment (1). Nor are there any financial implications for 2004 since these measures will produce no revenue until 2005. Given an estimate of a total additional revenue using the lower cap of £3 million, it is difficult to estimate what the effect of raising the cap by 9% will be. What is certain is that a 9% change will have a much greater effect on revenue produced. My estimate is that instead of applying to some 65% of transactions, the higher cap will only apply to 41% of sales, thus

reducing potential revenue by one third.

According to the Income Tax Department, there will be no manpower implications from the adoption of Amendment (2). However, there would be a manpower requirement in ascertaining the additional revenue that could be produced by this measure. Companies are currently assessed for tax on the basis of their profits. To assess how much additional revenue might accrue from this measure would require an examination of how much of property companies' business is conducted through mortgage or loan arrangements.