



# BILLET D'ÉTAT

WEDNESDAY, 29th OCTOBER, 2003

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# ***BILLET D'ÉTAT***

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## **TO THE MEMBERS OF THE STATES OF THE ISLAND OF GUERNSEY**

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I have the honour to inform you that a Meeting of the States of Deliberation will be held at **THE ROYAL COURT HOUSE**, on **WEDNESDAY**, the **29th OCTOBER, 2003**, immediately after the Meeting of the States of Election already convened for that day.

**PROJET DE LOI**

entitled

**THE ROAD TRAFFIC (DRINK DRIVING) (GUERNSEY) (AMENDMENT)  
LAW, 2003**

The States are asked to decide:-

I. Whether they are of opinion to approve the Projet de Loi entitled “The Road Traffic (Drink Driving) (Guernsey) (Amendment) Law, 2003”, and to authorise the Bailiff to present a most humble Petition to Her Majesty in Council praying for Her Royal sanction thereto.

**THE SOCIAL INSURANCE (RATES OF CONTRIBUTIONS AND BENEFITS,  
ETC.) ORDINANCE, 2003**

The States are asked to decide:-

II.- Whether they are of opinion to approve the draft Ordinance entitled “The Social Insurance (Rates of Contributions and Benefits, etc.) Ordinance, 2003”, and to direct that the same shall have effect as an Ordinance of the States.

**THE HEALTH SERVICE (BENEFIT) (AMENDMENT) (NO. 2) ORDINANCE,  
2003**

The States are asked to decide:-

III.- Whether they are of opinion to approve the draft Ordinance entitled “The Health Service (Benefit) (Amendment) (No. 2) Ordinance, 2003”, and to direct that the same shall have effect as an Ordinance of the States.

**THE LONG-TERM CARE INSURANCE (GUERNSEY) (RATES)  
ORDINANCE, 2003**

The States are asked to decide:-

IV.- Whether they are of opinion to approve the draft Ordinance entitled “The Long-term Care Insurance (Guernsey) (Rates) Ordinance, 2003”, and to direct that the same shall have effect as an Ordinance of the States.

**THE FAMILY ALLOWANCES ORDINANCE, 2003**

The States are asked to decide:-

V.- Whether they are of opinion to approve the draft Ordinance entitled “The Family Allowances Ordinance, 2003”, and to direct that the same shall have effect as an Ordinance of the States.

**THE SUPPLEMENTARY BENEFIT (IMPLEMENTATION) (AMENDMENT)  
(NO. 2) ORDINANCE, 2003**

The States are asked to decide:-

VI.- Whether they are of opinion to approve the draft Ordinance entitled “The Supplementary Benefit (Implementation) (Amendment) (No. 2) Ordinance, 2003”, and to direct that the same shall have effect as an Ordinance of the States.

**THE ATTENDANCE AND INVALID CARE ALLOWANCES ORDINANCE,  
2003**

The States are asked to decide:-

VII.- Whether they are of opinion to approve the draft Ordinance entitled “The Attendance and Invalid Care Allowances Ordinance, 2003”, and to direct that the same shall have effect as an Ordinance of the States.

**THE CENTRAL OUTDOOR ASSISTANCE BOARD REGULATIONS  
(AMENDMENT) ORDINANCE, 2003**

The States are asked to decide:-

VIII.- Whether they are of opinion to approve the draft Ordinance entitled “The Central Outdoor Assistance Board Regulations (Amendment) Ordinance, 2003”, and to direct that the same shall have effect as an Ordinance of the States.

**STATES PROCEDURES AND CONSTITUTION COMMITTEE**

**RULES OF PROCEDURE OF THE STATES OF DELIBERATION AND THE  
CONSTITUTION AND OPERATION OF STATES DEPARTMENTS AND  
COMMITTEES**

The President  
States of Guernsey  
Royal Court House  
St Peter Port  
GUERNSEY  
GY1 2PB

25<sup>th</sup> September, 2003

Dear Sir,

**RULES OF PROCEDURE OF THE STATES OF DELIBERATION *and* THE  
CONSTITUTION AND OPERATION OF STATES DEPARTMENTS AND  
COMMITTEES**

1. On the 16th May, 2003 the States resolved to direct the States Procedures and Constitution Committee to lay before the States amendments to the Rules of Procedure of the States of Deliberation and the Rules relating to the Constitution and Operation of States Committees. The purpose of this policy letter, therefore, is to lay revised Rules before the States which, if approved, will come into force on the 1<sup>st</sup> May, 2004. Both sets of Rules are included in the Brochure to this Billet d'État.
2. In drafting the new Rules of Procedure of the States of Deliberation the opportunity has been taken to carry out a general review which has resulted in a number of further amendments being made. There are several minor consequential amendments required in relation to the changes in the machinery of government which were not specifically covered in the May 2003 resolutions. In addition there are a few, more substantive, amendments and these are reported on in more detail in the following paragraphs.
3. In Rule 1 (2) (replacing the present Rule 1 (3)) the words "*and shall, so far as possible, endeavour to meet the convenience of His Excellency*" have been omitted from the end of the paragraph. The Committee wishes to make it plain that it welcomes the presence of His Excellency the Lieutenant-Governor at meetings of the States and certainly does not wish to imply any disrespect for him or his office. However, the Committee considers that the omitted words are a relic of a bygone age and that they are no longer appropriate in the present day.

4. In Rule 13 (4) (replacing the present Rule 12 (4)) the wording has been slightly altered to put it beyond doubt that Presiding Officer shall ascertain whether there are seven members who wish an amendment or sursis to be debated before the seconder has addressed the States. This is considered desirable in view of the uncertainty which has arisen in this regard in previous debates.
5. In May, 2003 the States resolved that *“In all elections no speech shall be allowed when the number of candidates does not exceed the number of vacancies.”*. Subsequently the Committee received a number of representations to the effect that an exception should be made to the rule with regard to elections of Chief Ministers. On reflection the Committee concurs with that view and Rule 20 (2) (d) has been drafted accordingly.
6. Rule 21 is a new rule which sets out the procedure to be followed regarding motions to annul a Statutory Instrument or Ordinance laid before the States. Members of the States will recall that the absence of such a provision came to light at a recent sitting of the States and this Rule broadly follows the procedure instituted on that occasion by the Deputy President.
7. The final change to the Rules of Procedure relates to the declaration of financial interests set out in Schedule 1 to the Rules. In paragraph 2, members are required to list directorships of companies trading, or holding an interest in land, in the Bailiwick. Similarly, in paragraph 4, members are required to declare shareholdings in companies in which they are beneficially entitled to 10% or more of the issued share capital of companies trading, or holding an interest in land, in the Bailiwick.
8. In the interests of greater transparency the Committee has amended the two paragraphs as follows. In paragraph 2 the words *“trading, or holding an interest in land, in the Bailiwick”* have been removed which means all directorships will have to be declared. In paragraph 4 members, in addition to the existing requirements, will be required to declare any interest in companies in which they have a *“material interest”*. Under the existing rules the only interests which have to be declared are shareholdings in companies trading, or holding an interest in land, in the Bailiwick.
9. There are also some substantive amendments included in the new Constitution and Operation of States Committees and these are set out below. As with the Rules of Procedure, the minor and consequential amendments are not referred to specifically.
10. In May, 2003 the States resolved to establish a Legislation Select Committee *“incorporating the constitution ... of the Legislation Committee”*. The Legislation Committee’s constitution is:
  - A President who shall be a Member of the States
  - 4 members who shall be sitting Members of the States

2 members who need not be sitting Members of the States.  
The Committee sees no merit in the Legislation Review Committee having an “old-style” constitution and recommends instead that it should be constituted in the “new-style”, that is:

A Chairman who shall be a sitting Member of the States

4 sitting Members of the States

The Committee may appoint up to two non-voting members, who shall not be sitting Members of the States, and whose appointments shall expire at the same time as the terms of office of the four sitting Members of the States.

11. The States Procedures and Constitution Committee recommends the States to approve:
  - (a) the Rules of Procedure of the States of Deliberation;
  - (b) the Rules relating to the Constitution and Operation of States Departments and Committees.
  
12. I should be grateful if you would lay this matter before the States with appropriate propositions.

Yours faithfully,

R.C. BERRY

President  
States Procedures and Constitution Committee

**(NB The States Advisory and Finance Committee supports the proposals)**

The States are asked to decide:-

IX.- Whether, after consideration of the Report dated the 25<sup>th</sup> September, 2003, of the States Procedures and Constitution Committee, they are of opinion:-

To approve –

- (a) the Rules of Procedure of the States Deliberation;
- (b) the Rules relating to the Constitution and Operation of States Departments and Committees.

**STATES COMMITTEE FOR HORTICULTURE**

**NEW MEMBER**

The States are asked to decide:-

X.- To elect a sitting member of the States as a member of the States Committee for Horticulture to complete the unexpired portion of the term of office of Douzaine Representative W. Le R. Robilliard, who has been elected President of that Committee, namely, to the 31<sup>st</sup> May, 2004.

**GUILLE-ALLÈS LIBRARY COUNCIL**

**NEW MEMBER**

The States are asked:-

XI.- To elect a sitting member of the States as a member of the Guille-Allès Library Council to complete the unexpired portion of the term of office of the late Deputy P. A. C. Falla, namely, to the 31<sup>st</sup> May, 2004.

**STATES ADVISORY AND FINANCE COMMITTEE**

**THE NEW MACHINERY OF GOVERNMENT IN GUERNSEY**

The President  
States of Guernsey  
Royal Court House  
St Peter Port  
Guernsey  
GY1 2PB

25<sup>th</sup> September 2003

Dear Sir

**THE NEW MACHINERY OF GOVERNMENT IN GUERNSEY**

**1. Introduction**

On the 14<sup>th</sup>, 15<sup>th</sup> and 16<sup>th</sup> May 2003 the States debated a Policy Letter that had been presented by the Advisory and Finance Committee which contained proposals and recommendations for the establishment of a new and more streamlined government structure which will: -

- create a new position of Chief Minister heading a Policy Council;
- achieve a significant reduction in the number of committees from 43 to 10 departments plus 4 committees;<sup>1</sup>
- facilitate improved development and co-ordination of policy, at a corporate and department level;
- provide for improved communications between departments;
- facilitate swifter decision making;
- and, most importantly, will lead to improved services for the community.

The States approved all of the Committee's recommendations subject to four amendments. A copy of the States resolutions arising from the debate is attached as

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<sup>1</sup> The States have also previously directed the Advisory and Finance Committee to develop proposals for a fifth new committee to be known as the Public Accounts Committee and this is dealt with in section 4 of this Policy Letter.

appendix 1. During the debate the Committee undertook to keep the States informed of the progress being made with the ‘machinery of government’ project and to refer a number of important matters back to the States for consideration.

Subsequently, in the ‘machinery of government’ section of the 2003 Policy and Resource Plan (Billet d’Etat XIV of 2003), the Committee included a proposal to authorise the Policy Council to develop and issue to the departments, directions on the consultation processes to be adopted during the development of major policy items. The Committee also proposed that the Board of Administration should be instructed to review the opportunities for the more efficient and effective use of existing States office and ancillary accommodation under the new government structure and to implement any changes considered necessary to achieve these objectives. Both of these recommendations were approved by the States.

**The purpose of this Policy Letter is to outline the detailed planning that is currently being undertaken and the progress that is being made in preparation for the implementation of the new government structure in May 2004. The Policy Letter also contains the draft mandates for the new Policy Council, ten departments and four committees for approval by the States together with proposals to establish a Public Accounts Committee. It also deals with several other related matters.**

## **2. Progress to date**

### ***(i). Appointment of Chief Officers***

Shortly after the States debate in May of this year the Civil Service Board finalised the arrangements for appointing the chief officers on a designate basis to the new departments. The arrangements were notified to all States Members and existing chief officers on the 30th May 2003.

The first two appointments, made in July, were in respect of those posts which had been referred to in the Committee’s May 2003 Policy Letter as “Chief Executive of the Policy Council (and Head of the Civil Service)” and the “Head of Human Resources of the Policy Council”. The latter post is one of the four ‘heads of section’ who will be working for the Policy Council. It was recognised that these two appointments had to be made first (on a designate basis) as both officers would be involved in the subsequent process for appointing the ‘new’ chief officers to the departments.

As part of the process, the Civil Service Board considered the issue of job titles. This was necessary because, at the time of the States debate in May 2003, the Advisory and Finance Committee’s proposals referred only to ‘working titles’ that had been used up to that point and it was recognised that such matters of detail would need further consideration.

Historically, the most senior post in the Civil Service has been that of States Supervisor. The holder of that office is Head of the Civil Service and since 1970 has been the chief executive to the Advisory and Finance Committee. The Civil Service Board has decided that under the new government structure the most senior post should be titled 'Chief Executive to the States of Guernsey' to reflect the fact that the post holder's responsibilities encompass States-wide matters.

The proposed title for the post of Head of Human Resources of the Policy Council has been confirmed by the Civil Service Board.

Following these two appointments on a designate basis, the process was commenced for appointing the chief officers to the ten new departments together with the remaining senior 'heads of section' posts within the Policy Council. At the time of preparing this Policy letter the appointments process is expected to be substantially completed during November. Each of these new posts will have a job description that reflects the associated responsibilities as well as underpinning the requirement for the chief officers of the new departments to work together on wider, corporate matters.

Once the appointments have been completed the 'new' chief officer group will meet regularly under the chairmanship of the Chief Executive (designate) to assist with the planning and preparations that need to be completed prior to the implementation of the new government structure in May 2004.

***(ii). Detailed Planning Arrangements***

Amongst the matters that have been or are being considered are: -

1. Changes to existing legislation (principally comprising a 'transfer of functions' Ordinance).
2. Government responsibilities for the financial services sector.
3. The draft mandates for the Policy Council and the new departments and committees.
4. The role and responsibilities of the Public Accounts Committee.
5. The 'relationship' between the departments and any trading 'satellites' for which they will be responsible.
6. The detailed functions to be undertaken by the new departments.
7. Proposed organisational structures for the departments.

Other work streams that are currently being progressed include: -

- A review of office accommodation as agreed by the States during the July debate on the 2003 Policy and Resource Plan. This work is being led by the Board of Administration in conjunction with staff from the Committee's Strategic Property Unit and the Project Advisor (Machinery of Government).
- Developing the necessary financial structures to reflect the new government structure. The States Treasurer is leading this work.
- The preparation of a report by the Independent Pay Review Board which the States established in January of this year to review the remuneration of States Members and non-States Members.

***(iii). Preparation of draft legislation***

The important work in this area commenced in the first week of June and involved the submission by existing committees of details of the draft legislation (Projets de Loi and Ordinances) which they currently administer. This information provided the Legislative Draftsman with the framework with which to commence the preparation of the necessary transfer of functions Ordinance.

Some minor amendments are also required to 'The Reform (Guernsey) Law, 1948-1993 (as amended)', to accommodate the change in name of the Legislation (Select) Committee. In addition, 'The Appointments to the States Established Staff (Guernsey) Law, 1985' is now obsolete and the opportunity will be taken to repeal the remaining provisions.

It is anticipated that the draft legislation will be placed before the States in November 2003.

***(iv). Financial Services Sector***

The Committee's Policy Letter on 'The Future Machinery of Government', which was debated and approved by the States in May of this year, noted that further work was required in relation to the correct allocation of government responsibilities for the financial services sector.

Following the May States debate, the Committee decided to commission a UK based company, Edelman Public Affairs, to research this complex and important area, to consult with the key stakeholders and to then make recommendations on how the States' responsibilities for the financial services sector should be addressed under the new government structure.

Edelman's broad conclusions were that: -

- The Policy Council should be responsible for international financial matters and for establishing the policy framework for financial regulation including the government's relationship with, and reporting lines for, the Guernsey Financial Services Commission (GFSC).
- The Commerce and Employment Department should be responsible for business infrastructure issues across the financial and non-financial sectors including related legislation such as Company Law, Electronic Transactions Law etc, and also for the relationship with, and funding of, organisations supporting the finance industry such as the Guernsey Promotions Agency and the Training Agency.
- A Financial Industry Policy Advisory Group (FIPAG) should be formed to be chaired by the Chief Executive, States of Guernsey and to include HM Procureur, the chief officer of the Commerce and Employment Department, the Director General of the Guernsey Financial Services Commission, representatives of the Guernsey International Business Association (GIBA), and others as appropriate.

The FIPAG's principal responsibilities will include: -

- Considering and advising on policy emanating from Government.
- Developing and recommending high level government policy in respect of the financial services industry.
- Initiating specific proposals for consideration by Government.
- Considering and advising on proposed regulatory changes emerging from the GFSC.
- Considering the impact of all non-financial legislation on the financial services industry.
- Assisting with consultations on initiatives impacting on the industry, including those emanating from international organisations.
- Enabling Guernsey to be kept up-to-date with developments in other jurisdictions.

The Group will be responsible to the Policy Council thereby ensuring effective communication and cooperation between the relevant States departments. It will also be available to provide advice and assistance to the Commerce and Employment Department.

With regard to resourcing the FIPAG, this will involve utilising available resources from within the Policy Council, Law Officers, GFSC, GIBA and others. These resources will be used to form technical working parties to deal with specific issues, reporting their findings to the FIPAG. It is also intended that a person with financial services expertise will be appointed on a part-time basis to coordinate the work of the FIPAG and chair some of the working parties.

The representatives of the financial services sector who were consulted on this matter welcomed the proposals. The Committee therefore decided to establish a 'shadow' Finance Industry Policy Advisory Group with effect from the 1<sup>st</sup> September 2003 which will be chaired in the interim by the Chief Executive of the States (designate) and include the chief officer of the Commerce and Employment Department once appointed on a designate basis. The Group will be responsible to the Advisory and Finance Committee and subsequently the Policy Council.

### **3. New Mandates**

The new mandates establish the principal political accountabilities and responsibilities of the Policy Council, departments and committees. They have been produced in a common format and contain certain 'core' responsibilities that will be shared by all of the departments and committees.

Since the States debate in May 2003 the Committee has further refined and improved the proposed mandates that had been published at that time in draft form as appendices to the Policy Letter.

#### ***(i). Policy Council and Treasury and Resources Department***

The mandates for the Policy Council and the Treasury and Resources Department, which together will comprise the new corporate 'centre' for the States, are set out in appendix 2.

The Policy Council's principal responsibilities will include the handling of international affairs, the development of strategic policies and the coordination of the work of the States. In this latter area the Policy Council can be expected to oversee the work of the departments and in particular to ensure that 'government' is operating efficiently and effectively. Of prime importance will be the coordination of policy, improved communication and the delivery of quality services to the community.

The Treasury and Resources Department will be expected to work collaboratively with the Policy Council in achieving the corporate objectives of the States and in advising both the Council and the departments and committees on corporate resource issues.

***(ii). The new departments***

Nine new departments are to be introduced in May 2004 which, together with the Policy Council and Treasury and Resources Department, will replace most of the existing 43 committees. The new departments will be primarily responsible for developing policy in their specialist areas and for delivering services and will comprise: -

- Commerce and Employment Department.
- Culture and Leisure Department.
- Education Department.
- Environment Department.
- Health and Social Services Department.
- Home Department.
- Housing Department.
- Public Services Department.
- Social Security Department.

In preparing the mandates the Committee has been conscious of the fact that the process is, to an extent, an evolutionary one and that in common with other aspects of the new machinery of government, it will be necessary to revisit and in some cases revise them in the light of experience. It will therefore be incumbent upon the new departments and committees to regularly review their mandates and to recommend to the Policy Council any amendments considered necessary. If appropriate, the Policy Council can then seek the approval of the States to make changes to them.

The draft mandates for the departments are contained in appendix 3.

***(iii). The new committees***

The May 2003 Policy Letter contained proposals for the establishment of a number of committees in addition to the Policy Council and ten new departments. These new committees will have important responsibilities that do not involve the delivery of 'core' governmental services but instead focus on 'specialist' areas.

The four new committees to be established are a: -

- House Committee.
- Legislation Select Committee.
- Public Sector Remuneration Committee.
- Scrutiny Committee.

The draft mandates for these committees are attached as appendix 4.

The establishment of a fifth new committee, that of a Public Accounts Committee, is the subject of the next section of this Policy Letter.

#### 4. Public Accounts Committee

##### *(i). Background*

In May 2002 (Billet d'Etat VII of 2002) the Advisory and Finance Committee was directed "*to report to the States and submit appropriate proposals for the functions and responsibilities of a Public Accounts Committee*" (resolution 3d(i)).

In October 2002 (Billet d'Etat XXII of 2002), the Committee presented to the States a report prepared by the UK National Audit Office which reviewed the audit arrangements within the States of Guernsey. Following consideration of this report the States resolved, inter alia, "*to note the intention of the Advisory and Finance Committee to report back as soon as possible on the results of its detailed investigations into the formation of an Auditor General's Office*".

Subsequently, in May 2003 (Billet d'Etat VII of 2003), the Committee's Policy Letter on 'The Future Machinery of Government in Guernsey' touched upon the same area and outlined the likely functions of the Public Accounts Committee (PAC) which would subsume responsibilities of the States Audit Commission.

In the UK, Public Accounts Committees have a wide remit enabling them to examine all aspects of public expenditure, income and assets. This can include non-governmental organisations (NGO's) that are in receipt of public monies and those which raise money via some form of statutory authority.

An influential review in this area was undertaken during 2000 by Lord Sharman of Redlynch and his report was published in February 2001. Known as the "Sharman report" and based upon a 'Review of Audit and Accountability for Central Government', it defined 'where to draw the line' in respect of financial scrutiny within the public sector in the following terms: -

*"All money that comes into the possession of, or is distributed by, a public body, and money raised by a private body where it is doing so under statutory authority."*

This definition encapsulates the following principles: -

- All money received by a public body, from whatever source, is public money.
- All money received from a public body by a non-public body is public money.
- Public accountability may exist for private money where that money is either raised under statutory authority, or where the body in question is a local public spending body.

The "Sharman" report also stated that there is a need for public accountability for grants and subsidies to ensure that they have been spent properly and value for

money achieved. Its recommendations are now seen as representing ‘best practice’ in this area.

In establishing a Public Accounts Committee under Guernsey’s new machinery of government, perhaps the two most important considerations are to define: -

- the intended ‘scope’ of the PAC’s remit; and
- the intended ‘approach’ it should adopt in carrying out its functions.

***(ii). The remit***

Within the Guernsey context, the scope of the PAC’s remit will be different to that of the new Scrutiny Committee.

The process to be undertaken by the Scrutiny Committee will be political in nature and hence, it is suggested, relatively narrow in its scope, operating within politically controlled activities (i.e. reviewing departmental policies and the implementation of policy and service delivery). The scope of the Scrutiny Committee’s remit will therefore be limited to departments and committees including the Policy Council.

Conversely, it is being recommended that the Public Accounts Committee should have a much wider remit (than the Scrutiny Committee) encompassing not just departments and committees, but also those organisations (NGO’s) in which the States has a significant financial interest such as the States Trading Companies and so on. This is an approach that has been taken by the States with regard to broadening the scope of the Internal Audit Department’s remit in recent years. It is however likely that the PAC will, when considering how to progress a particular review, have regard to the status of the ‘body’ it is reviewing and to the availability of relevant information from that body as recommended in the 2002 NAO report.

The proposed scope of the remit being recommended for the Public Accounts Committee will therefore be in line with best practice elsewhere.

***(iii). The approach in carrying out its functions***

With regard to how the PAC will approach its work, it is being recommended that this should again be different to that of the Scrutiny Committee. There will be a presumption that the latter’s approach will involve formal public hearings where evidence can be taken from Ministers and with senior Civil Servants in attendance in support of their Minister.

However, it is envisaged that the PAC will operate much as the States Audit Commission does with less formality and with its meetings being held ‘in committee’ (rather than in public) whilst still adopting an inquisitorial approach. Given the technical and operational issues relating to departmental finances and controls it can be expected that senior Civil Servants would attend meetings of the

PAC with or without their Minister and to answer questions and provide information in these areas and on matters of 'value for money' as is currently the case with the States Audit Commission.

***(iv). Constitution***

The Public Accounts Committee would be established on the 1 May 2004 subsuming responsibilities of the States Audit Commission. Its constitution, as agreed by the States in May 2003, will be a Chairman who will be a Member of the States, four States Members and four non-States Members. The States will elect all Members including the Chairman and the non-States Members would have a vote.

It is anticipated that the Chief Minister, department Ministers and Chairmen of States committees would be excluded from membership of the Committee as they would be expected to be invited by the Public Accounts Committee to contribute their department's/committee's views within the review process.

***(v). Mandate***

When the Public Accounts Committee is established in May 2004 it is proposed that **initially** it will have the following mandate: -

- To ensure that proper scrutiny is given to the States' assets, expenditure and revenues and to ensure that States' bodies operate to the highest standards in the management of their financial affairs.
- To examine whether public funds have been applied for the purposes intended by the States and that extravagance and waste are eradicated.
- To recommend to the States the appointment of the States External Auditors and their remuneration.

However, one of the first tasks of the PAC would be to consider how best to establish the office of Auditor General including the requirement for any necessary legislative framework and to make appropriate recommendations to the States. This would fulfil the States resolution arising from the debate in October 2002 (see above). In the interim the Advisory and Finance Committee together with the National Audit Office and the States Audit Commission can commence the research.

Depending on the outcome of this review and any recommendations for establishing the role of Auditor General, it is possible that the mandate of the Public Accounts Committee would need to be expanded to include the following: -

- To advise the States on the appointment of the Auditor General and on the Auditor General's budget.

- To comment on the Auditor General's work programme without impinging on the Auditor General's ultimate right to determine his/her own priorities.
- To examine reports prepared by the Auditor General on the States and other public bodies and on their economy, efficiency and effectiveness.

*(vi). Process and procedures*

- The Committee could call for any information relevant to a particular review, and invite the Chief Minister, Ministers and Chairmen to attend its meetings and to answer questions.
- A Minister/Chairman would, when appearing before the Committee, be provided with support from his/her chief officer and/or other senior professional staff.
- Chief officers and senior professional staff of the departments and committees could be invited by the PAC to attend its meetings, with or without their Minister, in order to answer questions and provide financial information.
- The Committee would be able to invite other people to attend its meetings in order to provide information and advice and to assist the Committee in exploring the issues involved.
- The Committee could establish, from amongst its standing membership, smaller sub-committees to carry out particular enquiries. All sub-committees would comprise a minimum of three members of the Public Accounts Committee although additional non-voting members could be co-opted. All sub-committee reports would have to be considered and endorsed by the full Committee.
- The Committee would determine its own workload and associated priorities. The Policy Council, departments and individual States Members would be able to **suggest** issues for the Committee to investigate.

*(vii). Committee Reports*

- Any draft report produced would be forwarded for consideration and comment by the relevant department/committee/NGO and the Treasury and Resources Department if appropriate. The Policy Council would only be forwarded those reports that raised significant financial policy issues. Any comments provided to the PAC by the Treasury and Resources Department and the department (or committee/NGO) concerned would be included in the report prior to publication.

- As with the Scrutiny Committee, it is envisaged that the draft reports issued by the Public Accounts Committee would also be referred to the Law Officers for comment where the Committee considered it appropriate to do so.
- The Chairman of the Committee would be responsible for making all final reports available to the States either for debate or for information.
- Where a report was presented by the Chairman of the Committee for debate, the States may be asked to ‘note’ it together with the actions and timescales agreed with the particular department. Alternatively, the Committee may request the States to approve a report, accept its recommendations and to direct the relevant department accordingly.
- The Committee would produce an annual report on its activities for the information of the States which would be published as an appendix to a Billet d’Etat.

The Committee would be expected to liaise closely with the Scrutiny Committee in order to ensure a comprehensive approach to the scrutiny of the activities of the departments whilst at the same time ensuring there is no duplication in the work undertaken by the two committees with a scrutiny role.

***(viii). States Audit Commission***

The Public Accounts Committee would subsume functions and responsibilities of the existing States Audit Commission. Consequently, and as set out in the NAO’s report which was presented to the States in October 2002 (Billet d’Etat XXII of 2002), the States Audit Commission should subsequently be dissolved. [The Audit Commission has been kept fully informed of this and is in agreement].

In the light of the proposals as outlined above it would also be necessary to repeal the ‘States Audit Commission (Guernsey) Law, 1997, as amended’.

In establishing this new ‘framework’ for the financial scrutiny of public monies it is not intended that there should be any dilution of the role and responsibilities currently performed by the Internal Audit department. This unit will continue to reside under the States Treasurer within the Treasury and Resources Department and undertake detailed reviews of the income and expenditure controls put in place by departments, committees and NGO’s.

## **5. Relationship between departments and ‘satellite’ Trading Boards**

The matter of defining the relationship between the new departments and any trading ‘satellites’ for which they will be responsible was raised during the States debate in May 2003 and the Committee undertook to consider this issue prior to reporting back to the States with the draft mandates for the new departments.

In considering this matter the most important factor to bear in mind is that the States have previously resolved to continue with a committee based system of government, albeit with a more streamlined structure. It therefore follows that all of the existing trading ‘satellites’ such as the States Works Department, Dairy, Airports, Harbours and others, will **continue** to be responsible to the political members of the appropriate new departments.

By way of example, the Water Board will become one of the political accountabilities of the new Public Services Department but will remain a self-financing, self-accounting trading entity. The elected Members of the Public Services Department will determine how they will account for each area of their responsibilities including the ‘Water Service’. This could be achieved by allocating part of the agenda at its regular meetings to matters associated with the ‘Water Service’. Alternatively, the Members of the Public Services Department could decide to meet periodically as a ‘Water Board’ or establish a sub-committee dealing at such meetings with only those matters concerned with the Island’s ‘Water Service’.

Although departments will also be free to determine whether or not to introduce sub-committees, working parties, sub-groups and other similar mechanisms, there will, of course, be other ways in which to address the effective discharging of political responsibilities. The new departments (e.g. the Public Services Department) will have a range of discrete political responsibilities. Again, by way of example, it might be envisaged that the Minister of the Public Services Department would invite individual members of the department to take a special interest in a particular area such as water, roads, ports, waste management, or the States Works and to be the principal spokesperson in their particular area. When contentious policy issues arose it is likely that the Minister would take the lead.

The department would still operate as a ‘committee’ with all policy decisions being taken by the Members as a whole. However, such an approach (that of being responsible for a particular portfolio), could provide Members of departments with a more significant and interesting ‘role’ dealing both with broad policy issues jointly with the other Members whilst developing a special knowledge of, and expertise within, their own particular ‘portfolio’.

Whilst it is envisaged that under the new government structure more emphasis will be placed on policy development and the coordination of policy **at a political level**, once policy decisions have been taken by the elected members, it would be a matter for the Civil Service to ensure the effective implementation of those decisions, as is

currently the case. What is absolutely certain and of fundamental importance is that the determination of policy in all areas will continue to be the responsibility of the elected Members and not Civil Servants. However, the day-to-day management of the departments and their ‘satellites’ will continue to be undertaken by the Civil Servants. In doing so the political ‘boards’ will undoubtedly require them to identify opportunities for increased efficiencies and more effective services that can be achieved in the new, streamlined structure.

The current arrangements which ensure that there is political accountability for the policy and service delivery issues associated with **existing trading ‘satellites’** work effectively. These arrangements do not, for example, cause any difficulties for the elected Members of the Agriculture and Countryside Board who are responsible for the Dairy, or for the elected Members of the Board of Administration who are responsible for the Works Department, Harbours and Airports or indeed for the Members of the Recreation Committee who also look after the Beau Sejour Leisure Centre.

Against this background the Advisory and Finance Committee has concluded that it should be for the elected Members of each department to continue to determine how they will work, how often they meet, how they will be accountable to the States for their responsibilities and so on. **This is no different to what happens today.** There is, in the Committee’s view no requirement for the States to introduce a potentially restrictive and “one size fits all” format that establishes and governs the relationships between the departments and their trading satellites. Indeed to do so would inevitably be counter-productive.

## **6. Future Policy Letters on the new machinery of government**

The Advisory and Finance Committee has been directed to develop further Policy Letters for debate by the States on the following matters that are related to the new machinery of government: -

### ***(i). Report of the Pay Review Board on the remuneration of States Members and non-States Members.***

At the time of preparing this Policy Letter it is understood that the Board is making good progress with this matter and the Committee anticipates placing the Board’s report, together with appropriate recommendations, before the States in November.

### ***(ii). Proposals for the States debating chamber and ancillary facilities.***

In May 2002, following consideration of the report of the Joint Committees, the States resolved (Resolution 3(h)) “*to direct the Advisory and Finance Committee to report to the States and submit appropriate proposals for the design and equipping of a States Chamber and supporting facilities*”.

In the Joint Committee's report dated 11<sup>th</sup> April 2002, which was debated by the States from the 14<sup>th</sup> – 17<sup>th</sup> May 2002, it was stated that *“it is no longer appropriate that the Island's Parliament should meet in a Chamber whose primary function is the Royal Court.”* It was also the Joint Committee's view that *“the present Royal Court should be adapted for the purpose of the States Chamber once the new Court buildings are erected.”* The report went on to suggest that *“the Royal Court would be altered to provide semi-circular seating appropriate to a modern parliamentary system.”* In addition it was proposed that there should be *“ancillary facilities including a Members' room, library/research facility, small meeting rooms and facilities for support staff together with an appropriate level of security both within the Court House and the Chamber itself.”*

Upon reflection and having given the matter further consideration, the Committee recognises that any plans that were drawn up and costed now could not be implemented until the new 'Courts complex' has been completed and is operational. The timescale for the completion of this work is currently estimated to be sometime towards the end of 2005 or early 2006 by which time a new States of Deliberation will have been elected and the new government structure will have been operating for approximately two years (with 47 rather than 57 Members of the States).

In view of the timescales involved and the current level of construction works that are in progress and in the light of the other priorities of the States at this time, the Advisory and Finance Committee is of the view that this particular project should be deferred for the present time. The Committee believes that it should be a matter for the Policy Council to prioritise and progress in due course.

The Committee does however acknowledge that against a background of an increasing workload for the judiciary, there will continue to be a requirement for the existing Royal Court Chamber to be used by both the States and the Courts, notwithstanding the subsequent availability of the new courts complex. Inevitably, therefore, a degree of compromise will continue to be required in meeting the needs of the States and those of the judiciary.

In the meantime the Committee is proposing that a 'Members Room' should be established in alternative premises, probably Sir Charles Frossard House, where basic library, ICT and other facilities could be available for use by all States Members. The 'Members Room' could also be used as a location for 'pigeon holes' similar to those that are provided in the Royal Court premises. The Committee will work with the Board of Administration to achieve this.

## 7. Transitional arrangements

### (i). *Existing committees*

In its Policy Letter presented to the States in May 2003, the States Procedures and Constitution Committee recommended the following in relation to the ‘Election of Members’: -

*“Order in which elections are held: The Committee believes that the election process should be carried out in three sessions in quick succession. It will be of utmost importance that the new system of government should be up and running as soon as possible after the members elected in the 2004 General Election take up office, that is on the 1<sup>st</sup> May 2004. It is therefore suggested that the States could sit as follows: -*

*Saturday, 1<sup>st</sup> May: for the election of the Chief Minister;*

*Tuesday, 4<sup>th</sup> May: for the election of Ministers, the Deputy Chief Minister and Chairmen of States Committees;*

*Thursday, 6<sup>th</sup> May: for all other elections.”*

The States has previously decided that the existing committees will be dissolved with effect from midnight on the 30<sup>th</sup> April 2004. At the same time the new government structure will be implemented. However, this will mean that the new departments and committees will not be quorate until Thursday 6<sup>th</sup> May when the elections of Members to the new departments and committees will have been completed.

The Advisory and Finance Committee is therefore proposing that, for the purpose of ensuring continuity of government, the existing committees should be dissolved immediately upon the completion of the election process for the members of the new departments and committees (which is expected to be on the 6<sup>th</sup> May 2004).

In effect this will mirror the existing situation that occurs after each general election where committees remain constituted until the committee elections have taken place. There has, of course, always been the potential for a committee to become inquorate due to the results of a general election.

### (ii). *Urgent Policy Letters*

The last meeting of the current States of Deliberation is anticipated to take place in March 2004. The first meeting of the new States of Deliberation (other than to complete the elections to the new departments and committees) will take place on the 26<sup>th</sup> and 27<sup>th</sup> May 2004.

The Committee recognises that an existing committee may have urgent business that needs to be considered by the States at the earliest opportunity and that provision should therefore be made for such urgent matters to be debated by the new States of Deliberation, immediately following the completion of the elections to the departments and committees on Thursday 6<sup>th</sup> May 2004. In such circumstances, the President of the (former) committee that had tabled the Policy Letter would be expected to lead the debate or, in his/her absence, another member of that former committee would have to present the matter.

The Committee would emphasise however that only exceptional matters of importance that cannot await a decision to be taken at the normal scheduled sitting of the States in May 2004, could be expected to be addressed by the States on the 6<sup>th</sup> May.

***(iii). Review Process***

The Committee has previously advised the States that it will be impossible to ensure that every aspect of the new machinery of government will work as intended from the 1<sup>st</sup> May 2004. Indeed the Committee has put forward the view that the whole process is one that should be evolutionary in nature; a view endorsed by States Members.

With this in mind, the Committee believes it would be helpful if the Policy Council was charged with the responsibility for conducting a review of the new machinery of government once this has been in place for a period of twelve months. The results of that review can then be reported to the States together with any recommendations for changes to be made.

**8. Recommendations**

Following consideration of this report the States are recommended to: -

- i). note the progress being made with the detailed planning arrangements as set out in section 2 of this report;
- ii). approve the mandates of the Policy Council and Treasury and Resources Department as set out in appendix 2 of this report;
- iii). approve the mandates of the nine departments as set out in appendix 3 of this report;
- iv). approve the mandates of the four committees as set out in appendix 4 of this report;
- v). approve the establishment of a Public Accounts Committee and its mandate, functions and responsibilities as set out in section 4 and appendix 5 of this report;

- vi). repeal the States Audit Commission (Guernsey) Law, 1997, as amended and thereby dissolve the States Audit Commission;
- vii). note the arrangements for the relationship between the new departments and their trading 'satellites' as set out in section 5 of this report;
- viii). note the future Policy Letters that will be placed before the States in due course as set out in section 6 of this report;
- ix). agree to defer the preparation of plans and costings to alter the Royal Court Chamber and to require the Policy Council, once established, to bring forward such proposals during 2005;
- x). note the intention of the Advisory and Finance Committee to work with the Board of Administration to provide a 'Members Room' for States Members probably in Sir Charles Frossard House;
- xi). approve the transitional arrangements as set out in section 7 of this report;
- xii). in consequence of recommendation (xi): -
  - (a) amend resolutions 8(a), 10, 11 and 12 passed on the 16<sup>th</sup> May 2003 on article I of Billet d'Etat VII so that the Committees named in those resolutions shall be dissolved at midnight on the 6<sup>th</sup> May 2004 or such other date as the new departments and committees shall be fully constituted and not at midnight on the 30<sup>th</sup> April 2004; and
  - (b) amend resolution 16 so passed so that the implementation date for the new machinery of government structure will be the 7<sup>th</sup> May 2004 or such other date as the new departments and committees shall be fully constituted and not the 1<sup>st</sup> May 2004.

I should be grateful if you would be good enough to lay this matter before the States with appropriate propositions including one directing the preparation of the necessary legislation.

Yours faithfully

L C Morgan  
President  
Advisory and Finance Committee

**ON THE 16TH DAY OF MAY, 2003**

The States resolved as follows concerning Billet d'Etat No. VII dated 17th April, 2003

(Meeting adjourned from the 14th and 15th May, 2003)

**STATES ADVISORY AND FINANCE COMMITTEE****THE FUTURE MACHINERY OF GOVERNMENT IN GUERNSEY**

- I. After consideration of the Report dated the 31st March, 2003, of the States Advisory and Finance Committee:-
1. To approve the new corporate structure for the future machinery of government comprising the Policy Council and the Treasury as set out in section 6 of that Report, but subject to proposition 2A.
  2. To approve the broad political accountabilities for the Policy Council and the Treasury as set out in section 6 of that Report, but subject to proposition 2A.
  - 2A. That in place of the Treasury proposed in that Report there shall be a Treasury and Resources Department.
  3. To approve the new department structure for the future machinery of government as set out in section 12 of that Report.
  4. To approve the broad political accountabilities for the nine new departments as set out in section 12 of that Report, save that the present functions of the Liberation Religious Service Committee shall be added to the responsibilities of the Culture and Leisure Department.
  5. To approve the establishment of a House Committee and its functions and responsibilities as set out in section 14 (a) of that Report.
  6. To approve the establishment of a Scrutiny Committee and its functions and responsibilities as set out in section 14 (b) of that Report, subject to the modification that the Scrutiny Committee shall comprise a Chairman and 8 other members, who shall all be members of the States (but the Committee shall have the power to co-opt one or more non-States Members for any particular enquiry).

7. To note the States Advisory and Finance Committee's intention to report back to the States on proposals for establishing a post of Auditor General and the establishment of a Public Accounts Committee as set out in Section 14 (c) of that Report.
8. By a majority of more than two thirds of the members present and voting:
  - (a) To dissolve with effect from midnight on 30th April, 2004 the Legislation Committee and allocate its functions to a newly constituted Legislation Select Committee.
  - (b) To approve of the establishment, with effect from 1st May, 2004 of a Legislation Select Committee incorporating the constitution functions and responsibilities of the Legislation Committee with an additional role of suggesting to the Policy Council items which might require changes to Island Legislation.
9. To approve the establishment of a Public Sector Remuneration Committee as set out in section 14 (e) of that Report.
10. To dissolve with effect from midnight on 30 April 2004 the Lifeboat Committee and to agree to the arrangements for States support for the Guernsey Branch of the Royal National Lifeboat Institution as set out in section 15 of that Report.
11. To dissolve with effect from midnight on 30 April 2004 the Liberation Religious Service Committee and to agree to the delegation of responsibility (with their agreement) to the Guernsey Council of Churches for organising, on behalf of the States, an annual ecumenical service as set out in section 15 of that Report, but subject to Proposition 4 above.
12. To dissolve with effect from midnight on 30 April 2004 all of the other committees that are shown in appendix 5 of that Report with the exception of the Elizabeth College Board of Directors, the Ladies College Board of Governors, the Priaulx Library Council and the Parochial Outdoor Assistance Boards.
13. To approve of the establishment, with effect from 1 May 2004, of a
  - (a) Policy Council
  - (b) Treasury and Resources Department
  - (c) Commerce and Employment Department
  - (d) Culture and Leisure Department
  - (e) Education Department

- (f) Environment Department
- (g) Health and Social Services Department
- (h) Home Department
- (i) Housing Department
- (j) Public Services Department
- (k) Social Security Department

as set out in the above propositions.

14. To note the requirement for further work to be conducted into the possible opportunities for the States to deliver some existing services through alternative mechanisms and to require the new departments to work with the Policy Council in examining all such opportunities.
15. To note that the States Advisory and Finance Committee and the States Civil Service Board will work together to manage the implications arising for the Civil Service as a consequence of the implementation of the new machinery of government and in particular the appointment of chief officers to the new departments and the development of new staffing structures.
16. To agree that the implementation date for the new machinery of government structure will be 1 May 2004.
17. To agree that the States Advisory and Finance Committee, in consultation with existing committees as appropriate, shall be responsible for determining the allocation of the detailed functions to the new departments.
18. To direct the preparation of such legislation as may be necessary to give effect to their above decisions.

## **STATES PROCEDURES AND CONSTITUTION COMMITTEE**

### **MACHINERY OF GOVERNMENT REFORMS**

- II. After consideration of the Report dated the 25th March, 2003, of the States Procedures and Constitution Committee:-

To direct the States Procedures and Constitution Committee to lay before the States amendments to the Rules and Procedure of the States of Deliberation and the Rules relating to the Constitution and Operation of States Committees to provide that:

- (a) Elections of a Chief Minister, Ministers, Deputy Chief Minister, Members of Departmental Committees, Chairmen and members of Committees shall take place in May 2004 and quadrennially thereafter.

- (aA) Nominations for the Chief Minister shall be made to the Presiding Officer before the election meeting and posted in the Royal Court House as they are received. The States Procedures and Constitution Committee will decide on the opening and closing dates for nominations and revise, if necessary, the election programme described in paragraph 9 of that Report. Nominations for the Chief Minister shall not be accepted from the floor or the House.
- (b) (i) The Chief Minister shall not be an ordinary Minister;
- (ii) A Minister shall be Minister of one department only at any time;
- (iii) The Chief Minister shall not sit on any other States Department or Committee;
- (iv) Ministers shall not sit on more than one other States Department.
- (c) In all elections no speech shall be allowed when the number of candidates does not exceed the number of vacancies.
- (d) (i) In the election of a Chief Minister and Ministers the proposer and the candidate only may address the States for not more than five minutes each;
- (ii) In all other elections the proposer only may address the States for not more than five minutes.
- (e) In elections for the offices of
- (i) Minister and Deputy Chief Minister, the Chief Minister shall be entitled to propose candidates before any other member of the States does so;
- (ii) Members of Departments, the Minister of the Department concerned shall be entitled to propose candidates before any other member of the States does so;
- (iii) Members of States Committees, the Chairman of the Committee concerned shall be entitled to propose candidates before any other member of the States does so.
- (f) Deputy Departmental Ministers shall be elected in the same way as Vice-Presidents are currently elected.

- (g) Elections for Chief Minister, Deputy Chief Minister and Ministers shall be conducted on the lines set out in paragraph 8 of that Report in respect of the Chief Minister and Ministers.
- (h) The Chief Minister shall determine the order in which the Ministers shall be elected which order will then be followed in electing members of Departments.
- (i) The constitution of the Policy Council shall be as set out in paragraph 10 of that Report.
- (j) The constitution of States Departments shall be as set out in paragraph 11 of that Report, but that, of the four members of the States, not more than one shall be a Minister of another Department.
- (k) The constitution of the House Committee shall be as set out in paragraph 12 of that Report.
- (l) The constitution of the Scrutiny and Public Accounts Committees shall be as set out in paragraph 13 of that Report, subject to the modification that in the case of the Scrutiny Committee there shall be nine States Members and no elected non-States Members, but the Committee shall have the power to co-opt one or more non-States Members for any particular enquiry.
- (m) The constitution of the Public Sector Remuneration Committee shall be:
  - (i) A Chairman who shall be a member of the States;
  - (ii) Four members of the States;
  - (iii) Up to two non-voting members appointed by the Committee, who shall not be sitting members of the States, which appointment shall be coterminous with the quadrennial elections of members.

**POLICY COUNCIL**

Constituted with effect from 1<sup>st</sup> May, 2004 by Resolution of the States of [ ] 2003.

**CONSTITUTION**

The Chief Minister and the Ministers of the ten departments.

**MANDATE**

a) To advise the States on matters relating to:-

- The Island's constitutional position including its relationships with the United Kingdom, European Union and other Crown Dependencies, international relations and matters relating to the Parishes and the other Islands of the Bailiwick.
- The formulation and implementation of economic, fiscal, human resource, environmental and social strategic and corporate policies to meet objectives agreed by the States.
- The coordination of the work of the States.

And to be responsible for: -

**Constitutional Affairs**

- Representing the Island and negotiating on international matters.
- Considering international agreements in which the insular authorities have an interest or are invited to acquiesce and making appropriate recommendations thereon.
- The relationship between the States of Guernsey and States of Alderney.
- The provision, on behalf of the States, of hospitality to appropriate visiting persons and organisations.
- The policy for the future provision of aid overseas.

**Strategic and Corporate policy**

- Developing, together with the relevant department(s), appropriate responses to strategic issues that confront the Island including any population and migration measures considered necessary.
- The policy framework for the regulation of the financial services sector.
- Corporate human resource policy including terms and conditions of employment, compliance with legislation and good practice and to be responsible for: -
  - The provision of corporate human resource services and advice to departments and committees as appropriate.
  - Fulfilling the States role as employer of established staff.
  - The appointment of chief officers of departments and committees and other senior civil service appointments.
  - Sanctioning the recommendations of the Public Sector Remuneration Committee in respect of the salaries affecting the posts of Lieutenant Governor, Bailiff, Deputy Bailiff, Law Officers of the Crown and Magistrates.
  - Determining the remuneration and conditions of service applicable to HM Greffier, HM Sheriff and HM Sergeant after consultation with HM Procureur.
- The provision of corporate research programmes and the maintenance of corporate statistics including responsibility for population data.

#### **Coordination of States activities**

- The coordination and allocation of responsibilities and functions to departments and committees.
- The coordination of non –operational matters in the event of an emergency, to preserve life and the well being of the community and the preservation of law and order.
- Requiring a department or committee to examine and report to the States or to the Policy Council on any matter which falls within the mandate of such a department or committee.
- Examining and reporting to the States or requiring a department or committee to examine and report to the States or the Policy Council, on any matter which falls outside the mandate of any department or committee.

- Receiving and commenting as appropriate on all proposals and reports which are to be placed before the States by departments and committees.
  - The preparation of the Agenda for meetings of the States of Deliberation and the States of Election.
  - The prioritisation of the States' legislative programme.
  - The Island Archives Service.
- b) To develop, present to the States for approval as appropriate, and implement policies on the above matters for the provision of services, introduction of legislation and other measures which contribute to the achievement of strategic and corporate objectives.
- c) To exercise the powers and duties conferred on it by extant legislation including (without limitation) the Emergency Powers (Bailiwick of Guernsey) (Law), 1965.
- d) To exercise the powers and duties conferred on it by extant States resolutions, including all those resolutions, or parts of resolutions, which relate to matters for the time being within the mandate of the Policy Council and which conferred functions upon the former: -
- Advisory and Finance Committee
  - Civil Service Board
  - Emergency Council
  - Heritage Committee
  - Island Reception Committee
  - Overseas Aid Committee.
- e) To be accountable to the States for the management and safeguarding of public funds and other resources entrusted to the Policy Council.

**TREASURY AND RESOURCES DEPARTMENT**

Constituted with effect from 1<sup>st</sup> May, 2004 by Resolution of the States of [ ] 2003.

**CONSTITUTION**

- A Minister, who shall be a sitting member of the States.
- Four members, who shall be sitting members of the States.
- Up to 2 non-voting members appointed by the Department who shall not be sitting members of the States.

**MANDATE**

a) To advise the States on matters relating to:

- The allocation and administration of all States resources.
- The regulation and control of States financial affairs.
- The raising of States income and control of financial resources.
- The systems for the assessment and collection of income tax, dwellings profit tax and tax on rateable value.

And to be responsible for: -

- Examining and submitting annually to the States the budget estimates of income and expenditure on capital and revenue account, to submit recommendations on how such expenditure should be financed and, after audit, to submit the annual accounts to the States.
- Receiving and commenting as appropriate on the resource implications associated with all proposals and reports which are to be placed before the States by departments and committees.
- Financial and related functions including the States payroll and the provision of advice and corporate services to departments and committees.
- The management of financial assets including cash and other investments and associated financial activities.

- Authorising departments and committees to borrow temporarily by way of overdraft from the banks or from the States Treasury or in any other manner approved by the Treasury and Resources Department, for such purposes, for such periods, up to such amounts, at such rates of interest and on such terms that the Department may approve.
  - Authorising departments and committees to make such loans or grants to registered charitable bodies and similar organisations and upon such terms that the Treasury and Resources Department may approve.
  - Maintaining a register of property ownership for the purpose of assessing and collecting taxes based on rateable value.
  - Providing corporate property services and advice to departments and committees including the administration of certain land and properties owned or leased by the States.
  - Providing corporate procurement services and advice to departments and committees.
  - Internal audit, risk management and insurance of States activities and resources.
  - The development of corporate policies concerning the States use of information and communication technology and the provision, administration and security of the States ICT network.
  - The administration of the Staff Number Limitation Policy.
  - The shareholders' functions and duties in respect of the States Trading Companies and other States owned entities.
  - The provision of resources for the offices of Crown appointees and for the function of the Royal Court.
- b) To develop, present to the States for approval as appropriate, and implement policies on the above matters for the provision of services, introduction of legislation and other measures which contribute to the achievement of strategic and corporate objectives.
- c) To exercise the powers and duties conferred on it by extant legislation.
- d) To exercise the powers and duties conferred on it by extant States resolutions, including all those resolutions, or parts of resolutions, which relate to matters for the time being within the mandate of the Treasury and Resources Department and which conferred functions upon the former: -
- Advisory and Finance Committee

- Board of Administration
  - Cadastre Committee
  - Civil Service Board
  - Income Tax Authority.
- e) To be accountable to the States for the management and safeguarding of public funds and other resources entrusted to the Department.

**COMMERCE AND EMPLOYMENT DEPARTMENT**

Constituted with effect from 1<sup>st</sup> May, 2004 by Resolution of the States of [ ] 2003.

**CONSTITUTION**

- A Minister, who shall be a sitting member of the States.
- Four members, who shall be sitting members of the States.
- Up to 2 non-voting members appointed by the Department who shall not be sitting members of the States.

**MANDATE**

a) To advise the States on matters relating to:

- The creation of a dynamic and diversified economy through the promotion and development of commerce and industry that is sustainable and operates in accordance with the strategic, economic, social and environmental policies of the States.

And to be responsible for: -

- Promoting the interests of all sectors of the economy including: -
  - exporters of manufactured goods, non-financial services and e-business
  - financial services sector
  - visitor economy
  - construction industry
  - retail industry
  - horticultural industry
  - agricultural industry
  - sea fisheries industry
- Creating an awareness and fostering the image of the Island as a centre of excellence for business, commerce and tourism.
- The promotion, provision and regulation of air and sea links to and from the Bailiwick including liaison with other jurisdictions.
- Helping to create a sustainable food and farming supply chain serving the market and the environment.

- Safeguarding the living marine resources within the Bailiwick waters and managing, where appropriate, their exploitation in a sustainable manner.
  - The strategic approach to, and the regulation of, utilities.
  - Promoting good employment practices and policies, good industrial relations and Health and safety at work.
  - The provision of temporary work for the unemployed.
  - Consumer advice and protection and trading standards.
  - The States interest in the Training Agency, Enterprise Agency, Guernsey Promotions Agency and the Guernsey Film Commission.
  - The States Dairy.
- b) To develop, present to the States for approval as appropriate, and implement policies on the above matters for the provision of services, introduction of legislation and other measures which contribute to the achievement of strategic and corporate objectives.
- c) To exercise the powers and duties conferred on it by extant legislation.
- d) To exercise the powers and duties conferred on it by extant States resolutions, including all those resolutions, or parts of resolutions, which relate to matters for the time being within the mandate of the Commerce and Employment Department and which conferred functions upon the former: -
- Advisory and Finance Committee
  - Agriculture and Countryside Board
  - Board of Industry
  - Committee for Horticulture
  - Sea Fisheries Committee
  - Tourist Board
  - Transport Board.
- e) To be accountable to the States for the management and safeguarding of public funds and other resources entrusted to the Department.

## **CULTURE AND LEISURE DEPARTMENT**

Constituted with effect from 1<sup>st</sup> May, 2004 by Resolution of the States of [ ] 2003.

### **CONSTITUTION**

- A Minister, who shall be a sitting member of the States.
- Four members, who shall be sitting members of the States.
- Up to 2 non-voting members appointed by the Department who shall not be sitting members of the States.

### **MANDATE**

a) To advise the States on matters relating to:

- The promotion of arts and crafts in Guernsey including the provision of financial assistance.
- The promotion of all sport and recreation in the Island.
- The States' museums and galleries and historical and archaeological sites in the care of the department.
- Matters relating to Liberation celebrations.

And to be responsible for: -

- The management of:
  - The Beau Sejour Leisure Centre.
  - Outdoor sporting and recreational facilities including public parks.
  - The States museums and galleries.
  - States historical and archaeological sites.
- Liaison with, and oversight of, the Guernsey Sports Commission.
- The promotion and administration of public lotteries within the Island, including the use of proceeds accruing from such lotteries.
- The planning and implementing of appropriate arrangements to mark the Island's celebrations of Liberation Day.

- The Liberation Religious Service and liaison with the Guernsey Council of Churches in respect of the organisation of the religious service to be held on Liberation Day.
- b) To develop, present to the States for approval as appropriate, and implement policies on the above matters for the provision of services, introduction of legislation and other measures which contribute to the achievement of strategic and corporate objectives.
- c) To exercise the powers and duties conferred on it by extant legislation.
- d) To exercise the powers and duties conferred on it by extant States resolutions, including all those resolutions, or parts of resolutions, which relate to matters for the time being within the mandate of the Culture and Leisure Department and which conferred functions upon the former: -
- Arts Committee
  - Gambling Control Committee
  - Heritage Committee
  - Liberation Celebrations Committee
  - Liberation Religious Service Committee
  - Recreation Committee.
- e) To be accountable to the States for the management and safeguarding of public funds and other resources entrusted to the Department.

## **EDUCATION DEPARTMENT**

Constituted with effect from 1<sup>st</sup> May, 2004 by Resolution of the States of [ ] 2003.

### **CONSTITUTION**

- A Minister, who shall be a sitting member of the States.
- Four members, who shall be sitting members of the States.
- Up to 2 non-voting members appointed by the Department who shall not be sitting members of the States.

### **MANDATE**

a) To advise the States on matters relating to:

- The provision of Education (including vocational and industrial training) in Guernsey, Alderney and Herm.
- Youth Organisations.
- The grant-aided Colleges.
- The Guille-Allès Library and Priaulx Library.

And to be responsible for: -

- The provision of statutory education and training in Guernsey, Alderney and Herm.
- Providing assistance for students taking courses of education and training not provided directly by the Department.
- The States Apprenticeship Scheme.
- The Education Development Centre.
- The Schools' Music Service.
- The Youth Service.
- The Schools' Library Service.
- Youth employment and careers advice.
- The Holiday Play scheme.
- Support Services for children with learning and communication difficulties, behavioural difficulties and sensory impairment.
- Lifelong Learning.

b) To develop, present to the States for approval as appropriate, and implement policies on the above matters for the provision of services, introduction of legislation and other measures which contribute to the achievement of strategic and corporate objectives.

c) To exercise the powers and duties conferred on it by extant legislation.

- d) To exercise the powers and duties conferred on it by extant States resolutions, including all those resolutions, or parts of resolutions, which relate to matters for the time being within the mandate of the Education Department and which conferred functions upon the former: -
- Advisory and Finance Committee
  - Education Council.
- e) To be accountable to the States for the management and safeguarding of public funds and other resources entrusted to the Department.

## **ENVIRONMENT DEPARTMENT**

Constituted with effect from 1<sup>st</sup> May, 2004 by Resolution of the States of [ ] 2003.

### **CONSTITUTION**

- A Minister, who shall be a sitting member of the States.
- Four members, who shall be sitting members of the States.
- Up to 2 non-voting members appointed by the Department who shall not be sitting members of the States.

### **MANDATE**

a) To advise the States on matters relating to:

- Environmental policy including transport, energy and waste policy and policy for the conservation, enhancement and sustainable development of the natural and physical environment of the Island in accordance with the strategic economic, fiscal, environmental and social policies of the States.
- Policy on environmental monitoring.

And be responsible for: -

- The protection of the physical environment from activities that might otherwise compromise the well being of the community.
- The conservation and enhancement of the natural and semi-natural environment.
- Spatial/land use policy to enable the sustainable management of transport, energy resources, waste disposal and natural resources in accordance with the strategic policies of the States.
- Transport policy to enable the safe and efficient movement of people and goods around the Island including traffic management, road safety and the regulation of public transport.
- The management of the natural and semi-natural environment of States owned land including sites of nature conservation importance, cliff paths, beaches, headlands, Herm and Lihou islands and other public areas and parks, gardens and plantations.

- The promotion and coordination of environmental issues and initiatives.
  - The provision of an integrated land use planning system including the processing of all development applications of all kinds (planning, building control, protected buildings and scheduled sites).
  - Vehicle registration and vehicle and driver licensing.
- b) To develop, present to the States for approval as appropriate, and implement policies on the above matters for the provision of services, introduction of legislation and other measures which contribute to the achievement of strategic and corporate objectives.
- c) To exercise the powers and duties conferred on it by extant legislation.
- d) To exercise the powers and duties conferred on it by extant States resolutions, including all those resolutions, or parts of resolutions, which relate to matters for the time being within the mandate of the Environment Department and which conferred functions upon the former: -
- Board of Administration
  - Heritage Committee
  - Island Development Committee
  - Traffic Committee.
- e) To be accountable to the States for the management and safeguarding of public funds and other resources entrusted to the Department.

## **HEALTH AND SOCIAL SERVICES DEPARTMENT**

Constituted with effect from 1<sup>st</sup> May, 2004 by Resolution of the States of [ ] 2003.

### **CONSTITUTION**

- A Minister, who shall be a sitting member of the States.
- Four members, who shall be sitting members of the States.
- Up to 2 non-voting members appointed by the Department who shall not be sitting members of the States.

### **MANDATE**

a) To advise the States on matters relating to:

- The mental, physical and social well being of the people of Guernsey and Alderney.

And to be responsible for: -

- Promoting, protecting and improving personal, environmental and public health.
  - Preventing or diagnosing and treating illness, disease and disability.
  - Caring for the sick, old, infirm and those with disabilities.
  - Providing a range of social services to all age groups including ensuring the welfare and protection of children, young people and their families and ensuring that the best interests of the child shall be a primary consideration.
- b) To develop, present to the States for approval as appropriate, and implement policies on the above matters for the provision of services, introduction of legislation and other measures which contribute to the achievement of strategic and corporate objectives.
- c) To exercise the powers and duties conferred on it by extant legislation.
- d) To exercise the powers and duties conferred on it by extant States resolutions, including all those resolutions, or parts of resolutions, which relate to matters for the time being within the mandate of the Health and Social Services Department and which conferred functions upon the former: -

- Board of Health
- Children Board
- Housing Authority
- Public Assistance Authority.

e) To be accountable to the States for the management and safeguarding of public funds and other resources entrusted to the Department.

## **HOME DEPARTMENT**

Constituted with effect from 1<sup>st</sup> May, 2004 by Resolution of the States of [ ] 2003.

### **CONSTITUTION**

- A Minister, who shall be a sitting member of the States.
- Four Members, who shall be sitting members of the States.
- Up to 2 non-voting members appointed by the Department who shall not be sitting members of the States.

### **MANDATE**

a) To advise the States on matters relating to:

- Criminal Justice Policy<sup>1</sup>.
- Broadcasting Services within the Bailiwick.
- The policy towards and regulation of all forms of gambling in the Island.

And to be responsible for: -

- The Island Police Force and the effective and efficient policing of the Bailiwick of Guernsey.
- The provision of an effective and efficient Customs and Immigration Service.
- The provision of an effective and efficient Financial Intelligence Service.
- The administration of immigration and nationality controls over foreign nationals and the issuance of British passports.
- The administration of controls over the import and export of goods and the collection of all import and excise duties.
- The Prison Service and the effective and efficient control and administration of the States Prison.
- The operation of the Attendance Centre for young offenders.

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<sup>1</sup> Developed and reviewed in consultation with the Courts, Law Officers and other interested parties.

- The States Probation Service and the provision of effective and efficient services to the Courts and others.
  - The Fire Brigade and the provision of effective and efficient services for fire fighting, fire safety, rescue and salvage in the Islands of Guernsey and Herm.
  - The development, testing and maintenance of emergency response plans.
  - The infrastructure maintained under the auspices of the Civil Defence organisation.
  - The Electoral Roll.
  - Liaison with the Parole Review Committee and the provision of administrative services to that Committee.
  - Liaison with the Data Protection Office.
- b) To develop, present to the States for approval as appropriate, and implement policies on the above matters for the provision of services, introduction of legislation and other measures which contribute to the achievement of strategic and corporate objectives.
- c) To exercise the powers and duties conferred on it by extant legislation.
- d) To exercise the powers and duties conferred on it by extant States resolutions, including all those resolutions, or parts of resolutions, which relate to matters for the time being within the mandate of the Home Department and which conferred functions upon the former: -
- Advisory and Finance Committee
  - Board of Administration
  - Broadcasting Committee
  - Civil Defence Committee
  - Committee for Home Affairs
  - Gambling Control Committee
  - Probation Service Committee.
- e) To be accountable to the States for the management and safeguarding of public funds and other resources entrusted to the Department.

## **HOUSING DEPARTMENT**

Constituted with effect from 1<sup>st</sup> May, 2004 by Resolution of the States of [ ] 2003.

### **CONSTITUTION**

- A Minister, who shall be a sitting member of the States.
- Four members, who shall be sitting members of the States.
- Up to 2 non-voting members appointed by the Department who shall not be sitting members of the States.

### **MANDATE**

a) To advise the States on matters relating to:

- The Island's Housing Strategy and Corporate Housing Programme to meet identified housing needs.

And to be responsible for: -

- The overall coordination and direction of the Corporate Housing Programme.
- Specific action areas of the Corporate Housing Programme as lead or joint lead department.
- The provision and management of social housing administered by the States, including administration of the States Houses Fund.
- Facilitating and supporting the development of non-governmental bodies to provide affordable social housing to meet the needs of the Intermediate Housing Market.
- The regulation and funding of housing associations and other non-governmental bodies providing affordable social housing to meet the needs of the Intermediate Housing Market, including administration of the States Housing Association Fund.
- The administration of the Housing Development and Loans Fund to provide financial assistance for house purchase and repair.
- Establishing initiatives to improve the affordability and quality of the private rental sector without reducing its size, including administration of the Rent Control Law.

- Controls on housing occupation through the administration of the Housing Control and Right to Work Laws.
  - Managing Maison Maritime and Longue Rue House.
- b) To develop, present to the States for approval as appropriate, and implement policies on the above matters for the provision of services, introduction of legislation and other appropriate measures which contribute to the achievement of strategic and corporate objectives.
- c) To exercise the powers and duties conferred on it by extant legislation.
- d) To exercise the powers and duties conferred on it by extant States resolutions, including all those resolutions, or parts of resolutions, which relate to matters for the time being within the mandate of the Housing Department and which conferred functions upon the former: -
- Cadastre Committee
  - Housing Authority.
- e) To be accountable to the States for the management and safeguarding of public funds and other resources entrusted to the Department.

## **PUBLIC SERVICES DEPARTMENT**

Constituted with effect from 1<sup>st</sup> May, 2004 by Resolution of the States of [ ] 2003.

### **CONSTITUTION**

- A Minister, who shall be a sitting member of the States.
- Four members, who shall be sitting members of the States.
- Up to 2 non-voting members appointed by the Department who shall not be sitting members of the States.

### **MANDATE**

a) To advise the States on matters relating to:

The management of publicly owned infrastructure and the provision of public services to meet the strategic and corporate objectives of the States including: -

- Guernsey and Alderney airports.
- St Peter Port and St Sampson's harbours.
- The roads infrastructure.
- The waste and drainage infrastructure.
- The public water supply.
- Alderney breakwater.
- Maritime Affairs.

And to be responsible for: -

- The provision and administration of facilities and services in respect of the Guernsey and Alderney airports.
- The provision of facilities and services in respect of St Peter Port and St Sampson's harbours.
- The provision of Coast Guard services.
- The Guernsey Register of British ships and the surveying and licensing of local passenger and commercial vessels.
- Monitoring compliance of all vessels within Bailiwick waters with international and local laws and control of shipping in Bailiwick waters.

- Maritime safety, the investigation of marine accidents, provision of navigational aids and maritime safety information.
  - Liaison with the Guernsey branch of the Royal National Lifeboat Institution.
  - Pilotage Services.
  
  - The maintenance of the structure and wearing surfaces of the road network.
  - The maintenance of the surfaces of green lanes.
  - Road cleaning.
  - The management, collection and disposal of surface waters that fall on and/or pass under the road network.
  - The management, collection, treatment and disposal of solid and wastewater from household, industrial and commercial properties.
  
  - The maintenance of Alderney breakwater.
  - The management of environmental emergencies, control of essential commodities and receivership of wrecks.
  - The provision of corporate engineering and architectural services.
  - The management and maintenance of Foulon cemetery and crematorium, public conveniences, States markets and buildings on Herm island.
  - The provision and administration of a direct labour organisation (States Works department).
- b) To develop, present to the States for approval as appropriate, and implement operational policies on the above matters for the provision of services, introduction of legislation and other appropriate measures which contribute to the achievement of strategic and corporate objectives.
- c) To exercise the powers and duties conferred on it by extant legislation.

- d) To exercise the powers and duties conferred on it by extant States resolutions, including all those resolutions, or parts of resolutions, which relate to matters for the time being within the mandate of the Public Services Department and which conferred functions upon the former: -
- Advisory and Finance Committee
  - Board of Administration
  - Public Thoroughfares Committee
  - Water Board.
- e) To be accountable to the States for the management and safeguarding of public funds and other resources entrusted to the Department.

## **SOCIAL SECURITY DEPARTMENT**

Constituted with effect from 1<sup>st</sup> May, 2004 by Resolution of the States of [ ] 2003.

### **CONSTITUTION**

- A Minister, who shall be a sitting member of the States.
- Four members, who shall be sitting members of the States.
- Up to 2 non-voting members appointed by the Department who shall not be sitting members of the States.

### **MANDATE**

a) To advise the States on matters relating to:

- The provision of social security coverage, through social insurance, health insurance, long-term care insurance and other schemes of social protection, for the well being of Guernsey and Alderney residents and for migrant workers and their families.
- The provision through the Parochial Outdoor Assistance Boards of temporary financial support to persons whose resources are insufficient to meet basic living standards.

And to be responsible for: -

- The collection of, and accountability for, the several types of social security contributions and the maintenance of records.
- b) To develop, present to the States for approval as appropriate, and implement policies on the above matters for the provision of services, introduction of legislation and other appropriate measures which contribute to the achievement of strategic and corporate objectives.
- c) To exercise the powers and duties conferred on it by extant legislation and in particular:
- to control and manage the Guernsey Insurance Fund, as required by section 100 of the Social Insurance (Guernsey) Law, 1978 as amended;
  - to control and manage the Guernsey Health Service Fund, as required by section 1 of the Health Service (Benefit) (Guernsey) Law, 1990;

- to control and manage the Long-term Care Insurance Fund, as required by section 1 of the Long-term Care Insurance (Guernsey) Law, 2002.
- d) To exercise the powers and duties conferred on it by extant States resolutions, including all those resolutions, or parts of resolutions, which relate to matters for the time being within the mandate of the Social Security Department and which conferred functions upon the former: -
- Public Assistance Authority
  - Guernsey Social Security Authority.
- e) To be accountable to the States for the management and safeguarding of public funds and other resources entrusted to the Department.

**HOUSE COMMITTEE**

Constituted with effect from 1<sup>st</sup> May, 2004 by Resolution of the States of [ ] 2003.

**CONSTITUTION**

- A Chairman, who shall be a sitting member of the States.
- Four members, who shall be sitting members of the States.

**MANDATE**

- a) To review and bring forward proposals for the States of Deliberation of the Island of Guernsey to consider in connection with:
- The constitutions of the States of Deliberation and the States of Election.
  - The Rules of Procedure of the States of Deliberation.
  - The constitution and operation of States departments and States committees.
  - The system of election of Ministers and Members of States departments and States committees.
  - Matters relating to the practical functioning of the States of Deliberation and States of Election including facilities provided for Members of the States.
  - Elections to the office of Peoples Deputy.
  - Matters relating to the propriety and conduct of States Members.
  - Induction training and on-going support for States Members.
  - The general procedures for the timely and efficient management of public business in the States of Deliberation.
- b) To exercise the powers and duties conferred on it by extant legislation including (without limitation): -
- The Reform (Guernsey) Law, 1948 as amended; and
  - The States Committees (Constitution and Amendment) (Guernsey) Law, 1991.

- c) To exercise the powers and duties conferred on it by extant States resolutions, including all those resolutions, or parts of resolutions, which relate to matters for the time being within the mandate of the House Committee and which conferred functions upon the former States Procedures and Constitution Committee.
- d) To be accountable to the States for the management and safeguarding of public funds and other resources entrusted to the Committee.

## LEGISLATION SELECT COMMITTEE

Constituted with effect from 1<sup>st</sup> May, 2004 by Resolution of the States of [ ] 2003.

### CONSTITUTION

- A Chairman, who shall be a sitting member of the States.
- Four members, who shall be sitting members of the States.
- Up to 2 non-voting members appointed by the Committee who shall not be sitting members of the States.

### MANDATE

- a) (i) To review and revise every Projet de Loi presented to the Committee by a Law Officer of the Crown for the purpose of ensuring that the same is in accordance with and will effectually carry into effect any Resolution of the States designed to be implemented thereby and to transmit the same to the States for the consideration and for the decision (subject to the Sanction of Her Most Excellent Majesty in Council) of the States.
- (ii) To review and revise every draft Ordinance presented to the Committee by a Law Officer of the Crown at the instance of the States or of some Authority, Board, Committee or Council of the States and, subject to the provisions of the next succeeding paragraph, to transmit the same to the States for the consideration and decision of the States.
- (iii) Where, in the case of any draft Ordinance so presented, the Committee is of the opinion that the immediate or early enactment thereof is necessary or expedient in the public interest, the Committee shall have power to order that the same shall be operative either immediately or upon such then future date as the Committee shall prescribe and thereupon the Ordinance shall have effect accordingly:

PROVIDED that every Ordinance coming into effect by virtue of this paragraph shall be laid before the States as soon as may be after the making thereof in such manner as the States may, by general resolution, from time to time direct and if, at the Meeting of the States in the course of which any Ordinance made by the Committee is laid before them or at the next subsequent Meeting, the States resolve that the Ordinance be annulled, the Ordinance shall cease to have effect but without prejudice to anything previously done there under or to the making by the Committee of any new Ordinance.

- (iv) For the purpose of removing doubts, it is hereby declared that an Ordinance ceasing to have effect by virtue of a Resolution of the States

under the proviso to paragraph (iii) of this Article, any other Ordinance which was modified or extended or repealed in whole or in part by the first-mentioned Ordinance shall thenceforth have effect, notwithstanding such modification, extension or repeal, as though such modification, extension or repeal had not been effected.

- (v) To study, together with the Standing Committee of the Guernsey Deanery Synod, Schemes for the application of certain General Synod measures prepared by the Bishop of Winchester pursuant to the Channel Islands (Church Legislation) Measures 1931 and 1957 as amended by the Synodical Government (Channel Islands) Order 1970 and to report thereon to the States.
  - (vi) To suggest to the Policy Council items which might require changes to Island legislation.
- b) To exercise the powers and duties conferred on it by extant legislation.
  - c) To exercise the powers and duties conferred on it by extant States resolutions, including all those resolutions, or parts of resolutions, which relate to matters for the time being within the mandate of the Legislation Select Committee and which conferred functions upon the former: -
    - Legislation Committee.
    - Ecclesiastical Committee.
  - d) To be accountable to the States for the management and safeguarding of public funds and other resources entrusted to the Committee.

## **PUBLIC SECTOR REMUNERATION COMMITTEE**

Constituted with effect from 1<sup>st</sup> May, 2004 by Resolution of the States of [ ] 2003.

### **CONSTITUTION**

- A Chairman, who shall be a sitting member of the States.
- Four members, who shall be sitting members of the States.
- Up to 2 non-voting members appointed by the Committee who shall not be sitting members of the States.

### **MANDATE**

- a) To be responsible for:
  - (i) Collective bargaining, on behalf of the States as employer, in respect of the remuneration and conditions of service of all staff employed by the States.
  - (ii) Reviewing the remuneration attaching to the posts of Lieutenant Governor, Bailiff, Deputy Bailiff, Law Officers of the Crown and Magistrates and submitting to the Policy Council for sanction any adjustments which, in its opinion, are necessary.
  - (iii) Advising on the remuneration and conditions of service applicable to employees of non-governmental organisations in which the States has an interest.
  - (iv) Making recommendations to the States concerning the pensions and other benefits to be paid to or in respect of members of the Public Servants' Pension Scheme and the Teachers' Superannuation Scheme.
- b) To develop, present to the States for approval as appropriate, and implement policies on the above matters for the provision of services, introduction of legislation and other measures which contribute to the achievement of strategic and corporate objectives.
- c) To exercise the powers and duties conferred on it by extant legislation.
- d) To exercise the powers and duties conferred on it by extant States resolutions, including all those resolutions, or parts of resolutions, which relate to matters for the time being within the mandate of the Public Sector Remuneration Committee and which conferred functions upon the former Civil Service Board.

- e) To be accountable to the States for the management and safeguarding of public funds and other resources entrusted to the Committee.

## **SCRUTINY COMMITTEE**

Constituted with effect from 1<sup>st</sup> May, 2004 by Resolution of the States of [ ] 2003.

### **CONSTITUTION**

- A Chairman, who shall be a sitting member of the States.
- Eight members, who shall be sitting members of the States.

### **MANDATE**

- a) Through a process of political scrutiny, to subject departments and committees to regular reviews with particular emphasis on: -
- Determining the effectiveness of the policies of, and services provided by, departments and committees.
  - Assessing the performance of departments and committees in implementing policies and services.
  - Identifying areas of policy or service delivery that might be inadequately or inappropriately addressed.
  - Identifying new areas of policy or service delivery that may require implementation.
  - Determining how well a new policy or service or project has been implemented including the development processes and whether the desired outcomes were achieved.
  - Promoting changes in policies and services where evidence persuades the Committee that these require amendment.
  - Holding reviews into such issues and matters of public importance that the Committee may determine from time to time.
- b) To liaise with the Public Accounts Committee to ensure there is appropriate co-ordination of the entire scrutiny process.
- c) To develop, present to the States for approval as appropriate, and implement policies on the above matters which contribute to the achievement of strategic and corporate objectives.

- d) To exercise the powers and duties conferred on it by extant legislation and States resolutions.
- e) To be accountable to the States for the management and safeguarding of public funds and other resources entrusted to the Committee.

**PUBLIC ACCOUNTS COMMITTEE**

Constituted with effect from 1<sup>st</sup> May, 2004 by Resolution of the States of [ ] 2003.

**CONSTITUTION**

- A Chairman, who shall be a sitting member of the States.
- Four members, who shall be sitting members of the States.
- Four members, who shall not be sitting members of the States.

**MANDATE**

- a) To ensure that proper scrutiny is given to the States' assets, expenditure and revenues to ensure that States' bodies operate to the highest standards in the management of their financial affairs.
  - To examine whether public funds have been applied for the purposes intended by the States and that extravagance and waste are eradicated.
  - To recommend to the States the appointment of the States External Auditors and their remuneration.
- b) To liaise with the Scrutiny Committee to ensure there is appropriate co-ordination of the entire scrutiny process.
- c) To develop, present to the States for approval as appropriate, and implement policies on the above matters which contribute to the achievement of strategic and corporate objectives.
- d) To exercise the powers and duties conferred on it by extant legislation and States resolutions.
- e) To be accountable to the States for the management and safeguarding of public funds and other resources entrusted to the Committee.

The States are asked to decide:-

XII.- Whether, after consideration of the Report dated the 25<sup>th</sup> September, 2003, of the States Advisory and Finance Committee, they are of opinion:-

1. To note the progress being made with the detailed planning arrangements as set out in section 2 of that Report.
2. To approve the mandates of the Policy Council and Treasury and Resources Department as set out in Appendix 2 of that Report.
3. To approve the mandates of the nine departments as set out in Appendix 3 of that Report.
4. To approve the mandates of the four committees as set out in Appendix 4 of that report.
5. To approve the establishment of a Public Accounts Committee and its mandate, functions and responsibilities as set out in section 4 and Appendix 5 of that Report.
6. To repeal the States Audit Commission (Guernsey) Law, 1997, as amended, and thereby dissolve the States Audit Commission.
7. To note the arrangements for the relationship between the new departments and their trading 'satellites' as set out in section 5 of that Report.
8. To note the future Policy Letters that will be placed before the States in due course as set out in section 6 of that Report.
9. To agree to defer the preparation of plans and costings to alter the Royal Court Chamber and to require the Policy Council, once established, to bring forward such proposals during 2005.
10. To note the intention of the States Advisory and Finance Committee to work with the States Board of Administration to provide a 'Members Room' for States Members probably in Sir Charles Frossard House.
11. To approve the transitional arrangements as set out in section 7 of that Report.
12. That in consequence of proposition 11: -
  - (a) to amend resolutions 8(a), 10, 11 and 12 passed on the 16<sup>th</sup> May 2003 on article I of Billet d'Etat VII so that the Committees named in those resolutions shall be dissolved at midnight on the 6<sup>th</sup> May 2004 or such other date as the new departments and committees shall be fully constituted and not at midnight on the

30<sup>th</sup> April 2004; and

- (b) to amend resolution 16 so passed so that the implementation date for the new machinery of government structure will be the 7<sup>th</sup> May 2004 or such other date as the new departments and committees shall be fully constituted and not the 1<sup>st</sup> May 2004.

13. To direct the preparation of such legislation as may be necessary to give effect to their above decisions.

**STATES BOARD OF ADMINISTRATION****MOORING CHARGES, HARBOUR DUES AND HARBOUR FACILITY  
CHARGES 2004**

The President  
States of Guernsey  
Royal Court House  
St Peter Port  
Guernsey

29 August 2003

Dear Sir

**MOORING CHARGES, HARBOUR DUES AND HARBOUR FACILITY  
CHARGES 2004**

The above charges for moorings within the Harbours of St Peter Port and St Sampson and certain other related matters are payable by virtue, respectively, of the Vessels and Speedboats (Compulsory Third Party Insurance, Mooring Charges and Removal of Boats) (Guernsey) Law 1972 as amended, the Harbours Dues (Saint Peter Port and Saint Sampson) Law 1957 as amended and the Harbours Ordinance 1988 as amended. They are reviewable by the Board of Administration, which (unless the increase falls within the terms of the Board's delegated authority set out at 2 below) makes its recommendations to the States in time for the revised rates to become effective from the next April following.

The Board would like to address two matters in this report, one of which relates only to mooring charges (and in particular to visiting yacht rates).

**1. Mooring Charges**

The Board has, in recent years, increased local mooring fees with effect from 1 April 2002 and 1 April 2003 respectively by amounts equivalent to the annual GRPI of June 2001 (2.3%) and the annual GRPI of June 2002 (3.3%) respectively. (The Board has made similar arrangements in respect of harbour dues and facility charges).

**Visiting Yachts**

The Board of Administration has not increased mooring fees for visiting yachts since 1999. This followed a survey of marina charges (using the RYA Marina Guide for 1999), which showed evidence of increased competition from other marina developments in the Bay of St Malo and from yacht charter companies

abroad which, in the late Nineties, led to a slight decline in local visiting yacht numbers (approximately 1%). In order to stem this decline and become more competitive, the Board, in the late Nineties, introduced a number of special offers and since 1999 has aimed to keep the fees equal to, or below other ports in this area.

This policy has now been shown to be effective in encouraging yachtsmen to extend their stay and the number of yacht nights has increased in recent years. Statistics from 2002 confirm that visits are no longer in decline. Income was up in 2002 by approximately 2.9% over 2001, despite rates not having been increased. Income this season is estimated to be up by in the region of a further 10% over the same period last year.

Having frozen the visiting yacht rates for five years and established a competitive market position, the Board considers that the time is now right to increase those fees again.

The Board therefore proposes to increase visiting yacht rates for a period of one year with effect from 1 April 2004 as follows. (The rate shown is the charge payable for a stay of one night by a vessel of the length shown in the left hand column of the following table.)

Band of length	Present Rate	Proposed Rate	% Increase
Up to 6.99m	£11.00	£11.00	0.0
7.00m - 7.99m	£12.00	£12.00	0.0
8.00m - 8.99m	£13.00	£13.00	0.0
9.00m - 9.99m	£14.00	£15.00	7.14
10.00m - 10.99m	£15.00	£16.00	6.66
11.00m - 11.99m	£16.00	£17.00	6.25
12.00m - 12.99m	£17.00	£18.00	5.88
13.00m - 13.99m	£18.00	£19.00	5.55
14.00m - 14.99m	£19.00	£20.00	5.26
15.00m - 15.99m	£20.00	£22.00	10.00
16.00m - 16.99m	£21.00	£23.00	9.52
17.00m - 17.99m	£22.00	£24.00	9.09
18.00m - 18.99m	£23.00	£25.00	8.70
19.00m - 19.99m	£24.00	£26.00	8.33
20.00m - 20.99m	£25.00	£27.00	8.00
21.00m - 21.99m	£26.00	£28.00	7.69
22.00m - 22.99m	£27.00	£29.00	7.41
23.00m - 23.99m	£28.00	£30.00	7.14
24.00m - 24.99m	£29.00	£31.00	6.90
25.00m - 25.99m	£30.00	£33.00	10.00
26.00m - 26.99m	£31.00	£34.00	9.68
27.00m - 27.99m	£32.00	£35.00	9.38
28.00m - 28.99m	£33.00	£36.00	9.09
29.00m - 29.99m	£34.00	£37.00	8.82
30.00m - 30.99m	£35.00	£38.00	8.57

It has long been standard practice to increase these rates by a margin of exactly £1.00 for each band one year and then not increase them for one (or more) year(s)

in order to maintain the administratively efficient arrangement of keeping charges to figures expressed in round pounds. (This is normal practice at most UK marinas and is the case in Jersey.) This practice is long-established. This has had the effect of giving higher percentage increases for smaller yachts and lower percentage increases for larger yachts. To redress this inequality, the Board is proposing for 2004 that for vessels under 9 metres in length there is no increase, for vessels between 9-14.99 metres in length there is a £1 increase per night, and for vessels of 15 metres or over in length there is an increase of the existing rate by a percentage of 10%, rounded down to the nearest pound. This effectively means that for vessels of between 15 and 24.99 metres in length there would be an increase of £2 per night, for vessels of between 25 and 34.99 metres in length there would be an increase of £3 per night, for vessels of between 35 and 44.99 metres in length there would theoretically be an increase of £4 per night – and so on. (In fact less than 1% of all visiting vessels are over 20 metres in length, so the higher increases would affect very few vessels).

These new rates will increase the charges by percentages which, as can be seen from the above, are in excess of the June 2003 GRPI figure (4.3%) for the preceding year, and which therefore require States approval.

## **2. The Board's proposal for greater flexibility to vary all of the above charges**

Since 2000, the Board of Administration has, as indicated above, increased harbour dues, facility charges and mooring fees annually within annual RPI limits for the preceding year without reference to the States. On 30 November 2000, the States resolved (Billet D'Etat No XXIII of 2000) in relation to mooring fees:

*“That the States Board of Administration may alter the above charges annually without reference to the States of Deliberation providing that no changes are made to the interpretations as set out in the definitions and exemptions, moorings and miscellaneous charges and that if charges are raised the increase does not exceed the annual GRPI of June of the preceding year, provided that the approval of the States Advisory and Finance Committee has been obtained”.*

The States had already approved a similar arrangement in relation to harbour dues and facility charges (Resolution IX of 2000 dated 25 October 2000).

The Board would now like to obtain further delegated authority to make, in the future, essentially, the type of increase envisaged in this policy letter without reference to the States – namely, to increase rates by a percentage which does not exceed the change in the Guernsey Retail Prices Index **during the period since those rates were last increased** (i.e. as opposed to the period for the preceding year and notwithstanding that that may be larger than the present year's June GRPI figure). (The Board has observed that none of the visiting yacht increases detailed above would exceed the cumulative total of GRPI increases since those fees were last increased on 1 April 1999.)

The Board would like this flexibility to apply to all charges mentioned in this policy letter although the only specific charges for which it would at this stage foresee a requirement to use such a flexibility are, as indicated above, visiting yacht rates.

The States had originally envisaged that the Board would at some time in the future have such a flexibility. The Harbour Dues, Harbour Charges and Mooring Charges (Amendment) Law 2001, together with the Harbours (Amendment) Ordinance 2001 (together referred to as “the amending legislation”), had the effect of empowering the States by Resolution to authorise the Board to “*amend the amount of any fee ... by an amount not exceeding the change in the Guernsey Retail Prices Index during such earlier twelve month period or periods as may be so specified*”.

## **RECOMMENDATIONS**

The Board of Administration recommends the States to resolve:

1. To approve the mooring charges, in respect of visiting yacht rates only, as set out in this report with effect from 1<sup>st</sup> April 2004;
2. That the States Board of Administration may alter the charges payable under the Vessels and Speedboats (Compulsory Third Party Insurance, Mooring Charges and Removal of Boats) (Guernsey) Law 1972 as amended, the Harbours Ordinance 1988 as amended and the Harbours Dues (Saint Peter Port and Saint Sampson) Law 1957 as amended annually without reference to the States of Deliberation providing that:
  - (a) no changes are made:-
    - in the case of mooring fees, to the interpretations as set out in Appendices 1, 2, 3 and 4 of the report of the States Board of Administration dated 15 September 2000, which interpretations were approved by the States of Deliberation on 30 November 2000 (Resolutions XVI (1), (2) and (3) of 2000); and
    - in the case of harbour dues and facility charges, to the interpretations as set out in the Schedule of Charges appended to the report of the States Board of Administration dated 8 September 2000, which interpretations were approved by the States of Deliberation on 25 October 2000 (Resolution IX (2) of 2000); and
  - (b) if charges are raised, then the increase will be permissible without reference to the States of Deliberation provided that either of the following conditions apply:

- i. the increase does not exceed the change in the Guernsey Retail Prices Index in June of the year preceding that in which the increase will apply; or
  - ii. the proposed increase does not exceed the change in the Guernsey Retail Prices Index during the period between:
    - June of the year preceding that in which an increase was last applied to the fee or charge in question, and
    - June of the year preceding that in which the increase will apply; and
- (c) the approval of the States Advisory and Finance Committee has been obtained.

I should be grateful if you would lay this matter before the States with the appropriate propositions.

Yours faithfully

R. C. BERRY

President  
Board of Administration

**(NB The States Advisory and Finance Committee supports the proposals)**

The States are asked to decide:-

XIII.- Whether, after consideration of the Report dated the 29<sup>th</sup> August, 2003, of the States Board of Administration, they are of opinion:

1. To approve the mooring charges, in respect of visiting yacht rates only, as set out in that Report with effect from 1<sup>st</sup> April 2004.
2. That the States Board of Administration may alter the charges payable under the Vessels and Speedboats (Compulsory Third Party Insurance, Mooring Charges and Removal of Boats) (Guernsey) Law 1972 as amended, the Harbours Ordinance 1988 as amended and the Harbours Dues (Saint Peter Port and Saint Sampson) Law 1957 as amended annually without reference to the States of Deliberation providing that:

- (a) no changes are made:-
  - in the case of mooring fees, to the interpretations as set out in Appendices 1, 2, 3 and 4 of the report of the

States Board of Administration dated 15 September 2000, which interpretations were approved by the States of Deliberation on 30 November 2000 (Resolutions XVI (1), (2) and (3) of 2000); and

- in the case of harbour dues and facility charges, to the interpretations as set out in the Schedule of Charges appended to the report of the States Board of Administration dated 8 September 2000, which interpretations were approved by the States of Deliberation on 25 October 2000 (Resolution IX (2) of 2000); and

- (b) if charges are raised, then the increase will be permissible without reference to the States of Deliberation provided that either of the following conditions apply:
- i. the increase does not exceed the change in the Guernsey Retail Prices Index in June of the year preceding that in which the increase will apply; or
  - ii. the proposed increase does not exceed the change in the Guernsey Retail Prices Index during the period between:
    - June of the year preceding that in which an increase was last applied to the fee or charge in question, and
    - June of the year preceding that in which the increase will apply; and
- (c) the approval of the States Advisory and Finance Committee has been obtained.

**STATES BOARD OF ADMINISTRATION**

**GUERNSEY AIRPORT - DEVELOPMENT OF CARGO ACCOMMODATION**

The President  
States of Guernsey  
Royal Court House  
St Peter Port  
Guernsey  
GY1 2PB

10 September 2003

Dear Sir

**GUERNSEY AIRPORT – DEVELOPMENT OF CARGO  
ACCOMMODATION**

**1. Introduction**

- 1.1 As part of the New Terminal Building Redevelopment programme at Guernsey Airport, the Board is introducing revised aircraft parking arrangements in order to conform with Civil Aviation Authority requirements on infringements to the runway ‘transitional slope’. As a result it is necessary to demolish approximately half of the existing cargo sheds, situated on the southeasterly corner of the Airport property, to provide for sufficient bays to park aircraft. Details of this requirement were indicated to the States in April 2002 as part of the Policy Letter on the redevelopment of the terminal building (Billet D’État VI, 2002).
- 1.2 The cargo accommodation was built in the early 1970’s and provides a total of 19 bays that are currently occupied by the following companies: Aurigny, Servisair, Channel Express, Guernsey Freight Services, Ocean Air and Huelin Renouf Airfreight Ltd. In addition other bays are utilised by the Airport Authority in respect of storage and vehicle maintenance workshops. A total of ten bays will be demolished to make way for aircraft parking, leaving seven bays available to be re-let to a consortium comprising four of the existing occupiers of the cargo block. The Airport Authority will retain the two remaining bays, which have been converted for use as a vehicle maintenance workshop.

- 1.3 The United Kingdom has decided to adopt a European Union regulation on Aviation Security, which will mean that screening standards and procedures in respect of the United Kingdom's International Cargo regime will be extended to domestic flights, and compliance with this ruling was required to be in place by 30<sup>th</sup> June 2003. As a result, Guernsey based freight companies exporting goods to the UK will have to fall into line with this UK requirement, and will need to provide x-ray facilities to screen each piece of cargo leaving the island by air. The deadline for implementation has been extended in light of difficulties in reaching compliance in Guernsey.
- 1.4 As a result of this change in screening standards, it has been necessary for the freight companies to acquire an x-ray unit. Based on the volumes of cargo leaving Guernsey Airport, and being minded of the reduced space available for local freight operators, certain of the local freight handlers have consolidated their operations and now propose to operate a consortium arrangement, sharing both x-ray facilities and cargo bay accommodation in the reduced space available.

## **2. Development of Additional Cargo Accommodation**

- 2.1 Allocation of the cargo accommodation that will be retained has been determined on the basis that four of the six existing private tenants require direct access to aircraft parked at the Airport due to contracts in place for aircraft and/or freight handling. Huelin Renouf Airfreight Ltd and Ocean Air both handle air freight but this is in a secondary role with the actual responsibility for the movement of cargo to and from an aircraft being contracted to one of the four tenants that have now formed the consortium.
- 2.2 The Board carried out an investigation into providing its own additional cargo handling facility, which was not progressed due to cost. At that time Huelin Renouf Airfreight Ltd confirmed that it would be willing to fund the development of a modest cargo handling unit at the Airport for its own use and possible letting to others subject to agreement being reached in respect of a site, the term of the lease over a suitable term and a ground rental which would make the project viable.
- 2.3 The Company submitted sketch plans to the Board of Administration, which then approved a single warehouse sub-divided into three self-contained units. Huelin Renouf Airfreight Ltd require the use of one unit of accommodation, another would be let to one of the other existing displaced cargo tenants (Ocean Air) and the third would then be available for letting to an additional, as yet unidentified third party. The Board would wish to retain final ratification of any sub-leases on the site, to ensure that the building continued to be let to tenants involved in aviation-related industries. The exact location of the site proposed is shown on the enclosed site plan. A copy of the sketch plans has been deposited at the Greffe for the information of Members of the States.

**2.4 The Board considers this agreement to be financially attractive to the Airport, in that it provides essential freight facilities for the Airport at no cost to the Ports Holding Account, and at the same time provides guaranteed landside income.**

2.5 In determining the ground rent to be attached to the proposed development, the Board has obtained the advice of two independent valuers. The mean valuation, equates to a ground rent of £1.50 per square foot in relation to the proposed cargo accommodation block. In addition the Board recommends a lower rate of 50p/square foot for ancillary surrounding land, and £1.50 per square foot for 11 car parking spaces that are proposed as part of the development. As a result, the Board recommends that the rental, subject to final detailed measure, is set at £16,154 per annum. This rent would be subject to review every five years and to have regard to any change in market rental values and other relevant factors within the Island including the change recorded in the Index of Retail Prices in the five-year period prior to the review, provided always that at no time would the rental be reduced.

2.6 In order to guarantee the period of tenure, and the investment required by Huelin Renouf Airfreight Ltd, the Board is recommending that a lease of 45 years be applied to the site. At the end of this term the site and any or all buildings located thereon would be handed over to the States.

2.7 The Company would meet the cost of construction of the building, as well as its maintenance throughout the term of the agreement.

2.8 The Board is in consultation with the Law Officers of the Crown on the terms of the draft lease for the proposed development, which will be in accordance with other privately funded developments at Guernsey Airport.

2.9 The Island Development Committee will be required to approve the design of the proposed construction on the site, and is in the process of considering the application from Huelin Renouf Airfreight Ltd.

2.10 In the event of the States approving this proposal the Board will submit plans to the Royal Court for approval under Condition Three of the current Guernsey Aerodrome Licence, approved by the Royal Court on 28<sup>th</sup> April 2003.

### **3. Recommendations**

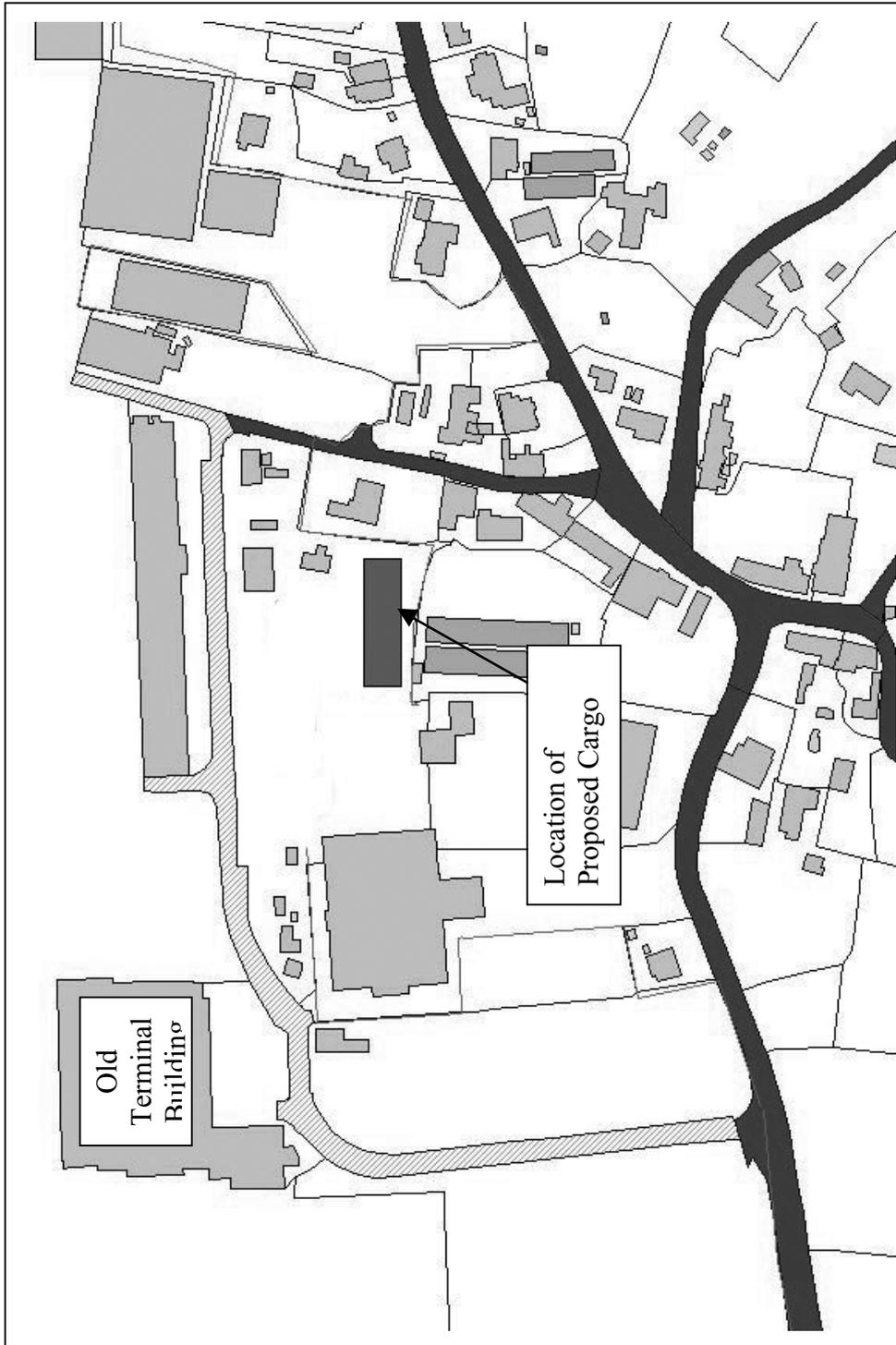
3.1 The Board of Administration recommends the States to authorise the Board to lease for a period of 45 years an area of land at the Airport and to permit Huelin Renouf Airfreight Ltd to construct, occupy and sub-let a cargo accommodation block on the terms set out in this policy letter.

I have the honour to request that you be good enough to lay this matter before the States with appropriate propositions.

Yours faithfully

R. C. BERRY

President  
States Board of Administration



**(NB The States Advisory and Finance Committee supports the proposals)**

The States are asked to decide:-

XIV.- Whether, after consideration of the Report dated the 10<sup>th</sup> September, 2003, of the States Board of Administration, they are of opinion:-

To authorise the States Board of Administration to lease for a period of 45 years an area of land at the Airport and to permit Huelin Renouf Airfreight Ltd to construct, occupy and sub-let a cargo accommodation block on the terms set out in that Report.

**STATES BOARD OF HEALTH****PRINCESS ELIZABETH HOSPITAL – PROVISION OF FOURTH THEATRE  
AND EXPANSION OF CRITICAL CARE FACILITY**

The President  
States of Guernsey  
Royal Court House  
St Peter Port  
Guernsey

25<sup>th</sup> September 2003

Dear Sir

**Princess Elizabeth Hospital  
Provision of Fourth Theatre and Expansion of Critical Care Facility****Introduction and Background**

1. As part of the policy letter on new arrangements for the Health Insurance Scheme (Billet d'Etat II 2002), it was accepted by the States that the Board of Health would increase the number of theatre sessions available to allow the Medical Specialist Group to attain the improved waiting times required under the new contract arrangements whilst maintaining adequate theatre availability for emergency use. In order to achieve this, it would be necessary to build an additional operating theatre.
2. Initially, the Board's plan was to create a fourth theatre in the Day Patient Unit. Two things have occurred which have now forced the Board to change this approach. The amount of engineering work would be substantial and expanding the treatment room into a full theatre would reduce the number of beds in the Day Patient Unit to an unacceptable level. Surgeons were reluctant to split their theatre lists into minor Day Patient Unit cases and main theatre cases, preferring to have a mix of both major and minor cases on one list to be undertaken in one theatre. The Board has, therefore, looked at options to provide a fourth theatre in the main theatre suite. Only one option fully meets the key design criteria. This involves relocating the staff rest room and recovery area and altering some ancillary accommodation, including the transfer bay/clerk's area. This will allow the space currently occupied by the plaster room and recovery area to be utilised for the fourth theatre.
3. The Board also wishes, as part of the fourth theatre development, to take the opportunity to create a critical care facility, comprising 4 Intensive Care Unit and 3 High Dependency Unit beds, an increase of 4 on the 3 Intensive Care Unit beds presently available. This can be achieved by reconfiguring the

space currently occupied by the 3-bedded Intensive Care Unit and utilising space on the floor above in the services void for support facilities such as changing rooms, stores, offices etc. The existing 3 Coronary Care Unit beds at the hospital will remain on Arnold Ward (one of the 2 medical wards).

4. Critical care describes a range of care models for patients who have potentially recoverable conditions and who need closer observation, monitoring or invasive treatment than that usually provided on a general ward.
5. The United Kingdom Department of Health, in its document 'Comprehensive Critical Care, A Review of Adult Critical Care Services (2000)', classifies the level of care that individual patients need as:

**Level 0** Patients whose needs can be met through normal ward care in an acute hospital.

**Level 1 (Ward level care with outreach services)**  
Patients at risk of their condition deteriorating, or those recently relocated from higher levels of care, whose needs can be met on an acute ward with additional advice and support from the critical care team.

**Level 2 (High Dependency Unit)**  
Patients requiring more detailed observation or intervention, including support for a single failing organ system or post-operative care and those 'stepping down' from higher levels of care.

**Level 3 (Intensive Care Unit)**  
Patients requiring advance respiratory support alone or basic respiratory support of at least two organ systems. This level includes all complex patients requiring support for multi-organ failure.

6. The 2001 report of the National Confidential Enquiry into Peri-Operative Deaths 'Changing the Way We Operate' highlighted a number of problems in the United Kingdom relating to the lack of Intensive Care Unit (ICU) and High Dependency Unit (HDU) facilities.
7. In a letter to the Chairman of the Board's Medical Staff Committee, Dr Gary Yarwood FRCA, Consultant Anaesthetist, said:

"Locally we have relatively good ICU provision, which copes with some HDU workload, but no HDU provision in its own right. This national report has highlighted the fact that emergency surgery patients are getting older and sicker, as are elective surgical patients for major operations. These patients need proper facilities if they are to do well. The recently formed Society 'Age Anaesthesia Association' has

highlighted the particular needs of the elderly with regards to the facilities that they need to cope with major surgery. Guernsey has the same demographic stresses as the United Kingdom; the absolute numbers of elderly people are increasing and will continue to increase substantially over the next few years.

At the Princess Elizabeth Hospital the current 3 ICU beds are already failing to cope and will need substantially upgrading to cope with future needs.”

8. The total number of patients admitted to a critical care area each year is dependent on the hospital’s overall local workload patterns and can be calculated from:
  - data on the number of admissions, number of refused admissions, number of premature discharges, bed occupancy and length of stay;
  - local admissions policy;
  - future developments influencing critical care service demand;
  - availability of other specialised units;
  - the number and type of acute beds, the number of operating theatres and surgical specialities served;
  - the annual workload of the Accident and Emergency department; and
  - location factors which may increase demand.
  
9. The ‘Comprehensive Critical Care’ report recommended a formula for the number of critical care beds for an acute hospital based on the historic number of admissions and length of stay. Using this formula for the Princess Elizabeth Hospital indicates that the number of critical care beds for historical demand would be 6\_ beds. Taking into account the unmet demand referred to above, this figure is more likely to be about 8 beds (both figures excluding coronary care).
  
10. Ideally, the Board would have wished to provide 8 critical care beds and the 3 coronary care beds in one location. However, a critical care facility has to be located close to the hospital’s main surgical facilities. An option appraisal exercise showed that the maximum number of beds that could be accommodated within the space available for critical care was 7, an increase of 4 over the current provision. The Board is also planning to replace the 3 bedded coronary unit as part of its site development plan and is discussing with clinicians the possibility of using the three existing coronary care beds as both coronary care and medical high dependency beds, thereby increasing the number of beds available to provide critical care to ten.
  
11. Critically ill patients are highly vulnerable and most are completely dependant on the care provided by expert staff. The experience of being admitted to a critical care area, whether planned or as an emergency, is likely to be a highly

physically and psychologically stressful experience for patients, their families and friends and sometimes the staff.

In planning the new critical care facility, planning guidance from the United Kingdom National Health Service was followed. (Facilities for Critical Care, Hospital Building Note 57)

12. Within an adult critical care area, there will be patients of both sexes and of a range of ages. The degree to which individual patients are aware of their surroundings will vary according to the effects of illness and sedative medication. Some may be unconscious, while others are lightly sedated or alert. The design of the area should allow the provision of physiological and psychosocial support to patients as individuals, their family and friends.
13. The UK Department of Health, in its publication 'The Essence of Care', identified a number of benchmarks of good practice, focusing on the issue of respect for the individual so that:
  - patients feel they matter all of the time;
  - patients experience care in an environment that actively encompasses individual values, beliefs and personal relationships;
  - patients' personal space is recognised by all staff;
  - communication between patients takes place in a manner that respects their individuality;
  - patient information is shared to enable care with their consent;
  - the care of patients actively promotes their privacy and dignity and protects their modesty; and
  - patients can access an area that safely provides privacy.
14. Achieving these benchmarks when caring for critically ill patients poses a particular challenge for health care professionals. The majority of patients are totally dependent. They are unable to communicate or have difficulty in communicating their views, are unable to express consent, unable to protect their own dignity and modesty and ultimately have to trust that their family and clinicians can act as their advocates. Concern about patients' lack of privacy and dignity is perhaps the most frequent criticism levelled by staff working in critical care.
15. The majority of patients requiring critical care survive and are discharged after a few days to a ward with other less dependent patients and finally back into the community. Others experience a longer stay, with some requiring critical care for many weeks. A minority of critically ill patients cannot and do not survive in spite of the best efforts of clinical staff. This group of patients may die within a relatively short period after admission, whilst others may require intensive care over a longer period.

16. Innovative and imaginative architecture and design is essential for the development of an environment that enables the safe and effective management of critical illness while at the same time providing a welcoming, secure, comfortable, non intimidating atmosphere.
17. Patients not only have the right to expect that their clinical care reflects best practice and is evidence based, but also that their individuality, privacy and dignity are preserved and that they, along with their family and friends, can have absolute confidence in the quality of the overall experience, regardless of the eventual clinical outcome.

### **Appointment of Design Team**

18. Due to the complexity of the mechanical and electrical services work, the Board made an early appointment of Henderson Green. This company has the relevant ultraclean ventilation experience and extensive knowledge of the existing facilities at the Princess Elizabeth Hospital as they led the design and installation works when the three existing operating theatres were last refurbished. The Board also appointed Mr M Thomas as the 'client's informed representative', the lead author and editorial panel member for the National Health Service document HTM 2025 with which the project must comply. Finally, the Board appointed Studio Four Architects Ltd, an architectural practice with specialised healthcare design experience, to assist the Board's Estates Department in the planning, detailed design work and tendering for the project, including quantity surveying and structural engineering input. All of the above appointments were made with the approval of the Advisory and Finance Committee's Estates' Sub-Committee and following appropriate tendering exercises. The overall cost of these various consultants is £353,000 and work undertaken to date has been charged to the Advisory and Finance Committee's Consultants' Fees and Site Investigations vote.

### **Decant Arrangements**

19. Certain decant works are essential in order for this scheme to proceed and will, in any event, need to happen in advance of planned major clinical developments on the Princess Elizabeth Hospital site (XXI Billet d'Etat 2003). The Board has, therefore, taken the opportunity to bring these forward. This involves:
  - i) Upgrading and refurbishment of the vacated De Sausmarez Ward to take surgical patients from Giffard Ward.
  - ii) The transfer of surgical patients from Ozanne Ward to the vacated Giffard Ward.
  - iii) The transfer of the Intensive Care Unit to the vacated Ozanne Ward.

20. On completion of the scheme, the intensive care unit will transfer to the new critical care unit, Ozanne and Giffard Wards will transfer back to their original locations and the refurbished De Sausmarez Ward will then be available for decant in preparation for the Phase 5 development.
21. The Advisory and Finance Committee approved the early commencement of this work at a cost not to exceed £90,000, charged initially to its Consultants' Fees and Site Investigations vote.

### **Enabling Works**

22. A protected access route through to the existing theatre suite needed to be created ahead of a new second floor being installed overhead and a new Uninterrupted Power Supply installed to Ozanne Ward for temporary use by the Intensive Care Unit in the interim period. Extensive modifications to existing services also needed to be undertaken.
23. The Board was keen for this enabling package of works to proceed ahead of the main contract to avoid delays. With the approval of the Advisory and Finance Committee, these works have been handled as a separate contract from the main scheme, although tendered as part of the complete scheme.
24. Tenders were sought and evaluated and following approval by the Advisory and Finance Committee, the Board appointed RG Falla Ltd to undertake these works at a cost not exceeding £105,000. This has been charged initially to the Advisory and Finance Committee's Consultants' Fees and Site Investigations vote.

### **Main Scheme**

25. Tenders for the main scheme were sought from five local firms and three tenders were received from the following:

RG Falla Ltd  
MGF Ltd  
JW Rihoy & Son Ltd

26. These were evaluated by McPhersons, Chartered Quantity Surveyors and the Board wishes to accept the lowest tender in the adjusted sum of £2,568,000 from RG Falla Ltd. This sum includes the cost of the mechanical and electrical elements to be undertaken by local firms, Building and Technical Services Ltd and J W Rihoy and Son, respectively.

### **Revenue and Staffing Implications**

27. The Board has already been allocated funding and establishment for the fourth theatre as part of the new Health Insurance Scheme. There are, however, revenue and staffing implications in respect of the expanded critical care facility, which need to be addressed. These have been assessed in accordance with latest best practice guidelines released by the Department of Health in the UK, where the accepted staffing ratio for Intensive Care Unit patients is 1:1 and for High Dependency Unit patients is 1:2. Using this formula, the Board would require an additional 14.4 whole time equivalent staff at an estimated cost of £511,000 per annum inclusive of recruitment and staff accommodation costs. There will also be other revenue costs to cover projected increased usage of drugs, consumables, utilities, equipment servicing and maintenance and domestic services at an estimated cost of £174,000 per annum. Non-recurring pay costs to cover retention payments in the estimated sum of £43,200 will also need to be met in 2 years' time.

### **Furniture and Equipment**

28. The estimated cost for the provision of items of loose furniture and equipment, not included in the main construction contract, is £455,000. The fourth theatre element is £165,000, where the main items are anaesthetic machines, an operating table and a diathermy machine. The critical care element is £290,000, where the main items are patient monitoring systems, ventilators, beds, reclining chairs, infusion pumps, a haemofiltration machine and a cardiac output monitor.

### **Summary of Costs**

29. Capital costs are as follows:	£
Decant Arrangements	90,000
Main Scheme Construction Costs	2,568,000 *
Furniture and Equipment	455,000
Consultants' Fees	<u>353,000</u>
Total	3,466,000

\* this includes cost of enabling works of £105,000

Estimated annual revenue costs are as follows:	£
Staffing	511,000
Drugs and consumables	136,000
Equipment servicing and maintenance	30,000
Utilities and domestic services	<u>8,000</u>
Total	685,000

**Programme**

30. As explained earlier in the policy letter, certain decant works have already been undertaken by the Board and were completed during the summer months. In addition, a package of enabling works is now nearing completion. The main scheme itself is a 71 week contract, commencing early November 2003, subject to States approval, with completion of the fourth theatre after some 59 weeks.

**Recommendations**

31. The Board of Health requests the States:
- i) to authorise the Board to proceed with the provision of a fourth theatre and expanded critical care facility, as set out in this report, at a total capital cost not exceeding £3,466,000;
  - ii) to vote the Board of Health a credit of £3,466,000 to cover the above costs;
  - iii) to authorise the Advisory and Finance Committee to transfer a sum of £3,466,000 from the Capital Reserve to the capital allocation of the Board of Health;
  - iv) to authorise the Board of Health to accept the tender from RG Falla Ltd in the adjusted sum of £2,568,000 for the construction works, inclusive of mechanical and electrical services;
  - v) to direct the Advisory and Finance Committee to take due account of the revenue costs to the Board of Health associated with this project when recommending revenue allocations to the States for 2005 and subsequent years;
  - vi) to direct the Civil Service Board to have regard to the estimated staffing establishment required by the Board of Health for the expanded critical care facility.

I should be grateful if you would lay this matter before the States with the appropriate propositions.

Yours faithfully,

P. J. ROFFEY

President  
States Board of Health

The President  
States of Guernsey  
Royal Court House  
St Peter Port  
Guernsey

2<sup>nd</sup> October 2003

Dear Sir,

I refer to the letter dated 25 September 2003 addressed to you by the President of the Board of Health on the subject of the provision of a fourth theatre and the expansion of the critical care facility at the Princess Elizabeth Hospital.

In September 2003 the Advisory and Finance Committee wrote to all States Committees asking them to delay any capital spending submissions until after the Annual Budget. However, the Board of Health has put forward a compelling case for the project being treated as an exception. Consequently the Advisory and Finance Committee accepts that this project should not be delayed.

The Committee is however very concerned that both the capital and revenue costs for this project have increased very significantly since they were first proposed. The initial estimate of capital cost was £1.2million, this has now risen to £3.4million. While the Committee has been advised and accepts that the initial estimate was inaccurate and the technical specifications for the scheme are now appropriate, if similar increases in capital costs were applied to other capital projects it would seriously affect the deliverability of even the highest priority projects.

The Committee is also very concerned with regard to the dramatic increase in the estimated annual revenue costs. In July of this year the revenue costs were estimated to be £210,000 per annum with a whole time equivalent staff requirement of 10. The revenue costs of the project are now expected to be £685,000 per annum with a whole time equivalent staff requirement of 14.4. Increases of this magnitude, in so short a time, are clearly a cause of considerable concern and highlight the need for all Committees to ensure that revenue costs are subjected to proper scrutiny. Proper planning and prioritisation can only be successful if the information supplied by Committees, on capital and revenue spending is both accurate and complete.

Although the Advisory and Finance Committee is seriously concerned with regard to the escalating costs of the proposal, it recommends the States to approve the recommendations as set out in the report.

Yours faithfully,

L.C. MORGAN

President  
States Advisory and Finance Committee

The States are asked to decide:-

XV.- Whether, after consideration of the Report dated the 25<sup>th</sup> September, 2003, of the States Board of Health, they are of opinion:-

1. To authorise the States Board of Health to proceed with the provision of a fourth theatre and expanded critical care facility, as set out in that Report, at a total cost not exceeding £3,466,000.
2. To authorise the States Board of Health to accept the tender from RG Falla Ltd in the adjusted sum of £2,568,000 for the construction works, inclusive of mechanical and electrical services.
3. To vote the States Board of Health a credit of £3,466,000 to cover the above costs, which sum shall be taken from that Board's allocation for capital expenditure.
4. To authorise the States Advisory and Finance Committee to transfer a sum of £3,466,000 from the Capital Reserve to the capital allocation of the States Board of Health.
5. To direct the States Advisory and Finance Committee to take due account of the revenue costs to the States Board of Health associated with that project when recommending revenue allocations to the States for 2005 and subsequent years.
6. To direct the States Civil Service Board to have regard to the estimated staffing establishment required by the States Board of Health for the expanded critical care facility.

**ISLAND DEVELOPMENT COMMITTEE**

**PROGRAMME FOR THE REVIEW OF THE DETAILED DEVELOPMENT  
PLANS – JOINT REVIEW OF RURAL AREA PLAN PHASES 1 AND 2**

The President  
States of Guernsey  
Royal Court House  
St Peter Port  
Guernsey

23 September 2003

Dear Sir

**PROGRAMME FOR THE REVIEW OF THE DETAILED  
DEVELOPMENT PLANS - JOINT REVIEW OF RURAL AREA PLAN  
PHASES 1 AND 2**

1 Background

In the mid 1990's the States adopted a new generation of Development Plans providing an Island wide framework for applying strategic land use policy. By law, each Development Plan must be reviewed after a maximum of 5 years unless its validity is extended by the States. On 30<sup>th</sup> October 2002 (Billet d'Etat XX11 2002) the States agreed that the Rural Area Plan (Phase 1) and the Rural Area Plan (Phase 2) should continue to have effect until 31<sup>st</sup> December 2003 to enable the joint view of those Plans to be completed, following the acceptance of the Urban Area Plan. The Island Development Committee advised that it intended to publish the draft joint review of the Rural Area Plan in the spring of 2003 and also undertook to keep the States informed of the progress that was being made with the joint review. This report provides that update.

2 The Joint Review of the Rural Area Plans

The Island Development Committee has completed the consultation exercise promised in September 2002. The draft Rural Area Plan Review No 1 was published for public comment on July 31<sup>st</sup> 2003.

The Advisory and Finance Committee have certified that it is in conformity with the Strategic and Corporate Plan, which directs the Island

Development Committee to accommodate the majority of the Island's development needs in the Urban Area. Accordingly, as noted by the States in October 2002, the underlying theme of the Rural Area Plan is conservation and enhancement of the rural environment.

The draft Plan follows a similar format to the recently adopted Urban Area Plan Review No 1, in which the main emphasis for assessing development proposals will be on criteria based written policies supplemented by protection of the strategically significant areas of landscape and conservation importance, identified on a Proposals Map.

The Planning Inquiry into the Rural Area Plan will be conducted by Mr P Robottom MA (Oxon) Dip TP MRTPI MCMI. The Inquiry will open on 2 December 2003. However, owing to the availability of the Inspector, most of the hearings have been scheduled to take place in the New Year.

Once the Inspector has reported his findings, it is anticipated that, in accordance with the requirements of the Island Development (Guernsey) Laws 1966 - 1990, the Island Development Committee, or its successor Department, under the transfer of functions arrangements, pursuant to the Review of the Machinery of Government, will then present the new Rural Area Plan Review, together with Inspector's Report, to the States for adoption.

### 3 Renewal Of The Existing Rural Area Plans

The validity of the current Rural Area Plan (Phase 1 and Phase 2) expires on 31<sup>st</sup> December 2003. As the Inquiry will not have been completed and the Inspector's report received before that date, the Island Development Committee proposes that the validity of the Rural Area Plan Phase 1 and the Rural Area Plan Phase 2 should be extended until 31<sup>st</sup> December 2004 to accommodate the Inquiry procedure.

The length of the Inquiry and the period for the preparation of the Inspector's report cannot be predicted until the number of representations is known. Whilst I have every expectation that this process will be completed within the next twelve months, it is not possible to commit the Committee to any particular timetable for bringing the Rural Area Plan Revision 1 before the States. However, in the unlikely event that this anticipated timescale is not achieved, it will, of course, then be necessary for the Committee's successor Department to revert to the States with a further request to extend the validity of the current Plans.

### 4 Recommendation

The Committee recommends the States:

To agree the Rural Area Plan (Phase 1) and the Rural Area Plan (Phase 2) shall continue to have effect until 31<sup>st</sup> December 2004 or such earlier date as when the States formally adopt a new Rural Area Plan.

I should be grateful if you would lay this matter before the States with the appropriate propositions.

Yours faithfully

J. E. LANGLOIS

President

Island Development Committee

**(NB The States Advisory and Finance Committee supports the proposals)**

The States are asked to decide:-

XVI.- Whether, after consideration of the Report dated the 23<sup>rd</sup> September, 2003, of the Island Development Committee, they are of opinion:-

That the Rural Area Plan (Phase 1) and the Rural Area Plan (Phase 2) shall continue to have effect until 31<sup>st</sup> December 2004 or such earlier date as when the States formally adopt a new Rural Area Plan.

**STATES PROCEDURES AND CONSTITUTION COMMITTEE**

**PARISH RESERVE FUNDS**

The President  
States of Guernsey  
Royal Court House  
St Peter Port  
GUERNSEY  
GY1 2PB

20<sup>th</sup> August, 2003

Dear Sir,

**PARISH RESERVE FUNDS**

1. The States Procedures and Constitution Committee's mandate includes "Parochial matters (other than those which fall within the mandate of another States' Committee)".
2. Under the provisions of the Parochial Taxation (Reserve Funds) (Guernsey) Law, 1996 each parish may establish a reserve fund. Monies may only be drawn from the fund for the following purposes:
  - (a) Extraordinary repairs to the parish church, rectory or cemeteries;
  - (b) The purchase of land for, and the establishment of, parish cemeteries;
  - (c) Extraordinary repairs to parish property not included within (a) or (b) above;
  - (d) The purchase or construction of additional parish property not included within (a) or (b) above.
3. The maximum which may be accumulated in a reserve fund is £50,000 plus accrued interest. This figure can be amended from time to time by Ordinance of the States.
4. The Law was designed for, and has been principally used by, the smaller parishes. The parishes of St Peter Port, the Vale, the Castel, the Forest and St Andrew have not, to date, created reserve funds. The following parishes have placed funds in reserve since 1998;

St Sampson	£15,000
St Saviour	£18,000
St Pierre du Bois	£45,785
Torteval	£46,956
St Martin	£6,000

5. The only parish to draw monies from the reserve fund is St Pierre du Bois which has utilized £48,138 for the maintenance of the parish church. With accrued interest, the funds held by Torteval now exceed £50,000. The Constables and Douzaine of Torteval have written to the Committee asking that the limit be increased from £50,000 to £100,000 as they envisage some heavy expenses in the not too distant future. The parish has recently been advised that some major work will need to be carried out on the parish church in the short to medium term. Expenditure of £100,000 in Torteval is equivalent to a rate of £3.35 in the pound rateable value whereas in St Peter Port the same sum could be raised for less than 13p in the pound.
6. A limit was placed on the amount which parishes can retain in a reserve fund as a means of preventing them from accruing funds when there was no real need to do so. From the figures quoted above it would appear that the system has not been abused.
7. The States Procedures and Constitution Committee recommends the States to agree that the limit which may be retained in a parish reserve fund be increased by Ordinance from £50,000 to £100,000.
8. I should be grateful if you would lay this matter before the States with appropriate propositions.

Yours faithfully,

C. H. LE PELLEY

Vice-President  
States Procedures and Constitution Committee

**(NB The States Advisory and Finance Committee supports the proposals)**

The States are asked to decide:-

XVII.- Whether, after consideration of the Report dated the 20<sup>th</sup> August, 2003, of the States Procedures and Constitution Committee, they are of opinion:-

1. That the limit which may be retained in a parish reserve fund shall be increased by Ordinance from £50,000 to £100,000.
2. To direct the preparation of such legislation as may be necessary to give effect to their above decision.

DE V. G. CAREY  
Bailiff and President of the States

The Royal Court House,  
Guernsey.  
The 10<sup>th</sup> October, 2003

**APPENDIX**

**STATES BOARD OF INDUSTRY**

**ANNUAL REPORT OF THE DIRECTOR GENERAL OF UTILITY  
REGULATION**

The President  
States of Guernsey  
Royal Court House  
St Peter Port  
Guernsey  
GY1 2PB

19 September 2003

Dear Sir

**ANNUAL REPORT OF THE DIRECTOR GENERAL OF UTILITY REGULATION**

The Regulation of Utilities (Bailiwick of Guernsey) Law, 2001 provides, in Section 8, that the Board of Industry shall submit to the States annually a report on the activities of the Office of Utility Regulation during the preceding year.

I enclose two copies of the Director General's report for 2002.

Section 8 3 (b) of the Law also provides that the Board may, at the same time, submit its own report commenting on the activities of the Director General during this period.

The Board, on this occasion, has no comments to make and accordingly I would be most grateful if you would arrange to publish the Annual Report and Accounts 2002 as an appendix to the Billet to be presented to the States at the October 2003 meeting.

Yours faithfully

JOHN ROPER

President  
States Board of Industry

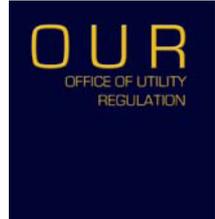


Office of Utility Regulation,  
Bailiwick of Guernsey

# Annual Report and Accounts 2002

Year ending 31st  
December 2002

# Annual Report: 2002



Deputy FJ Roper  
President  
Board of Industry  
Raymond Falla House  
Longue Rue  
St Martins  
Guernsey  
GY4 6HG

30th June 2003

Dear Deputy Roper,

I am pleased to submit this report on the activities of the Office of Utility Regulation for the period 1st January 2002 to 31st December 2002.

In accordance with section 8 of the Regulation (Bailiwick of Guernsey) Law, 2001, I would be grateful if you would present this report to the States of Guernsey as soon as practicable.

Yours sincerely,

Regina Finn  
Director General of Utility Regulation

Suites B1 & B2, Hirzel Court, St Peter Port, Guernsey GY1 2NH  
Tel: +44 7781 711120 Fax: +44 7781 711140 Web: [www.regutil.gg](http://www.regutil.gg)



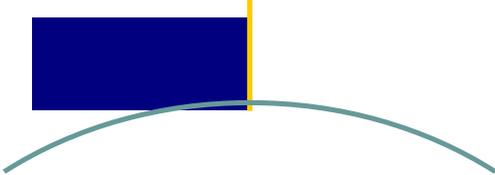
# Annual Report: 2002

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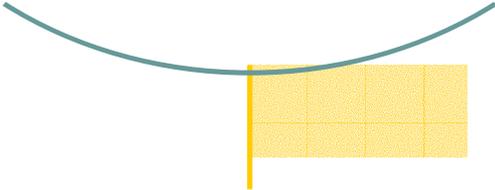


## Annual Report: 2002



The importance of the communications sector lies in its impact on all other sectors of the economy. It offers the potential for organisations to make best use of their investment in information technology and to realise productivity gains, improvements in quality and opportunities for greater social inclusion.

- European Commission, 2003




The single market for electricity will, progressively, produce a competitive and vibrant electricity market across the European Union. It will contribute to the three European energy policy objectives of increased competitiveness through better service for energy consumers, improved environmental protection, and greater security of energy supplies, while ensuring the continued achievement of basic public service requirements.

- European Commission, 2002



## Director General's Report



The year 2002 will be remembered, amongst other things, for the feeling of suspense in international markets while developments on the **global stage** were nervously awaited. In between the terrible events of September 2001 and the impending Gulf War of 2003, businesses worldwide remained nervous and conservative, particularly in the technology sector.

Although global markets may have remained sluggish, in Guernsey, 2002 will be remembered as a year in which there was much change and progress in the utility sectors of post, telecommunications and electricity. In fact this period has afforded Guernsey a vital **window of opportunity** to put in place many of the building blocks for these three sectors that allow it to catch up with other western economies.

At OUR, **2002** will be remembered as an eventful year in which much progress was made in the regulation of utilities in Guernsey. Over the year the regulatory framework took shape with the opening up of the fixed telecommunications market to **competition** being one of the most significant developments.

Other important events included the OUR **review of the electricity sector** and the completion of the first set of regulatory accounts for the generation, conveyance and supply businesses of Guernsey Electricity Ltd

The launch of a **mobile telephony licensing** process was also significant and heralded the opening up of the mobile market to competition in 2003.



## Director General's Report

At the same time, other significant changes were taking place within the sectors during the year, in particular the commercialisation of the States Electricity Board in February, the purchase of Guernsey Telecoms Ltd (“GT”) by Cable & Wireless Regional in May and the mechanisation of the postal service in December.

Throughout all of these changes the OUR has continued to seek the widest possible input from all parties affected by the regulatory regime and decisions of the Office, particularly **customers** of utility service providers.

We have listened to what customers want – value for money, choice and high quality services – and the contribution of the regulatory regime towards meeting those needs is now beginning to be seen.

This second annual report of the OUR provides more detail on the achievements of the Office in the first full calendar year of operation, and the changes that we are beginning to see in the markets as a result.

The OUR will continue to work towards its primary aims of enabling competitive markets to flourish and deliver the best result to customers, but the **players in the market** are the ones who will deliver the services that end users need.

I would like to welcome the efforts of those players, existing and new, in adapting to the changing environment and striving to meet the ever more sophisticated needs of Guernsey customers.



**Regina Finn**  
**Director General of**  
**Utility Regulation**



## The Year in Brief

### January 2002

OUR publishes licensing framework for electricity including final licence terms and conditions for generation, conveyance and supply and exemptions from requirements to hold licences.

### February 2002

Guernsey Electricity Ltd (“GEL”) is granted licences to generate, convey and supply electricity; GEL publishes service standards; Licence terms and conditions for new telecoms operators published along with application forms and guidelines.

### March 2002

First price control on services provided by Guernsey Telecoms (“GT”) limits scope for price increases in fixed telecommunications services; Accounting Separation Guidelines for GT published.

### April 2002

Guernsey moves towards licensing new 2G and 3G mobile operators with the publication of a report on the process for licensing mobile telephony.

### May 2002

GT purchased by Cable & Wireless Ltd (C&W). OUR report on implementation of the regulatory regime for electricity is published; GEL issues key operational documents including a Statement of Opportunity and Statement of Connection and Use.

### July 2002

GT Reference Offer (“RO”) for Interconnection and Access published; interim interconnection and access prices published; GT appeals against certain decisions by the OUR in relation to the RO. OUR holds major public meeting on electricity policy and publishes detailed consultation document on the future for Guernsey’s electricity sector; GEL introduces compensation to customers for service failures.

### August 2002

Maximum resale price for electricity set; consultation papers on price control in electricity, telecoms licence fees, electrical inspections and Directory Enquiries published; Competition for 2G and 3G Mobile Licences in Guernsey is launched.

### September 2002

GT rebranded as Cable & Wireless Guernsey Ltd, Dispute Resolution Guidelines published and an investigation into C&W’s ADSL product is launched. Broadband ADSL services launched by C&W; GEL concludes first set of separated accounts; GEL publishes codes of conduct.

### October 2002

Consultation on Service Level Agreements for retail leased lines launched; Report on Directory Enquiries published.

### November 2002

OUR publishes its report to Board of Industry on the future of Guernsey’s electricity market; Fees for new telecoms licences published; Investigation into ADSL concluded.

### December 2002

Report on Service Level Agreements for Leased Circuits published; Report on electrical inspections and draft regulations published; OUR publishes a guide to communicating with OUR and participating in consultation processes

# Annual Report: 2002



## **Guernsey's Regulatory Objectives are:**

Protect the interests of users of utility services in terms of

Prices

Quality

Service Levels

Permanence and

Choice

Secure utility services to satisfy reasonable demands;

Ensure utility sectors contribute to the economic and social development and well-being of the Bailiwick;

Introduce, maintain and promote effective sustainable competition;

Improve quality and coverage of utility services;

Facilitate availability of new utility services;

Lessen adverse impact on the environment.

- the Regulation of Utilities (Bailiwick of Guernsey) Law, 2001

# The Guernsey Regulatory Environment

By the end of 2002, Guernsey's regulatory environment was just over **one year old**. Much of the legal and policy framework had been set in 2001 and was described in detail in the OUR's first annual report. Significant elements of the new regime were developed and implemented during 2002 and 2003, building on the core legislation and policy statements made in 2001.

## Legislation

The main piece of regulatory legislation is the **Regulation of Utilities (Bailiwick of Guernsey) Law, 2001** which establishes the Office of Utility Regulation (OUR), sets out the governing principles of the Office, and allows the States to assign further functions to the Office over time. This law was enacted on 1<sup>st</sup> October 2001.

The following three further laws have been put in place, one for each of the three utility sectors:

- The Telecommunications (Bailiwick of Guernsey) Law, 2001;
- The Post Office (Bailiwick of Guernsey) Law, 2001; and
- The Electricity (Guernsey) Law, 2001.

Each law sets out in more detail the powers and functions of the Director General in the relevant sector. The telecoms and postal laws were brought into effect on 1<sup>st</sup> October 2001, whilst the electricity law came into effect on 1<sup>st</sup> February 2002.

## States Directions

The Regulation Law provides that the States of Guernsey may give **States Directions** to the Director General on certain specific issues in each of the sectors. These include directions on:

- The identity of the **first licensee** in each sector to be granted a licence with a universal service obligation;
- The scope of a **universal service** or minimum level of service that all customers in the Bailiwick must receive;
- Any **special or exclusive rights** that should be granted to any licensee in any of the sectors and
- Any requirements on licensees that might be needed for Guernsey to comply with any of its **international obligations**



# The Office of Utility Regulation

The OUR was set up under the Regulation Law in **October 2001** to regulate the three sectors of electricity, post and telecommunications independently from government and the players in the market, and in line with States policy and the provisions in the Laws.

## OUR Office

OUR is located in its own separate offices in Hirzel Court in St Peter Port and, although small, continues to be independently run and staffed with its own computer network, telephone system and services.

The Office functioned for much of the year with a core of just **three staff** and the Director General. Over this period the Director General brought in specialist technical expertise to complement in-house resources and to handle specific projects at certain times in order to help develop the regulatory framework and assist in arriving at regulatory decisions, as well as using some short term temporary staff when workloads were particularly intense.

## OUR Processes

OUR's procedures are in accordance with the principles set out in the Regulation Law and which are in line with best international practice and tailored to the specific context and needs of Guernsey. A key characteristic of the OUR's approach has been its open and **transparent** consultative process which underpins the Director General's decisions

The Director General is required to take an **impartial** view of the three industries within her remit and her role in protecting the interests of any of the regulated companies exists only insofar as it is necessary to meet the objective of delivering the best outcome for Guernsey consumers and the Guernsey economy.

In line with international experience, where more **competition** develops, the Director General expects that the role of regulation will be reduced wherever possible, but only where customers' interests are adequately protected by the operation of effective competition. She will therefore continue to keep the three sectors under ongoing review.



# The Office of Utility Regulation

## OUR Communication

The Office has made extensive use of its website ([www.regutil.gg](http://www.regutil.gg)) as a means of communicating both with the operators within the regulated industries and with interested members of the public. The website has continued to be invaluable and an efficient method of conducting public consultations and disseminating information with **44 papers** published in 2002.

The Director General urges industry players, policy makers, consumer groups and individual consumers to take the opportunity to respond to the OUR's consultations and make sure their **views** can help inform and shape the regulatory framework and individual regulatory decisions. To compliment and support the written consultation process the Director General also held **public presentations** and **industry workshops** on certain topics during the year and in December 2002 the OUR published a reminder on how to participate in the OUR consultation process (**OUR 02/44**) and use the various other communication channels to the office.

All of the OUR's reports on consultations and the Director General's decisions are available from the Office directly and also published on the OUR's website. Responses to consultations, unless marked as confidential are also available for inspection at the OUR's offices at Hirzel Court. A full list of all the documents published in 2002 is at **Annex B**

The Director General and her staff have also had meetings and discussions with a wide range of individuals and companies that are interested in or affected by the regulatory regime and OUR continue to be pleased to have an ongoing open communication process.

## OUR Co-operation

Throughout 2002, OUR had an opportunity to forge links with other organisations that play key roles in the regulated sectors, both locally and internationally. Very productive co-operation with the UK regulators, particularly on telecommunications numbering and the licensing of spectrum continued and the OUR would like to thank **Oftel** and the **Radiocommunications Agency** for their ongoing support and help during 2002.

# The Office of Utility Regulation

The **Trading Standards Service** of the Board of Industry was involved with OUR in developing a complaint referral service for customers of utility companies who felt that the dispute procedures within the relevant company had not addressed their complaint. This set the groundwork for more development in 2003.

Other international regulators continued to provide a valuable source of support and assistance on an informal basis to OUR and by the end of 2002, the OUR was receiving requests to help other small regulators to develop their own regimes. The OUR continues to **maximise the benefits** of these links for Guernsey and its regulatory regime so as to ensure that Guernsey keeps pace with the first class economies against which it has to compete.

## Independence and Accountability

The Regulatory Laws require the Director General to be **independent, fair and impartial** in carrying out her functions and to do so in a manner that is **timely, transparent** and **objective** and consistent with States policy directions

The clear legal separation between OUR and the States of Guernsey allows the Director General to make decisions in the **best overall interests** of the people and economy of Guernsey without any real or perceived influence from vested interests. The independence of the Office is underpinned by the fact that it is independently financed from licence fees in each of the sectors and is independently staffed and resourced.

The Director General is accountable to the States of Guernsey and must submit a report on the activities of the Office along with audited accounts each year. The Board of Industry also has the right to approve the overall numbers of staff in the Office, and the Law provides for an independent **Utility Appeals Panel and Tribunal** to hear appeals against decisions of the Director General. During 2002, GT, now Cable and Wireless Guernsey, appealed a decision regarding the contents of the company's Reference Offer and this appeal is expected to be heard by the Tribunal in 2003.

*"Fairness is what justice really is"*

*- Potter Steward, Associate Justice, US Supreme Court*

These measures strike a balance between the essential need for independence so as to ensure that the market has confidence in the impartiality of the Director General's decisions, while at the same time ensuring appropriate accountability and protecting the rights of parties affected by decisions of the Director General.



# Annual Report: 2002



**Guernsey's Telecoms Policy includes:**

The introduction and promotion of competition in the telecommunications market; in the Bailiwick of Guernsey at the earliest possible time;

The provision of the following core telecommunications services to all telephony users in the Bailiwick at uniform affordable prices;

Access to the telephone network at a fixed location

Directory enquiry services and directories

Public pay phones

- States Directions

# Telecommunications: Overview

## The Global Telecoms Market

After the turbulent events of the previous year, 2002 proved to be another difficult year for the telecommunications sector across the world. Despite growth in the sector several high profile telecommunication companies were forced to declare bankruptcy and others were engaged in major restructurings. **Global Crossing** was the first company to shake the sector's foundations when it started the year by filing for Chapter 11 bankruptcy in the US after incurring USD22.4 billion in liabilities.

The next major shock came in June when **WorldCom** the second largest long-distance phone company in the US and a major global carrier, admitted that it had misstated its financial results by USD3.8 billion and immediately filed for Chapter 11 bankruptcy protection owing USD41 billion to creditors with senior executives at the company facing fraud charges in the US. A string of further revelations followed in the telecommunications sector that exposed the difficulties the industry was facing.

Despite these difficulties, the worldwide telecommunications market continued to grow, albeit at a slower pace than previously. Total global revenue grew 1.3% to USD1.25 trillion with mobile revenues growing by 5.9% to USD491 billion and fixed public network services increasing by 2.8% to USD622 billion.

With all the restructuring and associated downsizing the one part of the telecoms market that has remained relatively stable has continued to be the dominant incumbent operators, those companies who started life as traditional phone companies and who still provide the core telecoms services we all use. As noted last year the nature of **core telecoms networks and services** the way they serve as a true “utility” in our modern economy, has meant that traditional telecommunications operators remain strong and growing entities.

## The Guernsey Telecoms Market

2002 has been a dramatic year in the Bailiwick's telecoms market. At the start of the year, the sole operator Guernsey Telecoms Ltd (“GT”) was a wholly owned States company with a legal monopoly in the fixed and mobile telecommunications markets within the Bailiwick.



## Telecommunications: Overview

In January the States of Guernsey were in the process of identifying a strategic equity partner to buy a share of GT, and the process culminated in the sale of the company in its entirety to Cable and Wireless Limited (“C&W”). The sale was approved by the States in May 2002 and GT was rebranded later in the year and started to operate as **Cable and Wireless Guernsey** within Cable and Wireless Regional.

In line with the States Directions issued in 2001, a **universal service obligation** had been placed on GT and this was inherited by Cable & Wireless Guernsey. This requires the company to deliver basic services at affordable and uniform prices anywhere in the Bailiwick of Guernsey and it was implemented during 2002 by the setting of a **price control**

One of the most important policy decisions underpinning the OUR’s work in 2002 was the decision by the States that the telecommunications market should be **opened up to competition** as quickly as possible. This decision recognised the key role that competition and liberalisation have played in delivering customer and economic benefits in telecommunications markets throughout the world. In 2001 the Director General announced a timetable for the removal of the monopoly that GT enjoyed at the beginning of 2002.

This meant that new operators could be licensed to provide **services** from **1<sup>st</sup> July 2002** **networks** from **1<sup>st</sup> December 2002** and **mobile networks and services** from **1<sup>st</sup> April 2003**. Therefore by the end of 2002 C&W’s monopoly only remained in the mobile telecommunications sector and this was due to be removed early in 2003. The liberalisation timetable drove much of the OUR work during 2002 and the full text of the States Directions is set out in **Annex A**

However, with all of this structural and ownership change, the delivery of services to end users did not remain static and of particular significance was the fact that Guernsey saw the introduction of **broadband internet access** for the first time as ADSL was rolled out in October 2002.

# Telecommunications: Activity Report

## Overview

In its first full calendar year of operation, OUR concentrated much of its effort on the telecoms sector to facilitate the liberalisation of the market and ensure that the regulatory regime was developed as quickly as possible in line with States policy. This was a particularly high priority for the States of Guernsey as it was essential to ensure certainty for the prospective new owner of GT and make sure that as many of the **building blocks** of the regulatory regime were in place before that change in ownership.

During 2002 the OUR finalised **licence terms and conditions for new entrants** into the fixed telecoms market, facilitated the completion and publication of GT's **Reference Offer** for **interconnection and access** including interconnection and access prices, and issued an invitation to tender for **3G mobile** licences and another **2G mobile** licence within the Bailiwick. Over the same period the OUR put in place a **price control** for GT's services in the fixed market and concluded consultations on a number of other issues directly concerning consumers. Apart from these major planned projects, the OUR also conducted a number of subject specific **investigations** during the course of the year.

## Fixed Telecommunications Licensing

In January the Director General published her report and decision on the licence terms and conditions that should apply to **competing operators** in the fixed telecommunications market (**OUR 02/07**). Following this the Director General published Pro forma Telecommunications Licence Terms and Conditions (**OUR 02/08**) and an Information Notice and Application Form (**OUR 02/09**) for new entrants ready for the liberalisation of the sector later in the year.

In November 2002 fixed telecommunications licences were granted to **Wave Telecom Limited** and **Newtel (Guernsey) Limited** in readiness for the expiry of the exclusivity period for the provision of telecommunications networks.

The Director General also consulted (**OUR 02/31**) on how the annual licence fees for the OUR's telecommunication licensees should be raised in order to recover the OUR's operating costs. The report and decision notice **OUR 02/38** was published in November along with Guidelines to the licensees setting out how the licence fee should be calculated (**OUR 02/39**).



# Telecommunications: Activity Report

By the end of 2002 the work of the OUR in developing the licensing framework had contributed to the fundamental **structural change** in the telecom sector within the Bailiwick, with the purchase of GT by C&W and two new players poised to enter the market.

## Mobile Telecommunications Licensing

In April 2002 the OUR published the first of several papers on the mobile telephony market in Guernsey issued during the year. This first paper (**OUR 02/14**) reported on an earlier consultation and set out the Director General's decisions on the available frequency spectrum for new mobile telephony licences to provide 2G services – comparable to the existing GSM services, and 3G services – the next generation of mobile services. The paper also concluded that a comparative evaluation, or “**beauty contest**” would be the most appropriate means of awarding the new mobile licences in Guernsey should the demand for licences exceed the number of licences available.

One month later, the Director General published another consultation paper **OUR 02/18** which focused on the licence obligations and conditions for the new 2G and 3G licensees. The Director General appointed **Andersen Management International** (AMI), a company with a proven track record in the use of comparative evaluations in mobile telecoms communications as specialist advisors to the OUR to assist with the award of the available licences.

In July a final report and consultation paper (**OUR 02/21**) was published which asked respondents to comment on the proposed design of the competition and sought **expressions of interest** from operators so that demand for the licences could be ascertained. In the event more interest was expressed in the licences than there were licences available, therefore making it necessary, in the interests of fairness, to run a competitive selection process for the licence award. That process was launched in August when an Information Memorandum (**OUR 02/30**) was published and the **Invitation to Tender** was made available for purchase by interested parties.

*Forty two percent of European mobile phone users are interested in 3G services, according to the TNS Telecoms 3G 2003 report, carried out in 10 countries. But the good news for telecoms operators and manufacturers is that the majority of those users interested in 3G were prepared to pay extra for 3G handsets and services.*

By the time of the deadline for applications at the beginning of December, AMI received one application from **Wave Telecom Limited** for a 3G licence and a 2G licence. This application was being assessed by AMI on behalf of OUR at the end of the year in advance of the end of C&W's exclusivity in the mobile telecommunications market.

# Telecommunications: Activity Report

## Interconnection and Access

In liberalised markets it is critical for new entrants to be able to **access the network** of the dominant incumbent so that they can provide services to customers on that network. As the cost of this type of access can make up 40% of a new entrant's costs, the importance of this service cannot be underestimated.

To facilitate competition the Telecommunications Law provides for the publication by the dominant telecoms operator of a **Reference Offer "RO"** for interconnection and access. OUR reported **OUR 02/10** on the public invitation to comment on GT's Reference Offer in February. The following month the Director General published an Information Note **OUR 02/13** to new entrants notifying the market that the OUR had identified significant additional analysis that was necessary before a robust RO document could be finalised, and therefore announced a revised timetable for the publication of the final Reference Offer.

The preparation of GT's Reference Offer represented a major work programme in the first half of the year and culminated in a range of complex and detailed Directions to GT to adjust its draft Reference Offer. The Reference Offer was finally published by GT in July 2002 as was a further Information Notice **OUR 02/20** from the OUR. GT decided to appeal certain specific directions issued by the Director General relating largely to **leased lines**. Notwithstanding the commencement of that appeal, GT published terms and conditions (including prices) for wholesale leased lines on its website later in the year.

At the same time as the publication of the Reference Offer, **prices** for key interconnection and access products were published by GT. These rates were set initially by the OUR because GT had not been able to provide cost-justified rates based on accurate, verifiable information.

## Price Control

Early in 2002 the OUR completed its first price control review (**OUR 02/11**) after initiating this project in the winter of 2001. In an industry where the incumbent is a monopoly and is likely to maintain a dominant position for some time, explicit **price regulation** has a proven track record in protecting consumers' interests and was appropriate to apply to GT in certain aspects of the fixed telecommunications market.



## Telecommunications: Activity Report

After extensive analysis and economic modelling the Director General imposed price controls across four main baskets of products in which GT (as it then was) had a monopoly. The price controls which were initially set for the period 2002 through to 2004, comprised

- limiting price increases **by RPI - 5%** per annum for the main basket of services;
- Allowing increases of up to **RPI + 7%** per annum in charges for **exchange line rentals** as part of tariff rebalancing by the commercialised operator;
- Protecting the interests of vulnerable users by requiring prices for the **Shortcall” basket** to be constrained **by RPI - 3%**; and
- Freezing prices for **leased lines** at the levels they were at in March 2002.

### Quality of Service

One of the aims of the liberalisation of the telecommunications market is to improve the level of service provided to customers through the introduction of competitive forces. **Service Level Agreements** “SLAs” for end consumers have become an important source of competitive advantage and a valuable commercial tool in competitive markets as they provide a means for an operator to differentiate itself from competitors on the level of service quality it provides to its customers.

In a competitive market the scope of an operators’ retail SLA would be determined by the market itself. Within the local market however C&W is a dominant incumbent with the fixed telecoms market only recently being opened up to competition. Given the critical nature of leased lines therefore, the Director General issued a consultation paper **OUR 02/36** on the minimum SLAs for C&W’s retail leased lines.

Following the consultation a Decision Notice was published **OUR 02/42** and C&W was required to provide retail leased line customers with a standard SLA which included targets for **service** delivery, fault **repair** times and the minimum **availability** of the service. C&W’s SLA was also required to include a **compensation** regime for when these targets were not achieved.

## Telecommunications: Activity Report

In August 2002, the Office published a consultation paper **OUR 02/26** looking at the implications for Guernsey on the liberalisation of the UK's **Directory Enquiry** ("DQ") market. Oftel (the UK regulator) was introducing a new range of six digit numbers starting with 118 for the DQ Services in the UK in order to introduce service level competition into the UK market and as a consequence of this the UK international number range (00 44) this had implications for customers within the Bailiwick.

Following the consultation the Director General decided to adopt the UK numbering policy with respect to accessing national and international DQ within the Bailiwick of Guernsey. This meant that customers would be able to access a range of **118XXX** DQ numbers once these were introduced in the UK. This is essential to the Bailiwick b running, access to the current 192 and 153 codes would cease in August 2003.

### Disputes and Investigations

In May, the OUR received a complaint alleging that GT was in breach of the terms of its Fixed Telecommunications Licence by **discriminating** between customers. The complaint claimed that GT was providing preferential levels of service for fault reporting to certain customers for charges similar to those paid by other customers who did not receive the preferential level of service, or in the alternative, for no charge. The complaint also alleged that GT was unfairly cross-subsidising its competitive service for **reporting faults** on telecommunications equipment with revenue received from its monopoly licensed operations.

The OUR investigated the complaint **OUR 02/25** and found that GT was in breach of certain conditions of its licence. During the investigation, GT committed to a number of actions which the Director General considered would address the concerns raised in the complaint and therefore, in the light of these commitments, the Director General decided not to take any further actions should GT comply with the commitments it made. Both parties to the complaint accepted the Director General's findings.



## Telecommunications: Activity Report

In September GT launched its **broadband ADSL service** within the Bailiwick. Due to the importance of broadband connectivity to customers in the Bailiwick and the role it can play in enabling a technology literate, e-enabled society, supporting the State's strategy of promoting e-business, the Director General initiated an investigation **OUR 02/34** into whether the launch of this critical service was in compliance with the regulatory regime and, in particular, GT's licence conditions as a dominant operator.

The investigation focused on three areas: whether GT exercised **undue preference** and/or unfair discrimination in favour of GT Online by providing more and better information to GT Online than it provided to independent ISPs; whether the ADSL product and pricing structures acted as **effective barriers** to independent ISPs entering the market for provision of ADSL based ISP services in Guernsey, and finally an examination of GT's published **pricing levels**

Shortly after announcing the investigation into pricing levels GT announced **significant reductions in its prices** across its broadband portfolio and the Director General welcomed these reductions and ceased her own pricing investigation as the overall retail prices were more in line with international experience and represented significantly improved value to Guernsey consumers compared with the original published prices.

The report of the investigation into the remaining areas **OUR 02/40** was published in November and overall, the Director General found that C&W Guernsey had acted in contravention of its Fixed Telecommunications Licence and that that were a number of actions that, if satisfactorily implemented, would remedy the breach of licence and these were included as Directions to C&W.



2002 was a catalyst year for the European broadband market, according to a new study by market analysts **IDC**, European Broadband Access Services Market Analysis, 2002-2007. The number of connections catapulted to 13.4m in Europe, which is more than twice the figure of the previous year, and revenues for broadband internet access reached E3.4bn.

## World Postal Markets

Postal markets in Europe continue to face considerable change and immense challenges. There are a number of key factors which are determining the transformation agenda in the industry. Firstly greater liberalisation continues as markets are gradually being opened up to **competition** with traditional postal operators starting to take a closer look at the financial costs associated with public services and making explicit trade-offs between social and commercial objectives.

Secondly corporatisation continues apace with separation of postal operations from government control. This has also meant the introduction of new financial and operational targets with operators having access to new sources of capital and greater operational freedom. Apart from these changes in ownership and market structure, the industry is also experiencing other changes such as globalisation, outsourcing of key functions and the development of e-networks, all of which provide opportunities for growth and efficiencies.

In May the UK Postal Regulator, **Postcomm**, announced its decision on how to open up the UK postal market to competition. The liberalisation of the market would be implemented in three phases with Phase 1 commencing from 1 January 2003 through to 31 March 2005 with competition in bulk mail above 4,000 items representing around 30% of the UK letter delivery market. On the 1<sup>st</sup> April 2005, the bulk mail threshold would be lowered to open up a total of 60% of the market by value. Finally on 1<sup>st</sup> April 2007 Postcomm intend to abolish all restrictions on market entry.

Within this context Postcomm has continued working on a replacement for Royal Mail's initial price control and on **access pricing** the amount competitors should pay Royal Mail for delivering their mail. Decisions in both these areas would be taken in 2003. Within this regulatory framework Royal Mail continued to face difficult times in streamlining its operations, preparing for competition, cutting costs and meeting its regulatory requirements.

## Guernsey Postal Market

Postal services in Guernsey are provided by Guernsey Post Limited (GPL), the limited liability company wholly owned by the States of Guernsey which was established in 2001.

### Guernsey's Postal policy includes;

Ensuring that all postal users in the Bailiwick receive the following postal services at affordable prices:

Daily delivery to all addresses in the Bailiwick on six days a week;

Collections on six days a week;

Collection of all items up to 20kg;

Services for registered and insured mail.

Reserving exclusive rights for Guernsey Post Limited insofar as this is needed to meet the above policy.

States Directions



## Post: Overview

Following the establishment of the legal and policy framework for postal service in 2001, during 2002 Guernsey Post Limited operated in a market that was open to competition with the exception of the provision of **reserved services**. Reserved services comprise what most postal users consider to be normal mail services and GPL retained a monopoly on these services in order to ensure it could meet the States policy of ensuring that there are daily deliveries and collections to all addresses in the Bailiwick on each of six days a week.

Whilst GPL has a monopoly in the reserved area there are a range of other companies, such as Securicor, DHL, Fedex, Interlink Express, Relay Couriers, Skynet and TNT Express who provide services to customers in Guernsey in the parts of the market that are **open to competition**.

2002 was a year of significant change for GPL for two principal reasons. The first of these is the changing nature of the agreement between GPL and the Royal Mail in the UK. Royal Mail is GPL's major partner for the delivery and collection of mail outside the Bailiwick. In this context and within the regulatory regime in the UK Royal Mail has been seeking to **renegotiate** the terms and conditions on which it collects and delivers mail to Guernsey, as well as Jersey and the Isle of Man. In December **Jersey Post** announced **price increases of over 25%** in local mail to cover increased costs arising from its new agreements with Royal Mail. However by the end of 2002 GPL had not yet concluded its commercial negotiations with Royal Mail and customers had seen no price increases.

Towards the end of 2002 GPL moved from its premises at Guelles Road to new purpose built premises at Envoy House. With the move to Envoy House GPL were able to use modern mechanisation within the sorting office – a process that involved significant organisational change. However due to an accumulation of contributing factors, customers within the Bailiwick experienced a sharp **deterioration** in the quality of the postal service in terms of delays for delivery of intra-bailiwick and UK to Bailiwick mail over the Christmas period and this became the subject of a detailed investigation in 2003.

# Post: Activity Report

## Overview

During 2002 the Director General has been closely monitoring the changes in the relationship between GPL and Royal Mail. This contractual relationship is critically important as Royal Mail is GPL's major partner and represents a major external influence on the Guernsey postal market. At the same time the company was implementing radical change programmes including the introduction of automation into the sorting process and the accompanying changes in working practices.

OUR has used this first full year of operation to research and consider the development of the regulatory regime in the light of the operational and commercial developments. In particular OUR undertook extensive research into considering appropriate **quality of service targets** for GPL that would address customers' perceptions of the service offered by GPL.

## Quality of Service

International best practice involves measuring the **end to end delivery times** that is the time that elapses from when the mail item is posted by the customer to the time when it is received at its ultimate destination. Prior to the commercialisation of GPL, this information had never been measured. GPL commissioned Research International to measure these delivery times using sample mail and was able to compile time series data in 2002 which was an essential input in the development of GPL's licence conditions in what would be an important workstream for the OUR in 2003.

*"The postal service forms part of the daily life of people all over the world. Even in the digital age, the Post remains, for millions of people, the most accessible means of communication and message delivery available"*

*- Universal Postal Union*

## Cost Base

The other main area that OUR addressed in 2002 was the ongoing identification of GPL's **efficient cost** base and the development of appropriate cost accounting systems which would have an input in any price control that might be needed in the future. Due to the continued negotiations between Royal Mail and GPL, the public consultation on a price control for GPL was deferred until 2003 when this **key external driver** for the Guernsey postal market is expected to be finalised.

## Consumer Protection

During the year in accordance with its licence conditions GPL published its **Customer Charter** on its website and set out the levels of service it was currently committed to providing.



## Post: Activity Report

In December the OUR received a complaint in the form of a request for dispute resolution. The complaint concerned GPL's planned closure of the Arcade Post Office in St Peter Port and the company's commitment to take space within the new market development complex in 2004. The complainant, believed the Arcade facility was heavily used by the elderly and disabled members of society and consequently, the absence of this facility within St Peter Port until the Autumn of 2004 would disadvantage these customers. The OUR commenced a formal investigation which would conclude early in 2003.



# Electricity: Overview

## World Electricity Markets

2002 was an important year in the European energy sector as European ministers agreed a date for the complete **liberalisation** of the energy market across the EU. By July 2004 all business users will be free to choose energy suppliers, and this right will be extended to all domestic users in 2007, and in many countries earlier.

Two of the biggest effects of energy liberalisation are likely to be cheaper prices and a wave of corporate mergers in the sector. These effects have been seen in the UK, which was at the forefront of the liberalisation process: electricity prices for big consumers have fallen by around 40% in Britain since 1998; 34% of customers have changed providers; and 55% of British households now get electricity from a foreign-owned company. As mainland Europe becomes increasingly liberalised, these effects are likely to be seen in the throughout the rest of the EU, with any downward pressure in wholesale prices via competition in Europe likely to feed through to end customers

Also in the UK, a number of companies such as British Energy and TXU Europe experienced financial difficulties arising primarily from the **excess capacity** that had built up following privatisation of the generation business in 1990. Following liberalisation, new firms entered the market and built more power plants. However as capacity increased over the past four years, there has been a significant reduction in wholesale prices which made much of the plant in the industry unprofitable, and **rationalisation** an inevitable policy.

Competition in the UK market has therefore meant that power-generators will continue to withdraw capacity until prices recover to levels that permit profitable generation. As there are high barriers to exit, companies tend to mothball plant rather than decommission and close plant which makes the threat of California style power cuts unlikely in the European context.

## Guernsey Electricity Market

On the 1<sup>st</sup> February 2002 the States Electricity Board was commercialised and **Guernsey Electricity Limited** (“GEL”) was created. The new wholly States owned company serves the 30,000 electricity customers within the island of Guernsey.

# Electricity: Overview

In 2002 GEL was the sole monopoly operator in the Guernsey electricity market, with vertically integrated generation, network and retail businesses as well as a variety of non-core businesses such as the sale of white goods or appliances”. The company met the needs of the island by a combination of on-island generation capability and electricity imported over an interconnector from France via Jersey.

The Electricity (Guernsey) Law, 2001 which was approved by the States of Guernsey in 2001, came into effect on **1<sup>st</sup> February 2002**, the same date that the new GEL was created

At the same time, a number of States Directions that had been agreed in September 2001 were activated. First, the States had decided that GEL when it was formed would play a central role in the Guernsey electricity market and issued a States Direction to the Director General to issue appropriate **licences** to GEL.

In directing the Director General to issue a public supply licence to GEL

..... the States noted that the licence brought with it a **public supply obligation** that would ensure that the company was obliged to supply all premises in Guernsey with electricity on request, and therefore that the legislation and the new regime protected the interests of users and there was not a need to make additional directions in relation to universal service.

**Guernsey’s Electricity Policy includes:**

Ensuring the security of Guernsey’s electricity sources now and into the future;

Ensuring that all premises on the island of Guernsey receive an electricity supply on request;

A monopoly on the operation of the electricity network in Guernsey;

The possibility of new entrants into the generation market

The States also directed that GEL should not have any monopoly rights in relation to the generation of electricity meaning that any interested party could apply to OUR for a licence to generate electricity in the Island of Guernsey in **competition** with GEL

With regard to the remainder of the electricity market – the conveyance of electricity and supply of electricity, the States directed that GEL should have a **monopoly on conveyance** for a period of 10 years as this aspect of the business is likely to be a natural monopoly and it has been common in other jurisdictions to retain it with one company.

In the supply market the States directed that one year of exclusivity be granted to GEL in its licence and requested the Director General to **investigate** this aspect of the market and report back to the Board of Industry on the introduction of competition into this market in the future.

# Electricity: Activity Report

## Framework for Implementing Policy

The Director General published a report entitled “**Electricity in Guernsey: Moving Forward - from policy to implementation**” **OUR 02/19** in May which identified and co-ordinated the key strands of States energy policy. This provided the Director General with an opportunity to outline the OUR’s plans for implementing the regulatory framework for Guernsey’s electricity sector and so inform the Board of Industry, and other policy Committees of the key impacts of the regulatory framework, including the primary policy and strategic implications.

The report brought together various threads of policy that were relevant to the development of the electricity sector and the regulatory regime and identified a number of key issues that were of critical importance in the wider context of the Bailiwick’s economic development including:

- the **security of supply** of electricity in Guernsey, i.e. ensuring that the risk of interruption of electricity supply to Guernsey electricity consumers is minimised;
- commercial developments on the island, such as potential e-commerce initiatives in the Bailiwick, and the accompanying **demand** for electricity that such developments might generate and the increase in the supply of electricity that would be required; and
- the planned **energy-from-waste** plant and how this plant would contribute towards on-island generating capacity and the commercial arrangements between parties that would need to protect electricity consumers’ interests.

The report identified three main work areas for 2002; the review of the scope for supply competition; the development of the licensing regime to facilitate the introduction of new entrants into the generation market; and a consultation on a price control for GEL with the focus on efficiently incurred operating costs, an efficient asset base and a capital expenditure programme consistent with States policy with respect to security of supply.

## Licensing

In January the Director General published a number of papers in preparation for the commercialisation and creation of GEL on 1<sup>st</sup> February. The first document **OUR 02/02** was a Decision Notice and Report on an earlier consultation paper on the Electricity Licensing Framework which set out those activities which were included within the electricity regulatory regime and how the regime would be developed.



## Electricity: Activity Report

The next document **OUR 02/03** reported on the consultation on the specific electricity licence conditions and was followed by GEL's Licence **OUR 02/04** which covered the generation, conveyance and public supply aspects of the company's business.

By the end of January the Director General had also found (**OUR 02/05** that GEL had a **dominant position** in the electricity conveyance, supply and generation markets in Guernsey and as such specific conditions in GEL's Licence relevant to dominant operators in a relevant market would apply, including *inter alia* issues relating to **pricing** and **quality of service**. The final paper published in January was a Direction (**OUR 02/06** on **exemptions** from the requirement to hold a licence whereby those persons generating electricity and satisfying certain criteria would not be required to obtain a licence from the OUR.

In May the Director General published an Information Notice and Application Form (**OUR 02/16** which set out the procedures **new entrants** should follow for applying for a licence to generate electricity on the Island of Guernsey. No applications were received or processed during 2002.

### Accounting Separation

In September, following a significant amount of work carried out by both OUR and GEL, the company prepared separated accounts which identified the revenue and costs of each of the three core activities of generation, conveyance and supply. The accounts separately identified the revenues and costs associated with the retail business interests of GEL.

Pending a wide ranging review of the electricity markets, these accounts were based on the existing systems and data of GEL and a set of agreed **allocations of costs** to the separate businesses. Separated accounts are an essential tool for OUR to monitor and ensure GEL's compliance with its licence, including demonstrating that its monopoly business is run separately from other activities and showing that there is no unfair cross subsidisation from the monopoly business into other areas.

### Review of Electricity Market

States Directions to the Director General required the OUR to review the impact of the introduction of competition into the electricity supply market in Guernsey and to make recommendations on the introduction of such competition to the Board of Industry to enable the Board to take appropriate policy recommendations to the States of Guernsey.

# Electricity: Activity Report

In July 2002, the Director General launched a wide ranging consultation on the future of Guernsey's electricity market. A public presentation (**OUR 02/22**) was held along with an industry workshop, and a detailed consultation paper (**OUR 02/24**) was published concerning the development of the Guernsey electricity market and focusing on the introduction of **competition in the market for supplying electricity** directly to customers.

The consultation looked at the characteristics of the Guernsey market in some detail and then identified a number of options that might be viable in Guernsey, ranging from the existing structure with no competition, to the introduction of full competition for all customers in the market whereby anyone could choose different retail suppliers from whom to purchase their electricity. The implications of these various options were explored, including the possible benefits and costs of adopting the options, and respondents were asked to comment on them.

The Director General's Report to the Board of Industry (**OUR 02/35**) was published in November to assist the Board in preparing policy recommendations to the States. In reviewing the main options for introducing competition the scope for **savings in electricity costs** to end customers was believed to come from either lower generation prices as retailers buy from competing generators and / or lower costs of serving customers via the retail function (billing, metering, credit control).

The report concluded that there was little scope for customer savings to be made that would provide for meaningful price based competition in electricity retailing in the short term. Furthermore, the cost of implementing that competition would be likely to be equal to, or greater than the level of potential savings to customers, thus negating the price benefits.

On the basis of the analysis undertaken the Director General made a number of recommendations to the Board of Industry including that the States direct that **exclusive conveyance and supply licences** be issued to GEL for the period ending 31st January 2012 although prior to this the issue would need to be re-examined, particularly if there were any changes in the OUR's underlying assumptions.

## Competition and Regulation for the Guernsey Market



- Competition or regulation is not a black or white choice - a balance needs to be struck between -
  1. A monopoly where the OUR would seek to drive efficiencies via regulation
  2. A competitive market where OUR requires central mechanisms to be put in place and funded by the market to enable multiple players and efficiencies are driven by competitive forces.
- The choice for Guernsey retail sector is .....*"what mix of competition and regulation delivers the most efficient outcome?"*

17 July 2002

Designer Markets

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# Electricity: Activity Report

## Price Controls

In August a consultation paper (**OUR 02/29**) was published on proposals for introducing a **retail price cap** on GEL as a dominant incumbent. The consultation paper considered the appropriate mechanism to do this; the types of services likely to be included in a price cap; and the issues that should be taken into account when assessing the levels of the overall price cap and any specific controls on certain services within the overall basket(s). The paper also described in detail the work that OUR would undertake in setting a price control and comments were invited by September.

By the end of the year GEL had provided the OUR with a detailed Business Plan with **opex** and **capex forecasts** for a 15 year planning horizon reflecting the long term nature of the business. This was an important project both for GEL and the OUR in 2002. OUR undertook a review of the assumptions underlying GEL's Business Plan in detail so that a decision on price control could be taken early in 2003.

Also in August 2002 the OUR confirmed the **maximum resale price** of electricity should be 9.62 pence per kilowatt hour **OUR 02/27**. The purpose of setting a maximum resale price for electricity is to protect customers who do not purchase electricity directly from a licensed electricity supplier but from a third party e.g. where a landlord pays for the electricity used by their tenants and separately charges the tenant for electricity often via the landlord's coin meter.

## Market Development

In May the Director General announced (**OUR 02/15**) that GEL had published and made freely available on its website its first Statement of Opportunity in accordance with Condition 33 of its Licence. The **Statement of Opportunity** allows all interested parties to obtain an overview of the electrical system within the island of Guernsey. It is primarily a technical report on current system performance and provides details of anticipated changes in the network and demand over the next five years. It outlines future requirements for network augmentation and expected levels of generation and demand and is updated on a quarterly basis.

One of the advantages of the Statement of Opportunity is that it provides a single source of up to date, transparent information on the electricity network to all interested parties, ranging from potential new entrants to any business or person who needs to consider a connection to the electricity network, for example housing developments or new e-commerce parks.

# Electricity: Activity Report

## Technical and Operational Codes

In May the Director General announced **OUR 02/17** that GEL had published its first version of the company's **Statement of Connection and Use of System Charges** in accordance with Condition 31 of its Conveyance Licence. The connection charging statement sets out the methodology GEL will use to derive the connection charges which will enable it to recover the costs involved in providing the assets, which afford connection to the conveyance system. These charges relate to the costs of the assets installed for the benefit of the user and the statement is intended to demonstrate that the costs are determined on a non-discriminatory basis.

Similarly the use of system charges reflects the cost of installing, operating and maintaining the overall conveyance system. The statement is designed to provide clarity of the **principles** and transparency of the **methodology** used by GEL in setting these charges, thereby informing existing users and potential new entrants with stable and accurate cost messages.

## Consumer Protection

Following commercialisation in February, and in accordance with its licence, GEL published its **service standards** across 17 quality of service indicators ranging from restoration of supplies to charges and payments. By the end of the year GEL had introduced compensation for failure to meet publicised quality of service targets for replacing faulty service fuses, providing connections for new customers, faults relating to prepayment meters, changing meters and investigating voltage complaints within agreed time frames.

Prior to the Electricity Law being enacted, the former States Electricity Board, had an obligation to undertake electrical inspections under previous electricity legislation enacted in 1933 and 1955. Section 20 of the Electricity (Guernsey) Law, 2001 allows for the Director General to make regulations providing that any licensee shall appoint **electrical inspectors** to undertake inspection and testing of electric lines and electrical plant within the Island of Guernsey for both new installations and alterations to existing equipment.



## Electricity: Activity Report

In August the Director General issued a consultation paper **OUR 02/28** seeking views on a number of matters to assist her in deciding whether to make regulations requiring Guernsey Electricity Ltd, as the sole Conveyance Licensee in Guernsey, to carry out inspections of electrical installations to its agreed standards.

*Electricity is a true utility service and ensuring that electricity supply to consumers in Guernsey is reliable, sustainable and cost-efficiently produced and provided is an objective that the States of Guernsey has set to underpin the legislative and operational regime for electricity in the island.*

In December a report on the consultation (**OUR 02/28**) concluded that GEL was the most appropriate entity to carry out such inspections and a set of draft regulations were published with the report for further comments from interested parties.



## Alderney and Sark

### Inclusion and Equity

The Bailiwick of Guernsey comprises a number of islands including Guernsey, Alderney, Sark, Herm, Jethou, Brecqhou and Lihou. Both **Alderney** and **Sark** have their own independent parliaments separate from the States of Guernsey.

Alderney and Sark come within the regulatory regime for telecommunications and postal services and the Law explicitly recognises the inclusion of these islands. Both islands operate separate electricity arrangements from those in Guernsey and the OUR does not have any jurisdiction in the other islands.

The development of the regulatory regime for **post** and **telecommunications** during 2001 affected Alderney and Sark as significantly as Guernsey. Of particular importance is the fact that the States Directions to the Director General in relation to the provision of universal telecommunications services and universal postal services in the Bailiwick of Guernsey extend to Alderney and Sark as well as the other islands of the Bailiwick.

Therefore, in relation to post and telecommunications, the people living on Alderney and Sark are entitled to receive the same basic services as the people in Guernsey at the same **uniform affordable price**. This protects the interests of users in those islands in relation to core telephony services and postal deliveries.

The licence provisions developed by the Director General also encompass Alderney and Sark and therefore any provisions protecting consumers and the market in general extend to Alderney and Sark and provide protection there also. For example the investigation into ADSL services that was carried out in 2002 applied to Alderney and Sark and the terms, conditions and prices for this service in the islands is identical to that in Guernsey.



[www.alderney.gov.gg](http://www.alderney.gov.gg)

In implementing the regime, the OUR remains conscious of the special position of the other islands and this proved to be a particularly important issue in relation to the quality of postal services in 2003.

[www.sark.info](http://www.sark.info)



**Annual Report: 2002**

# Financial Statements and Report for the Period 1 January 2002 to 31 December 2002 For the Public Utilities Regulation Fund

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## Foreword to the Accounts

Regulation of Utilities requires a keen understanding of all the facets of industry and an ability to combine expertise in law, engineering, accounting, audit, economics and business analysis to develop innovative and practical solutions to facilitate market development.

2002 was the first full calendar year of operation for the Office of Utility Regulation. During that period the fees payable to the Director General of Utility Regulation were paid into the Public Utilities Regulation Fund which was initially established in 2001. Fees were collected from licensees in the three regulated sectors of telecommunications, post and electricity, charges were levied on specific companies for investigations carried out in 2002 and the Office also received some grant aid from the Board of Industry and a loan from the Treasury.

During 2002 the Office was staffed by three fulltime officers as well as the Director General and the Office occasionally used temporary staff for additional support. The OUR also used consulting expertise during 2002 to enable it to carry out its functions.



# Public Utilities Regulation Fund

## Fund Information

<b>DIRECTOR GENERAL:</b>	Ms R Finn
<b>OFFICE ADDRESS:</b>	Suites B1&B2 Hirzel Court St Peter Port Guernsey GY1 2NH
<b>AUDITORS:</b>	Chandlers Limited Chartered Accountants Anson Court La Route des Camps St Martin's Guernsey

# Public Utilities Regulation Fund

## Report of the Director General for the period 1 January 2002 to 31 December 2002

I have pleasure in submitting the annual report and audited financial statements for the Public Utilities Regulation Fund for the period ended 31st December

### Financial Year

The accounting period consists of the twelve months from 1st January 2002 to 31st D

### Principal Activities

The Office of the Director General of Utility Regulation was established in 2001 under the Regulation of Utilities (Bailiwick of Guernsey) Law, 2001. During 2002 the Office was assigned functions in the electricity sector, which were additional to its existing functions in the telecommunications and postal sectors. The functions of the Office relate to the regulation and licensing of these three sectors. The Office is funded by income received from the regulated industries and grant aid from the Board of Industry.

### Statement of the Director General's Res

The Director General is responsible for preparing the financial statements for each financial year which give a true and fair view of the state of affairs of and the income or deficit of the public Utilities Regulation Fund for that period. In preparing those financial statements the Director General is required to,

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Fund will continue in operation.

The Director General is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Fund and to ensure that the financial statements comply with the applicable accounting standards. The Director General is also responsible for safeguarding the assets of the Fund and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Auditors and Accounts

In accordance with Section 13 of the Regulation of Utilities (Bailiwick of Guernsey) Law, 2001, the Director General shall keep all proper accounts and records in relation to those accounts and shall prepare in respect of each year a statement of account giving a true and fair view of the state of affairs of the Office of the Director General.

The Law also requires the Director General to have the accounts audited annually by auditors appointed with the approval of the Board of Industry. The Director General, with the approval of the Board of Industry, has appointed Chandlers Limited as the auditors to the Public Utilities Regulation Fund.

The audited accounts shall be submitted to the Board of Industry which shall in turn submit them together with the auditors' report thereon to the States with the Director General's annual report.

The auditors have indicated their willingness to continue in Office.

**Regina Finn**  
**Director General of Utility Regulation**  
**30 June 2002**





# Public Utilities Regulation Fund

## Report of the Independent Auditors to the Members of the Public Utilities Regulation Fund

We have audited the financial statements of Public Utilities Regulation Fund for the year ended 31 December convention and the accounting policies set out therein.

This report is made solely to the Fund's members, as a body, in accordance with Section 13 of the Regulation of Utilities (Bailiwick of Guernsey) Law 2001. Our audit work has been undertaken so that we might state to the Fund's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund and the Fund's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective Responsibilities of the Director General and auditors

As described on page two the Fund's Director General is responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Regulation of Utilities (Bailiwick of Guernsey) Law 2001. We also report to you if, in our opinion, the Report of the Director General is not consistent with the financial statements, if the Fund has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding director's remuneration and transactions with the Fund is not disclosed.

We read the Report of the Director General and consider the implications for our report if we become aware of any apparent misstatements within it.

### Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Director General in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Fund's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

In our opinion the financial statements give a true and fair view of the state of the Fund's affairs as at 31 December 2002 and of its surplus for the year then ended and have been properly prepared in accordance with the Regulation of Utilities (Bailiwick of Guernsey) Law, 2001.

Chandlers Limited  
Chartered Accountants  
Anson Court  
La Route des Camps  
St Martins  
Guernsey



Dated: 30 June 2003

# Public Utilities Regulation Fund

## Income and Expenditure Account for the Year Ended 31 December 2002

	Notes	Year Ended 31.12.02	Period 1.10.01 To 31.12.01
		£	£
<b>INCOME</b>			
License fees		732,381	105,000
Grants		287,359	62,008
Bank interest		1,125	98
		<hr/> 1,020,865	<hr/> 167,106
<b>EXPENDITURE</b>			
		915,887	101,989
		<hr/> 104,978	<hr/> 65,117
<b>TRANSFER TO CONTINGENCY RESERVE</b>		(104,978)	(65,117)
<b>NET OPERATING SURPLUS FOR THE YEAR/PERIOD</b>		<hr/> -	<hr/> -

The notes form part of these financial statements



# Public Utilities Regulation Fund

## Balance Sheet 31 December 2002

	Notes	2002		2001	
		£	£	£	£
<b>FIXED ASSETS:</b>					
Tangible assets	4		43,634		52,301
<b>CURRENT ASSETS:</b>					
Debtors	5	170,972		6,953	
Cash at Bank		270,890		21,801	
			<u>441,862</u>		<u>28,754</u>
<b>CREDITORS:</b> Amounts falling due within one year	6	315,401		15,938	
<b>NET CURRENT ASSETS:</b>			<u>126,461</u>		<u>12,816</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES:</b>			<u>170,095</u>		<u>65,117</u>
<b>RESERVES:</b>					
Contingency reserve			170,095		65,117
			<u>170,095</u>		<u>65,117</u>



Regina Finn  
Director General of Utility Regulation  
Approved on 30 June 2003

The notes form part of these financial statements

# Public Utilities Regulation Fund

## Notes to the Financial Statements for the Year Ended 31 December 2002

### 1. ACCOUNTING POLICIES

#### Accounting convention

The financial statements have been prepared under the historical cost convention.

#### Income

Income represents net invoiced licensed fees and grants received from the States of Guernsey.

#### Tangible fixed assets

Depreciation is provided at the following annual rates in order to write useful life.

Office Equipment	-20% on cost
Fixtures and Fittings	-20% on cost
Computer Equipment	-20% on cost

### 2. OPERATING SURPLUS

The operating surplus is stated after charging:

### 3. TAXATION

Under Section 12 of the Regulation of Utilities (Bailiwick of Guernsey) Law, 2001 the fund is exempt from Guernsey Income Tax.

	Year Ended 31.12.02	Period 1.10.01 To 31.12.01
	£	£
Depreciation—owned assets	11,597	2,753
Auditors Remuneration	2,000	1,500

### 4. TANGIBLE FIXED ASSETS

	Office Equipment	Fixtures and Fittings	Computer Equipment	Totals
	£	£	£	£
<b>COST:</b>				
At 1 January 2002	32,961	3,065	19,028	55,054
Additions	<u>2,930</u>	<u>-</u>	<u>-</u>	<u>2,930</u>
At 31 December 2002	<u>32,961</u>	<u>3,065</u>	<u>19,028</u>	<u>55,054</u>
<b>DEPRECIATION:</b>				
At 1 January 2002	1,708	94	951	2,753
Charge for Period	<u>7,718</u>	<u>613</u>	<u>3,806</u>	<u>11,597</u>
At 31 December 2002	<u>8,886</u>	<u>707</u>	<u>4,757</u>	<u>14,350</u>
<b>NET BOOK VALUE:</b>				
At 31 December 2002	<u>27,005</u>	<u>2,358</u>	<u>14,271</u>	<u>43,634</u>
At 31 December 2001	<u>31,253</u>	<u>2,971</u>	<u>18,077</u>	<u>52,301</u>



# Public Utilities Regulation Fund

## 5. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002	2001
	£	£
Grants	152,678	6,953
Licence fees due	10,000	-
Prepayments	8,294	-
	<u>170,972</u>	<u>6,953</u>
		£

## 6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002	2001
	£	£
Bank Loans and overdrafts	7,093	5,026
States Loan	150,000	-
Trade creditors	84,584	1,798
Accruals	73,724	9,078
	<u>315,401</u>	<u>15,938</u>

# Public Utilities Regulation Fund

## Detailed Income and Expenditure Account For the Year Ended 31 December 2002

Notes	Year Ended 31.12.02	Period 1.10.01 To 31.12.01
	£	£
<b>INCOME:</b>		
Post Office revenue	120,000	30,000
Telecoms revenue	447,381	75,000
Electricity revenue	165,000	-
Grant—Board of Industry	287,359	62,008
	<u>1,019,740</u>	<u>167,008</u>
<b>OTHER INCOME:</b>		
Bank interest	1,125	98
	<u>1,020,865</u>	<u>167,106</u>
<b>EXPENDITURE:</b>		
Salaries & Staff Costs	271,297	80,638
Consultancy & Legal Fees	563,607	-
General Overheads	69,204	18,598
	<u>904,108</u>	<u>99,236</u>
	116,757	67,870
<b>FINANCE COSTS</b>		
Bank charges	182	-
	<u>116,575</u>	<u>67,870</u>
<b>DEPRECIATION</b>		
Office Equipment	7,178	1,708
Fixtures and Fittings	613	94
Computer Equipment	3,806	951
	<u>11,597</u>	<u>2,753</u>
	<u>104,978</u>	<u>65,117</u>

This page does not form part of the statutory financial statements



**Annual Report: 2002**

## Annex A: States Directions: Telecommunications

States Direction to the Director General in relation to telecommunications that were in force during 2002 are set out below in accordance with Section 8(2) of the Regulation of Utilities (Bailiwick of Guernsey) Law, 2001:

### **Telecommunications: Universal Service Obligation**

The States resolved to give the following direction to the Director General of in accordance with Section 3(1)(c) of the Regulation of Utilities (Bailiwick of Guernsey) Law, 2001:

All users in the Bailiwick shall have available to them the services set out below at the quality specified, independently of geographical location and, in the light of local and national conditions, at an affordable price:

#### **Access at Fixed Locations:**

- all reasonable requests for connection to the public telephone network at a fixed location and for access to publicly available telephone services at a fixed location shall be met by at least one operator;
- the connection provided shall be capable of allowing users to make and receive local, national and international telephone calls, facsimile communications and data communications, at data rates that are sufficient to permit Internet access;

#### **Directory enquiry services and directories:**

- at least one subscriber directory covering all subscribers of direct public telephone service providers shall be made available to users and shall be updated regularly and at least once a year;
- at least one telephone directory enquiry service covering all listed subscribers' numbers shall be made available to all users, including users of public pay telephones;

#### **Public Pay telephones:**

- public pay telephones shall be provided to meet the reasonable needs of users in terms of the geographical coverage, the number of telephones and the quality of services.

#### **Special measures for disabled users and users with special needs:**

- these provisions shall also apply to disabled users and users with special social needs, and specific measures may be taken by the Regulator to ensure this



## **Annex A: States Directions: Telecommunications**

### **Telecommunications: Identity of First Licensee**

The States resolved to give the following direction to the Director General in accordance with section 3(1)(a) of the Regulation of Utilities (Bailiwick of Guernsey) Law, 2001:

The Director General of Utility Regulation shall issue the first licence to contain a telecommunications Universal Service Obligation to Guernsey Telecoms Limited, the company established to take over the functions of the States Telecommunications Board pursuant to the States agreement to the recommendations of the Advisory and Finance Policy letter published in this Billet.

### **Telecommunications: Special or Exclusive Rights**

The States resolved to give the following direction to the Director General in accordance with Section 3(1)(b) of the Regulation of Utilities (Bailiwick of Guernsey) Law, 2001:

The provision of telecommunications networks and services in the Bailiwick of Guernsey shall be opened up to competition at the earliest possible time consistent with the Regulation of Utilities (Bailiwick of Guernsey) Law 2001.

In accordance with section 3(1)(b) of that Law, the States directs the Regulator to decide the duration of any exclusive or special privilege granted to any licensee in relation to the provision of telecommunications networks and/or services with a view to ensuring that competition is introduced into all parts of the market at the earliest possible time.

The Regulator may decide on different terms for privileges granted in different markets or segments of the market. In any case, the States directs that the term of any such rights shall not exceed three years at most from the date of this Direction.

## Annex A: States Directions: Post

States Direction to the Director General in relation to post hat were in force during 2002 are set out below in accordance with Section 8(2) of the Regulation of Utilities (Bailiwick of Guernsey) Law, 2001:

### **Post: Universal Service Obligation**

The States resolved to give the following direction to the Director General in accordance with section 3(1)(c) of the Regulation of Utilities (Bailiwick of Guernsey) Law, 2001:

The following universal postal service shall be provided by at least one licensee throughout the Bailiwick of Guernsey at uniform and affordable prices, except in circumstances or geographical conditions that the Director General of Utility Regulation agrees are exceptional:

- One collection from access points on six days each week;
- One delivery of letter mail to the home or premises of every natural or legal person in the Bailiwick (or other appropriate installations if agreed by the Director General of Utility Regulation) on six days each week including all working days;
- Collections shall be for all postal items up to a weight of 20Kg;
- Deliveries on a minimum of five working days shall be for all postal items up to a weight of 20Kg;
- Services for registered and insured mail.

In providing these services, the licensee shall ensure that the density of access points and contact points shall take account of the needs of users.

access point” shall include any post boxes or other facility provided by the Licensee for the purpose of receiving postal items for onward transmission in connection with the provision of this universal postal service.

### **Post: Identity of First Licensee**

The States resolved to give the following direction to the Director General in accordance with section 3(1)(a) of the Regulation of Utilities (Bailiwick of Guernsey) Law, 2001:

The Director General of Utility Regulation shall issue the first licence to contain a postal Universal Service Obligation to Guernsey Post Limited, the company established to take over the functions of the States Post Office Board pursuant to the States agreement to the recommendations of the Advisory and Finance Policy letter published in this Billet



## **Annex A: States Directions: Post**

### **Post: Special or Exclusive Rights**

The States resolved to give a direction to the Director General in accordance with section 3(1)(b) of the Regulation of Utilities (Bailiwick of Guernsey) Law, 2001 to award to Guernsey Post Office Limited the exclusive right to provide postal services in the Bailiwick to the extent that such exclusive right is necessary to ensure the maintenance of the universal postal service specified by States' directions under section 3 (1)(c) of that Law; and

To request the Director General to review and revise the award of exclusive rights from time to time with a view to opening up the Bailiwick postal services market to competition, provided that any such opening up does not prejudice the continued provision of the universal postal service.

## Annex A: States Directions: Electricity

States Direction to the Director General in relation to post hat were in force during 2002 are set out below in accordance with Section 8(2) of the Regulation of Utilities (Bailiwick of Guernsey) Law, 2001:

### **Electricity: Universal Service Obligation**

The States did not make any Directions in relation to a Universal Service Obligation in the electricity markets, as it noted that the provisions of the Electricity Law adequately protected the interests of users by ensure a Public Supply Obligation would be in place.

### **Electricity: Identity of First Licensee**

The States resolved to give the following direction to the Director General in accordance with section 3(1)(a) of the Regulation of Utilities (Bailiwick of Guernsey) Law, 2001:

The Director General of Utility Regulation shall issue the first licence to contain an electricity Universal Service Obligation to Guernsey Electricity Limited, once that company is established to take over the functions of the States Electricity Board.

### **Electricity: Special or Exclusive Rights**

The States resolved;

To give a direction to the Director General in accordance with section 3(1)(b) of The Regulation of Utilities (Bailiwick of Guernsey) Law, 2001 to award to Guernsey Electricity Limited an exclusive electricity conveyance licence in respect of the conveyance of electricity in Guernsey for a period of 10 years once that company has been formed.

To give a direction to the Director General in accordance with section 3(1)(b) of The Regulation of Utilities (Bailiwick of Guernsey) Law, 2001 to award to Guernsey Electricity Limited (once that company has been formed) an exclusive electricity supply licence in respect of the supply of electricity in Guernsey for a period of one year.

To request the Director General to investigate the impact of the introduction of competition into the electricity supply market further and to provide a recommendation and advice to the States Board of Industry on the introduction of such competition.



**Annual Report: 2002**

## Annex B: Documents Published in 2002

- 02/01** Guernsey Telecoms Consumer Code of Practice: Invitation to Comment
- 02/02** Electricity in Guernsey: Licensing Framework – Decision Notice and Report on the Consultation Paper
- 02/03** Electricity Licence Conditions – Report on the Consultation Paper
- 02/04** Electricity Licence Conditions
- 02/05** Decisions under the Electricity (Guernsey) Law 2001. Decision Notice and Report on the Consultation Paper
- 02/06** Direction on Exemptions from the Requirement to hold a Licence - Issued under section 1 2) of the Electricity (Guernsey) Law 2001
- 02/07** Telecommunications Licence Terms and Conditions – Report on the Consultation Paper and Decision Notice
- 02/08** Proforma Telecommunications Licence Terms and Conditions for New Entrants
- 02/09** Application for Licence to Provide Fixed Telecommunication Services and Networks in Guernsey – Information Notice and Application Form
- 02/10** Guernsey Telecoms Reference Offer for Interconnection and Access - Report on Invitation to Comment
- 02/11** Price Regulation of Fixed Telecommunications Services Report on the Consultation Paper and Decision Notice
- 02/12** Accounting Separation - Regulatory accounting guidelines to Guernsey Telecoms
- 02/13** Guernsey Telecoms Ltd Reference Offer for Interconnection and Access; Information Notice for New Entrants
- 02/14** Mobile Telephony Licensing in Guernsey - Report on the Consultation Paper and Decision Notice
- 02/15** Publication of Statement of Opportunity by Guernsey Electricity Ltd: Information Note
- 02/16** Application for a Licence to Generate Electricity in Guernsey - Information Notice and Application Form
- 02/17** Publication of Statement of Connection and Use of System Charges by Guernsey Electricity Ltd - Information Notice



## Annex B: Documents Published in 2002

- 02/18** Mobile Telecommunications Licence Terms and Conditions - Consultation Paper
- 02/19** Electricity in Guernsey: Moving forward - from policy to implementation
- 02/20** Reference Offer for Interconnection and Access - Information Notice
- 02/21** Competition for Mobile Telecommunications Licences. Response to Consultation, Call for Expressions of Interest and Call for Comments on Preliminary Tender Document
- 02/22** Designer Markets - What is the best fit for Guernsey? OUR Presentations 17th July 2002 Industry Workshop & Public Presentation Slides
- 02/23** Information Note - Mobile Telephony Licencing in Guernsey
- 02/24** Designer Markets - Options for Guernsey's Retail and Generation Electricity Markets: Consultation Document
- 02/25** Investigation into an alleged breach of Guernsey Telecoms Limited's Fixed Telecommunications Licence Conditions: Summary of Finding in Dispute D01/02
- 02/26** Liberalisation of the UK Directory Enquiry Market: Implications for Guernsey: Consultation Paper
- 02/27** Maximum Resale Price of Electricity in Guernsey - Information Note and Direction
- 02/28** Electrical Inspections - Consultation Paper
- 02/29** Proposals for the Price Regulation of Network and Retail Electricity Services - Consultation Paper
- 02/30** Competition for Mobile Telecommunications Licences - Information Memorandum
- 02/31** Licence Fees for Telecommunications Licences - Consultation Paper
- 02/32** Dispute Resolution procedures - Information Note
- 02/33** Designer Markets - Options for Guernsey's Retail and Generation Electricity Markets - Information Notice
- 02/34** ADSL in Guernsey - Notification of Investigation into Cable & Wireless Guernsey's ADSL product

## Annex B: Documents Published in 2002

- 02/35** Review of Guernsey's Retail and Generation Electricity Markets - Report to the Board of Industry
- 02/36** Cable & Wireless Guernsey Limited Service Level Agreements for Retail Leased Services – Consultation Paper
- 02/37** Liberalisation of the UK Directory Enquiry Market - Report on the Consultation Paper and Decision Notice
- 02/38** Fees for Telecommunications Licences - Report on the Consultation Paper and Decision Notice
- 02/39** Annual Licence Fees - Guidelines for Telecommunications Licensees
- 02/40** ADSL in Guernsey - Summary of Finding in Investigation into Cable & Wireless Guernsey's ADSL product and Notice of Direction in accordance with section 27 of the Telecommunications (Bailiwick of Guernsey) Law, 2001
- 02/41** Extension of Deadline for Submission of Applications for Mobile Telecommunications Licences in Guernsey: Information Note
- 02/42** Cable & Wireless Guernsey Limited - Service Level Agreements for Retail Leased Circuits. Report on the Consultation and Decision Notice
- 02/43** Electrical Inspections - Report on the Consultation and Notice of Regulations to be made under Sections 19 and 20 of the Electricity (Guernsey) Law, 2001
- 02/44** Communication - OUR way: Information Notice

IN THE STATES OF THE ISLAND OF GUERNSEY

ON THE 29TH DAY OF OCTOBER, 2003

The States resolved as follows concerning  
Billet d'Etat No. XXIII dated 26th September, 2003

In accordance with the provisions of sub-section (2) of section 5 of the Reform (Guernsey) Law, 1948, as amended, an election was held, by secret ballot, for the office of Jurat of the Royal Court to replace Mrs. Eileen May Glass who, under the operation of sub-section (1) of section (5) of the Royal Court of Guernsey (Miscellaneous Reform Provisions) Law, 1950, ceased to hold office by reason of age on the 20<sup>th</sup> September, 2003.

The following candidates were duly proposed and seconded namely:-

Mrs. Barbara Jean Bartie

Dr. Edith Ivana Jaroslava Susan Milada Mowbray

Mrs. Heather Norman

Mrs. Jennifer Mary Tasker

The following were appointed Scrutineers:-

Jurat A. C. Bisson

Deputy A. L. Robilliard

Deputy O. D. Le Tissier

Douzaine Representative B. R. de Jersey

Douzaine Representative B. Sheriff

Eighty eight members were present at the meeting. Three ballots were necessary, and the President declared Dr. Edith Ivana Jaroslava Susan Milada Mowbray duly elected and requested Her Majesty's Sheriff to invite Dr. Mowbray to attend the sitting of the Royal Court at 9.30 a.m. on Monday 3<sup>rd</sup> November, 2003, to take the Oath attaching to the office of Jurat of the Royal Court.

The votes cast at each ballot were as follows:-

*First Ballot*

Mrs. Barbara Jean Bartie	25
Mrs. Heather Norman	24
Dr. Edith Ivana Jaroslava Susan Milada Mowbray	21
Mrs. Jennifer Mary Tasker	16

(There was one blank paper)

*Second Ballot*

Mrs. Barbara Jean Bartie	35
Dr. Edith Ivana Jaroslava Susan Milada Mowbray	27
Mrs. Heather Norman	25

*Third Ballot*

Dr. Edith Ivana Jaroslava Susan Milada Mowbray	45
Mrs. Barbara Jean Bartie	42

K. H. TOUGH  
HER MAJESTY'S GREFFIER

IN THE STATES OF THE ISLAND OF GUERNSEY

ON THE 30TH DAY OF OCTOBER, 2003

(Meeting adjourned from 29<sup>th</sup> October, 2003)

The States resolved as follows concerning  
Billet d'Etat No. XXIV dated 10th October, 2003

**PROJET DE LOI**

entitled

**THE ROAD TRAFFIC (DRINK DRIVING) (GUERNSEY)  
(AMENDMENT) LAW, 2003**

- I. To approve the Projet de Loi entitled “The Road Traffic (Drink Driving) (Guernsey) (Amendment) Law, 2003”, and to authorise the Bailiff to present a most humble Petition to Her Majesty in Council praying for Her Royal sanction thereto.

**THE SOCIAL INSURANCE (RATES OF CONTRIBUTIONS AND  
BENEFITS, ETC.) ORDINANCE, 2003**

- II. To approve the draft Ordinance entitled “The Social Insurance (Rates of Contributions and Benefits, etc.) Ordinance, 2003”, and to direct that the same shall have effect as an Ordinance of the States.

**THE HEALTH SERVICE (BENEFIT) (AMENDMENT) (NO.2)  
ORDINANCE, 2003**

- III. To approve the draft Ordinance entitled “The Health Service (Benefit) (Amendment) (No. 2) Ordinance, 2003”, and to direct that the same shall have effect as an Ordinance of the States.

**THE LONG-TERM CARE INSURANCE (GUERNSEY) (RATES)  
ORDINANCE, 2003**

- IV. To approve the draft Ordinance entitled “The Long-term Care Insurance (Guernsey) (Rates) Ordinance, 2003”, and to direct that the same shall have effect as an Ordinance of the States.

**THE FAMILY ALLOWANCES ORDINANCE, 2003**

- V. To approve the draft Ordinance entitled “The Family Allowances Ordinance, 2003”, and to direct that the same shall have effect as an Ordinance of the States.

**THE SUPPLEMENTARY BENEFIT (IMPLEMENTATION)  
(AMENDMENT) (NO.2) ORDINANCE, 2003**

- VI. To approve the draft Ordinance entitled “The Supplementary Benefit (Implementation) (Amendment) (No.2) Ordinance, 2003”, and to direct that the same shall have effect as an Ordinance of the States.

**THE ATTENDANCE AND INVALID CARE ALLOWANCES  
ORDINANCE, 2003**

- VII. To approve the draft Ordinance entitled “The Attendance and Invalid Care Allowances Ordinance, 2003”, and to direct that the same shall have effect as an Ordinance of the States.

**THE CENTRAL OUTDOOR ASSISTANCE BOARD REGULATIONS  
(AMENDMENT) ORDINANCE, 2003**

- VIII. To approve the draft Ordinance entitled “The Central Outdoor Assistance Board Regulations (Amendment) Ordinance, 2003”, and to direct that the same shall have effect as an Ordinance of the States.

**STATES PROCEDURES AND CONSTITUTION COMMITTEE**

**RULES OF PROCEDURE OF THE STATES OF DELIBERATION AND  
THE CONSTITUTION AND OPERATION OF STATES  
DEPARTMENTS AND COMMITTEES**

- IX. After consideration of the Report dated the 25<sup>th</sup> September, 2003, of the States Procedures and Constitution Committee:-

To approve –

- (a) the Rules of Procedure of the States of Deliberation, subject to the addition of the words “one of the Ministers as” immediately before

IN THE STATES OF THE ISLAND OF GUERNSEY

ON THE 31ST DAY OF OCTOBER, 2003

(Meeting adjourned from 30<sup>th</sup> October, 2003)

The States resolved as follows concerning  
Billet d'Etat No. XXIV dated 10th October, 2003

**STATES ADVISORY AND FINANCE COMMITTEE**

**THE NEW MACHINERY OF GOVERNMENT IN GUERNSEY**

XII. After consideration of the Report dated the 25<sup>th</sup> September, 2003, of the States Advisory and Finance Committee:-

1. To note the progress being made with the detailed planning arrangements as set out in section 2 of that Report.
2. To approve the mandates of the Policy Council and Treasury and Resources Department as set out in Appendix 2 of that Report.
3. To approve the mandates of the nine departments as set out in Appendix 3 of that Report SUBJECT TO:-
  - (i) The deletion, in paragraph (d) of the mandate of the Health and Social Services Department, of the words "Housing Authority".
  - (ii) The inclusion, in paragraph (a) of the mandate of the Social Security Department, of a fourth bullet point stating "The payment of and accountability for social security benefits and grants and the maintenance of records"; and
  - (iii) The modification that the States Housing Authority shall be directed to report back to the States, by January, 2004 at the latest, concerning the feasibility of the management of St. Julian's House being undertaken by the Housing Department.
4. To approve the mandates of the four committees as set out in Appendix 4 of that Report.
5. To approve the establishment of a Public Accounts Committee and its mandate, functions and responsibilities as set out in section 4 and Appendix 5 of that Report, SUBJECT TO the clarification that,

notwithstanding what is envisaged in the final paragraph on page 2203 in that Report, the Public Accounts Committee may in its discretion decide to hold any particular meeting in public.

6. To repeal the States Audit Commission (Guernsey) Law, 1997, as amended, and thereby dissolve the States Audit Commission.
7. To note the arrangements for the relationship between the new departments and their trading 'satellites' as set out in section 5 of that Report.
8. To note the future Policy Letters that will be placed before the States in due course as set out in section 6 of that Report.
9. To agree to defer the preparation of plans and costings to alter the Royal Court Chamber and to require the Policy Council, once established, to bring forward such proposals during 2005.
10. To note the intention of the States Advisory and Finance Committee to work with the States Board of Administration to provide a 'Members Room' for States Members probably in Sir Charles Frossard House.
11. To approve the transitional arrangements as set out in section 7 of that Report.
12. In consequence of Proposition 11:-
  - (a) to amend Resolutions 8 (a), 10, 11 and 12 passed on the 16<sup>th</sup> May 2003 on Article I of Billet d'Etat VII so that the Committees named in those resolutions shall be dissolved at midnight on the 6<sup>th</sup> May, 2004 or such other date as the new departments and committees shall be fully constituted and not at midnight on the 30<sup>th</sup> April, 2004; and
  - (b) to amend Resolution 16 so passed so that the implementation date for the new machinery of government structure will be the 7<sup>th</sup> May 2004 or such other date as the new departments and committees shall be fully constituted and not the 1<sup>st</sup> May, 2004.
13. To direct the preparation of such legislation as may be necessary to give effect to their above decisions.

### **STATES BOARD OF ADMINISTRATION**

#### **MOORING CHARGES, HARBOUR DUES AND HARBOUR FACILITY CHARGES 2004**

- XIII. After consideration of the Report dated the 29<sup>th</sup> August, 2003, of the States Board of Administration:-

1. To approve the mooring charges, in respect of visiting yacht rates only, as set out in that Report with effect from 1<sup>st</sup> April, 2004.
2. That the States Board of Administration may alter the charges payable under the Vessels and Speedboats (Compulsory Third Party Insurance, Mooring Charges and Removal of Boats) (Guernsey) Law 1972 as amended, the Harbours Ordinance 1988 as amended and the Harbours Dues (Saint Peter Port and Saint Sampson) Law 1957 as amended annually without reference to the States of Deliberation providing that:
  - (a) no changes are made:-
    - in the case of mooring fees, to the interpretations as set out in Appendices 1, 2, 3 and 4 of the report of the States Board of Administration dated 15 September 2000, which interpretations were approved by the States of Deliberation on 30 November 2000 (Resolutions XVI (1), (2) and (3) of 2000); and
    - in the case of harbour dues and facility charges, to the interpretations as set out in the Schedule of Charges appended to the report of the States Board of Administration dated 8 September 2000, which interpretations were approved by the States of Deliberation on 25 October 2000 (Resolution IX (2) of 2000); and
  - (b) if charges are raised, then the increase will be permissible without reference to the States of Deliberation provided that either of the following conditions apply:
    - (i). the increase does not exceed the change in the Guernsey Retail Price Index in June of the year preceding that in which the increase will apply; or
    - (ii). the proposed increase does not exceed the change in the Guernsey Retail Prices Index during the period between:
      - June of the year preceding that in which an increase was last applied to the fee or charge in question, and
      - June of the year preceding that in which the increase will apply; and
  - (c) the approval of the States Advisory and Finance Committee has been obtained.

## **STATES BOARD OF ADMINISTRATION**

### **GUERNSEY AIRPORT – DEVELOPMENT OF CARGO ACCOMMODATION**

XIV. After consideration of the Report dated the 10<sup>th</sup> September, 2003 of the States Board of Administration:-

To authorise the States Board of Administration to lease for a period of 45 years an area of land at the Airport and to permit Huelin Renouf Airfreight Ltd to construct, occupy and sub-let a cargo accommodation block on the terms set out in that Report.

## **STATES BOARD OF HEALTH**

### **PRINCESS ELIZABETH HOSPITAL – PROVISION OF FOURTH THEATRE AND EXPANSION OF CRITICAL CARE FACILITY**

XV. After consideration of the Report dated the 25<sup>th</sup> September, 2003, of the States Board of Health:-

1. To authorise the States Board of Health to proceed with the provision of a fourth theatre and expanded critical care facility, as set out in that Report, at a total cost not exceeding £3,466,000.
2. To authorise the States Board of Health to accept the tender from RG Falla Ltd in the adjusted sum of £2,568,000 for the construction works, inclusive of mechanical and electrical services.
3. To vote the States Board of Health a credit of £3,466,000 to cover the above costs, which sum shall be taken from that Board's allocation for capital expenditure.
4. To authorise the States Advisory and Finance Committee to transfer a sum of £3,466,000 from the Capital Reserve to the capital allocation of the States Board of Health.
5. To direct the States Advisory and Finance Committee to take due account of the revenue costs to the States Board of Health associated with that project when recommending revenue allocations to the States for 2005 and subsequent years.
6. To direct the States Civil Service Board to have regard to the estimated staffing establishment required by the States Board of Health for the expanded critical care facility.

**K. H TOUGH  
HER MAJESTY'S GREFFIER**