

**THE STATES assembled on Thursday,
1st December 2005 at 9.00 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 Paul Vincent Francis Le Claire– ill
Jeremy Laurence Dorey, Deputy of St. Helier– ill

Prayers

**Budget 2006
Amendments and Comments**

THE STATES allowed the Treasurer of the States to be present in the Chamber during the consideration of the Budget.

THE STATES resumed consideration of the Budget for the financial year commencing 1st January 2006, and commenced consideration of the estimates of revenue expenditure and income of the Housing Committee together with an amendment of Deputy Geoffrey Peter Southern of St. Helier, (P.278/2005– Budget 2006: eighth Amendment), that on page 4 of the Budget Report 2006 the Housing Committee estimates for Private Sector Housing Subsidies (as shown on page 96 of the Budget 2006 Committee Annex) be reduced by £500,000 from £9,414,185 to £8,914,185, and the estimates for Administration and Maintenance (as shown on page 96 of the Budget 2006 Committee Annex) be increased by £500,000 from (£23,988,442) to (£23,488,442).

THE STATES, following consideration of the amendment, adopted a proposition of Senator Paul Francis Routier that, in accordance with Standing Order 27, the States move to the consideration of the next item on the Order Paper.

Members present voted as follows –

POUR: 33

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

Connétable of St. Martin
Connétable of St. Ouen
Connétable of St. Saviour

CONTRE: 11

Senator W. Kinnard
Deputy R.C. Duhamel (S)
Deputy A. Breckon (S)
Deputy of St. Martin
Deputy of St. John
Deputy G.C.L. Baudains
(C)
Deputy C.J. Scott-Warren
(S)
Deputy J.A. Martin (H)
Deputy G.P. Southern (H)
Deputy of Grouville

ABSTAIN: 0

Connétable of St. Mary
Connétable of St. Peter
Connétable of St. Clement
Connétable of Trinity
Connétable of St. Lawrence
Connétable of Grouville
Connétable of St. John
Connétable of St. Brelade
Deputy of Trinity
Deputy J.J. Huet (H)
Deputy T.J. Le Main (H)
Deputy M.F. Dubras (L)
Deputy P.N. Troy (B)
Deputy L.J. Farnham (S)
Deputy R.G. Le Hérisier (S)
Deputy J-A. Bridge (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)

Deputy G.W.J. de Faye (H)

THE STATES, having considered the estimates of the revenue expenditure and income of the Housing Committee, decided to allow the said estimates as detailed in the undermentioned pages of the Budget 2006 Committee Annex as follows –

Housing Committee – page 98

THE STATES, having considered the estimates of the revenue expenditure and income of the following Committees, decided to allow the said estimates as detailed on the undermentioned pages of the Budget 2006 Committee Annex as follows –

Legislation Committee – page 101

Harbours and Airport Committee – La Collette Reclamation Scheme– page 101

TRADING COMMITTEES

Harbours and Airport Committee:

Harbours – page 105

Airport – page 111

Committee for Postal Administration – page 116

Environment and Public Services Committee – Car Parks Trading Account – page 118

THE STATES noted a credit of revenue expenditure for each of the undermentioned Committees as shown on page 4 of the Budget 2006 –

Privileges and Procedures Committee	5,998,600
Finance and Economics Committee	
Finance and Economics Departments	62,346,100
Grant to Overseas Aid Commission	5,686,000
Environment and Public Services Committee	28,153,700
Economic Development Committee	15,827,200
Health and Social Services Committee	132,419,500
Education, Sport and Culture Committee	93,736,300
Home Affairs Committee	40,585,100
Employment and Social Security Committee	86,051,200
Housing Committee	1,835,700
Legislation Committee	49,400
Harbours and Airport Committee – La Collette	(149,700)

THE STATES, referring to the summary of income and revenue expenditure estimates appearing on page 11 agreed the total revenue expenditure in the sum of £644,256,700, being £77,221,200 from trading committees, £530,135,500 from non-trading committees and £36,900,000 repayment of capital debt; the total income, excluding transfers from the Capital Fund, in the sum of £177,346,900, being £88,898,900 from trading committees, £88,044,200 from non-trading committees, and £403,800 interest received on capital debt; and, having allowed for the total other income in the sum £22,250,000, the estimated transfer to the trading funds of the trading committees of £11,424,057 and the net return from trading committees of £253,643, noted that there was to be no net appropriation to the General Reserve in 2006.

THE STATES noted that on the basis of levels of taxation proposed by the Finance and Economics Committee, the deficit balance on the revenue account to be transferred from the Capital Fund, amounted to (£4,686,781).

Having allowed for a balance of £11,657,275 to be brought forward at 1st January 2006, and taking into account the capital repayments and receipts of £37,967,200, and transfer to the income of the revenue account of (£4,686,781) appearing on page 12, the States noted that there would be available in the capital fund the sum of £44,937,694, and that no transfer to the Strategic Reserve was to be made.

THE STATES commenced consideration of the estimates of capital expenditure in the total sum of £41,194,000, appearing on page 8, recommended by the Finance and Economics Committee, and allowed the estimates as follows –

NON-TRADING COMMITTEES

the estimate of the capital expenditure of the Finance and Economics Committee appearing on page 7 of the Budget;

the estimate of the capital expenditure of the Housing Committee appearing on page 7 of the Budget;

the estimate of the capital expenditure of the Environment and Public Services Committee appearing on page 7 of the Budget;

the estimate of the capital expenditure of the Health and Social Services Committee appearing on page 8 of the Budget;

the estimate of the capital expenditure of the Education, Sport and Culture Committee appearing on page 8 of the Budget; and,

the estimate of the capital expenditure of the Home Affairs Committee appearing on page 8 of the Budget.

the estimate of the capital expenditure of the Economic Development Committee appearing on page 8 of the Budget.

the estimate of the capital expenditure of the Harbours and Airport Committee appearing on page 8 of the Budget.

THE STATES allowed the amount to be voted from the Capital Fund of £38,694,000, and noted the individual transactions comprising:

New Capital Projects for Non-Trading Committee in 2006 in the amount of £41,194,000 appearing on pages 7 and 8 of the Budget.

Loan Sanction Repayments in the amount of £4,000,000 for Hautlieu School, appearing on page 8 of the Budget.

Two amounts were to be transferred back to the Capital Fund from existing capital votes for Belle Vue Residential Home in the sum of £5,000,000 and the Acquisition of Land Vote in the sum of £1,500,000, appearing on page 8 of the Budget.

THE STATES then proceeded to consider the estimates of capital expenditure to be financed from the Trading Funds appearing on page 9 of the Budget and allowed–

the estimate of the capital expenditure of the Harbours and Airport Committee in respect of the Harbours;

the estimate of the capital expenditure of the Harbours and Airport Committee in respect of the Airport;

the estimate of the Environment and Public Services Committee in respect of the Public Services Car Parks Trading Account.

THE STATES approved the said estimates totalling £17,842,000.

THE STATES, having noted the estimated transactions of the Trading Funds in 2006, decided to allow the said estimates as detailed in the undermentioned pages of the Budget 2006 Committee Annex as follows, and summarised on page 6 of the Budget –

TRADING FUNDS

Harbours and Airport Committee in respect of Harbours – page 106

Harbours and Airport Committee in respect of Airport – page 112

Committee for Postal Administration – page 116

Environment and Public Services Committee Car Parks Trading Account – page 118.

THE STATES, having noted the exit of the Treasurer of the States from the Chamber, allowed the Comptroller of Income Tax and the Deputy Agent of the Impôts to be present in the Chamber for the remaining consideration of the Budget.

THE STATES commenced consideration of the estimates of income to be produced from direct and indirect taxation appearing on page 2 of the Budget and adopted an amendment of Senator Michael Edward Vibert,

(P.266/2005 – Budget 2006: second amendment, lodged “au Greffe” on 8th November 2005), that, on page 2 of the Budget Report 2006, the estimates of income from indirect taxation be increased in order to fund the provision of free television licences for those aged 75 and over living in domestic accommodation whose income was less than £20,720 for a married couple and £12,770 for a single person, by adding £300,000 to Impôts on Beer so that the income rose from £4,590,000 to £4,890,000.

Members present voted as follows –

POUR: 38

Senator J.A. Le Maistre
Senator S. Syvret
Senator F.H. Walker
Senator W. Kinnard
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. Mary
Connétable of St. Peter
Connétable of St. Clement
Connétable of St. Helier
Connétable of Trinity
Connétable of St. Lawrence
Connétable of St. John
Connétable of St. Brelade
Deputy of Trinity
Deputy A. Breckon (S)
Deputy J.J. Huet (H)
Deputy T.J. Le Main (H)
Deputy M.F. Dubras (L)
Deputy P.N. Troy (B)
Deputy F.G. Voisin (L)
Deputy R.G. Le Hérissier (S)
Deputy J.B. Fox (H)
Deputy J-A. Bridge (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)

CONTRE: 10

Senator L. Norman
Deputy R.C. Duhamel (S)
Deputy of St. Martin
Deputy of St. John
Deputy G.C.L. Baudains (C)
Deputy C.J. Scott-Warren (S)
Deputy L.J. Farnham (S)
Deputy J.A. Martin (H)
Deputy G.P. Southern (H)
Deputy G.W.J. de Faye (H)

ABSTAIN: 0

THE STATES noted that consequential to adopting the amendment of Senator Michael Edward Vibert, Deputy Geoffrey Peter Southern of St. Helier had withdrawn his amendment, (P.276/2005– Budget 2006: sixth amendment), that on page 2 of the Budget the estimates of income from indirect taxation be increased in order to fund the provision of free television licences for those aged 75 and over living in domestic accommodation whose

income was less than £20,720 for a married couple and £12,770 for a single person, by adding £300,000 to the estimates of income from Income Tax by levying an additional fixed charge of £200 on the income tax liability of all taxpayers whose total income is over £100,000 per annum.

THE STATES, following discussion, agreed the estimates of income, as amended, to be produced from indirect taxation appearing on page 2 of the Budget as follows–

Impôts on spirits	£3,519,000
Impôts on wines	£4,896,000
Impôts on cider	£550,000
Impôts on beer	£4,890,000
Impôts on tobacco	£10,992,000
Impôts on motor fuel	£18,364,000
Impôts on goods imported	£100,000
Vehicle Registration Duty	<u>£3,101,000</u>
	£46,412,000

THE STATES, following consideration, agreed the estimate of income to be produced from Stamp Duty appearing on page 2 of the Budget in the sum of £17,000,000.

THE STATES commenced consideration of the estimate of income to be produced from Income Tax together with an amendment of Deputy Geoffrey Peter Southern of St. Helier, (P.277/2005– Budget 2006: seventh amendment), that on page 2 of the Budget the estimate of income from Income Tax be reduced by £1.7 million by increasing –

- (a) the single person's tax exemption threshold from £11,020 to £11,240;
- (b) the married person's tax exemption threshold from £17,680 to £18,030;
- (c) the tax exemption threshold increment in the case of a single person aged 63 or more from £1,280 to £1,310;
- (d) the tax exemption threshold increment in the case of a married person aged 63 or more from £2,570 to £2,620;
- (e) the maximum child care relief from £6,150 to £6,270,

and that the estimate be increased by £1.7 million by imposing a higher rate of income tax of 22% on income over £100,000 for those taxpayers whose total income exceeded that sum, and adopted a proposition of Senator Terence Augustine Le Sueur that in accordance with Standing Order 27, the States move to the consideration of the next item on the Order Paper.

Members present voted as follows –

POUR: 30

CONTRE: 8

ABSTAIN: 0

Senator J.A. Le Maistre
Senator L. Norman

Senator S. Syvret
Deputy A. Breckon (S)

Senator F.H. Walker	Deputy of St. Martin
Senator W. Kinnard	Deputy G.C.L. Baudains (C)
Senator T.A. Le Sueur	Deputy C.J. Scott-Warren (S)
Senator P.F. Routier	Deputy J.A. Martin (H)
Senator M.E. Vibert	Deputy G.P. Southern (H)
Connétable of St. Martin	Deputy of Grouville
Connétable of St. Ouen	
Connétable of St. Peter	
Connétable of St. Clement	
Connétable of St. Helier	
Connétable of St. Lawrence	
Connétable of St. John	
Connétable of St. Brelade	
Deputy R.C. Duhamel (S)	
Deputy J.J. Huet (H)	
Deputy of St. John	
Deputy T.J. Le Main (H)	
Deputy M.F. Dubras (L)	
Deputy F.G. Voisin (L)	
Deputy L.J. Farnham (S)	
Deputy R.G. Le Hérisier (S)	
Deputy J.B. Fox (H)	
Deputy J-A. Bridge (H)	
Deputy of St. Mary	
Deputy of St. Ouen	
Deputy M.A. Taylor (C)	
Deputy of St. Peter	
Deputy J.A. Hilton (H)	

THE STATES agreed the estimate of income to be produced from Income Tax appearing on page 2 of the Budget in the sum of £385,000,000 and, therefore, the total estimated income from Indirect Tax, Stamp Duty and Income Tax, as amended, in the sum of £472,387,000.

Draft Finance (Jersey) Law 200- P.255/2005

THE STATES commenced consideration of the draft Finance (Jersey) Law 200-, (P.255/2005 lodged “au Greffe” on 1st November 2005), and adopted the preamble and Articles 1 to 12 together with an amendment of the Finance and Economics Committee that in Article 4 for the proposed paragraph 3(b) of Part 2 of Schedule 1 to the Customs and Excise (Jersey) Law 1999, there be substituted the following sub-paragraph –

- “(b) on all other beer imported into or produced or manufactured in Jersey, excise duty at the rate of –
- (i) £43.32 per hectolitre of beer not exceeding 4.9% volume, and
 - (ii) £65.17 per hectolitre of beer exceeding 4.9% volume.”.

The draft Finance (Jersey) Law 200-, as amended, was lodged “au Greffe” in Second Reading.

THE STATES, in pursuance of Article 25 of the Public Finances (Administration) (Jersey) Law 1967, as amended, declared that the Bill entitled the Finance (Jersey) Law 200-, (P.255/2005 lodged “au Greffe” on 1st November 2005, by the Finance and Economics Committee), as it had this day been amended by the States, should immediately have effect as if it were a Law sanctioned by Her Majesty in Council.

Members present voted as follows –

POUR: 31

CONTRE: 1

ABSTAIN: 0

Senator J.A. Le Maistre
Senator T.A. Le Sueur
Senator P.F. Routier
Senator P.F.C. Ozouf
Connétable of St. Martin
Connétable of St. Ouen
Connétable of St. Mary
Connétable of St. Peter
Connétable of St. Clement
Connétable of St. Helier
Connétable of St. Lawrence
Connétable of Grouville
Connétable of St. John
Connétable of St. Brelade
Deputy R.C. Duhamel (S)
Deputy A. Breckon (S)
Deputy of St. John
Deputy T.J. Le Main (H)
Deputy M.F. Dubras (L)
Deputy P.N. Troy (B)
Deputy C.J. Scott-Warren (S)
Deputy R.G. Le Hérisier (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 of Grouville
Deputy of St. Peter
Deputy J.A. Hilton (H)
Deputy G.W.J. de Faye (H)

Deputy of St. Martin

Draft Income Tax (Amendment No. 25) (Jersey) Law 200 P.256/2005

THE STATES adopted a Law entitled the Income Tax (Amendment No. 25) (Jersey) Law 200, (lodged “au Greffe” on 1st November 2005).

THE STATES, in pursuance of Article 25 of the Public Finances (Administration) (Jersey) Law 1967, as amended, declared that the Bill entitled the Tax (Amendment No. 25) (Jersey) Law 200, (lodged “au Greffe” on 1st November 2005, by the Finance and Economics Committee), should immediately have effect as if it were a Law sanctioned by Her Majesty in Council.

Budget 2006 (continued)

THE STATES, having terminated the discussion on the Budget, agreed the summary of the estimated income and revenue expenditure for 2005 appearing on page 11 of the Budget as follows –

INCOME

£

£

£

Income Tax			385,000,000
Impôts Duties			46,412,000
Stamp Duty			17,000,000
Other Income			228,250,000

Trading Committees

Expenditure	77,221,200		
Income	88,898,900		
		11,677,700	
Estimated Transfer to Trading Funds		11,424,057	
Net return from Trading Committees			<u>253,643</u>
			470,915,643

LESS

Non-Trading Committees

Revenue expenditure	530,135,500		
Revenue Income	<u>88,044,200</u>		
Total Non-Trading Committee Cash Limits	442,091,300		
Appropriation to General Reserve	0		
Total Net Revenue Expenditure of Non-Trading Committees before Capital Servicing		442,091,300	
Capital Servicing			
Repayment of Capital Debt	36,900,000		
Interest Received on Capital Debt	403,800		
Net Capital Repayments		<u>36,496,200</u>	
Total Net Revenue Expenditure of Non-Trading Committees after Capital Servicing			<u>478,587,500</u>

Estimated deficit on General Funds for the Year (7,671,857)

Less:

Estimated Surplus in General Funds brought forward at 1st January 2006 3,285,076

Estimated deficit to be transferred from the Capital Fund (4,386,781)

THE STATES further agreed the estimated transactions of the capital fund for 2005 as follows –

	£	£	£
Estimated balance at 1st January 2005			11,657,275
Transfer to Strategic Reserve			0

Capital repayments and receipts		37,967,200
Transfer to the Income of the Revenue account (as above)		<u>(4,386,781)</u>
		45,237,694
Capital Expenditure as recommended by the Finance and Economics Committee	34,694,000	
Plus: Loan sanction repayments	<u>4,000,000</u>	
		<u>38,694,000</u>
Estimated balance at 31st December 2005		£6,543,694

Draft Amendment (No. 4) of the Standing Orders of the States of Jersey– P.265/2005

THE STATES rejected an amendment of Deputy Roy George Le Hérisssier of St. Saviour to the Standing Order of the States of Jersey, entitled the draft Amendment (No. 4) of the Standing Orders of the States of Jersey– (P.265/2005 lodged “au Greffe on 8th November 2005).

Members present voted as follows –

POUR: 17

Senator J.A. Le Maistre
 Senator S. Syvret
 Senator P.F.C. Ozouf
 Connétable of St. Ouen
 Connétable of St. Clement
 Connétable of St. Helier
 Deputy R.C. Duhamel (S)
 Deputy A. Breckon (S)
 Deputy of St. Martin
 Deputy F.G. Voisin (L)
 Deputy L.J. Farnham (S)
 Deputy R.G. Le Hérisssier (S)
 Deputy J-A. Bridge (H)
 Deputy J.A. Martin (H)
 Deputy G.P. Southern (H)
 Deputy J.A. Bernstein (B)
 Deputy of Grouville

CONTRE: 29

Senator L. Norman
 Senator W. Kinnard
 Senator T.A. Le Sueur
 Senator P.F. Routier
 Senator M.E. Vibert
 Connétable of St. Martin
 Connétable of St. Saviour
 Connétable of St. Mary
 Connétable of St. Peter
 Connétable of Trinity
 Connétable of St. Lawrence
 Connétable of Grouville
 Connétable of St. John
 Connétable of St. Brelade
 Deputy of Trinity
 Deputy J.J. Huet (H)
 Deputy of St. John
 Deputy T.J. Le Main (H)
 Deputy M.F. Dubras (L)
 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 of St. Peter
 Deputy J.A. Hilton (H)
 Deputy G.W.J. de Faye (H)

ABSTAIN: 1

Senator F.H. Walker

Conduct of Deputy Geoffrey Peter Southern of St. Helier on the evening of the Deputies' election – statement

The President of the Privileges and Procedures Committee made a statement in the following terms –

“Members of the Privileges and Procedures Committee have received a number of letters and phone calls from members of the States and members of the public complaining about the conduct of Deputy Southern on the evening of the Deputies' elections when he was clearly inebriated. Several of these complaints have called for the Deputy to resign from the States.

In normal circumstances the Committee would have given consideration to initiating a full investigation. Indeed, some members of the Committee were adamant that this should happen. However the Committee is conscious that it is only now in office for a matter of days and there is simply not time to implement and conclude the required procedure, which is necessary despite the apparent “open and shut” nature of the case.

The Committee is nevertheless reluctant to defer this matter until a new Committee assumes office and has therefore met on 3 occasions this week to discuss this issue. The Committee shares the outrage expressed in some of the letters of complaint received about the behaviour of Deputy Southern. It is clear that Deputy Southern has broken the Code of Conduct for members, which will come into full effect next week. I would draw members' attention to the relevant paragraphs of the Code which state –

‘Elected members should at all times conduct themselves in a manner which will tend to maintain and strengthen the public's trust and confidence in the integrity of the States of Jersey and shall endeavour, in the course of their public and private conduct, not to act in a manner which would bring the States, or its members generally, into disrepute.

Elected members should at all times treat other members of the States, officers and members of the public with respect and courtesy and without malice, notwithstanding the disagreements on issues and policy which are a normal part of the political process’.

The Committee has no doubt that Deputy Southern's behaviour on 23rd November fell far short of the standard referred to in the Code. In particular his use of extremely offensive language addressed to Senator Ozouf was quite unacceptable.”

The Committee notes that Deputy Southern has made a public apology on Channel Television and in this Assembly. I am also aware that he has made a private apology to Senator Ozouf for his conduct but the strong view of the PPC is that a full public apology should now be made by Deputy Southern to Senator Ozouf. If that is not forthcoming the present Committee strongly recommends that the new PPC initiates the full investigation procedure into this matter to ascertain if further action is appropriate.

I am sure all members, including in particular Deputy Southern, will agree that it is essential for the reputation of this Assembly that members' conduct is at all times above reproach. Insulting and offensive behaviour is totally unacceptable, is a clear breach of the Code of Conduct and does nothing to enhance the standing of the States in the public's eye.”

Deputy Geoffrey Peter Southern of St. Helier– personal statement – conduct in media interview on Deputies election night

Deputy Geoffrey Peter Southern of St. Helier made a personal statement in the following terms–

“I wholeheartedly and genuinely apologise to Senator Ozouf for my remarks on the evening of the Deputies elections. My actions were entirely inappropriate and inexcusable and I agree with the Privileges and Procedures Committee that it did bring my office into disrepute and for that I wholeheartedly apologise to the Senator.”

THE STATES rose at 4.25 p.m.

M.N. DE LA HAYE

Greffier of the States.