



# BILLET D'ÉTAT

XIV  
2004

WEDNESDAY, 29th SEPTEMBER, 2004

1. House Committee – Parliamentary Privilege, p.1133.
2. Projet de Loi entitled “The Privileges and Immunities (Bailiwick of Guernsey) Law, 2004”, p.1136.
3. Projet de Loi entitled “The Prevention of Discrimination (Enabling Provisions) (Bailiwick of Guernsey) Law, 2004”, p.1136.
4. Projet de Loi entitled “The Criminal Justice (Supervision of Offenders) (Bailiwick of Guernsey) Law, 2004”, p.1136.
5. Projet de Loi entitled “The Income Tax (Pension Amendments) Guernsey) Law, 2004”, p.1137.
6. Projet de Loi entitled “The Foreign Tax (Retention Arrangements) (Guernsey and Alderney) Law, 2004”, p.1137.
7. Projet de Loi entitled “The Court of Chief Pleas (Guernsey) Law, 2004”, p.1137.
8. The Customs and Excise (General Provisions) (Commencement & Amendment) Ordinance, 2004, p.1138.
9. The Public Holidays Ordinance, 2004, p.1138.
10. Treasury and Resources Department – Taxation of Business Profits, p.1139.
11. Housing Department – Alterations to the Housing Register, p.1144.
12. Public Services Department – Lease of Land to Aircraft Servicing (Guernsey) Ltd, p.1148.
13. Commerce and Employment Department – Sunday Trading – Sale of Christmas Decorations from Garden Centres, p.1154.
14. Health and Social Services Department – Medicines (Bailiwick) Law, p.1161.
15. Social Security Department – Benefit and Contribution Rates for 2005, p.1199.
16. Health and Social Services Department – Speech and Language Therapy Service, p.1222.

## *Statutory Instruments laid before the States*

The Electoral Roll (Closure) (Annual Election of Constables and Douzeniers) Order, 2004, p.1231.

The Security of Ship and Port Facilities (Guernsey) Order, 2004, p.1231.

The Insurance Business (Definition of Long Term Business) (Amendment) Regulations, 2004, p.1233.

## APPENDIX

- I Treasury and Resources Department – Guernsey Post Limited and Guernsey Electricity, Limited – Submission of Annual Accounts, p.1234.

# ***BILLET D'ÉTAT***

---

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

---

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 29<sup>th</sup> SEPTEMBER, 2004,** at 9.30 am, to consider the items contained in this Billet d'État which have been submitted for debate by the Policy Council.

**DE V. G. CAREY**  
Bailiff and Presiding Officer

The Royal Court House  
Guernsey  
10<sup>th</sup> September 2004

**HOUSE COMMITTEE****PARLIAMENTARY PRIVILEGE**

The Chief Minister  
Policy Council  
Sir Charles Frossard House  
La Charroterie  
St Peter Port

7<sup>th</sup> July 2004

Dear Sir

**Executive Summary**

The purpose of this report is to extend the scope of the legislation regarding parliamentary privilege, the drafting of which the States directed in October 2003. The present proposals extend the protection afforded by the proposed law to persons who publish a document for the purpose of a States/Department/Committee meeting and also to persons who publish accounts of States' proceedings. No resource implications arise from the proposals.

**Report**

On the 29 October 2003 the States resolved:

1. That legislation be enacted to provide that:
  - (a) No civil or criminal proceedings may be instituted against any Member of the States for words spoken before or written in a report to, the States or a Department or Committee of the States, or by reason of any matter or thing brought by him therein by requête, proposition or otherwise;
  - (b) The States may, by resolution, make provision regarding the investigation and disposal of allegations of breaches or abuse of privilege, including reprimand, suspension and expulsion of offending Members.
2. To direct the preparation of such legislation as may be necessary to give effect to their above decision.

In the course of drafting, the Law Officers have drawn the Committee's attention to two additional matters not embraced in the October 2003 resolution.

Firstly, whilst the resolution refers to the protection of individual Members of the States it does not refer to other persons who publish any report or other document for the purposes of the States meeting or Department/Committee meeting. By way of example, civil servants who forward a document containing a defamatory statement to others, or printers who print such a statement, are not protected by the new provisions.

Secondly, the resolution does not propose the granting of immunity to persons who publish extracts, accounts or summaries of States' proceedings – principally newspapers, radio and television. The Law Officers advise that in England such persons would enjoy qualified privilege under the common law, that is they would be protected as long as they were not motivated by malice. It is believed that the Bailiwick courts have never adjudicated on this potential liability and the Committee is informed that it is considered advisable to put the matter beyond doubt by making express provision.

The House Committee was of the opinion that the two matters raised by the Law Officers should be included in the law and requested them to draft it accordingly.

I am grateful to the Policy Council for agreeing that this report may be placed before the States in the same Billet d'État as the draft Projet de Loi.

### **Recommendations**

The Committee therefore recommends the States:

- (1) To approve the inclusion in the Law of the provisions set out in this report;
- (2) To approve the Projet de Loi entitled "The Reform (Guernsey) (Amendment) Law, 2004".

As the Projet de Loi is an amendment to The Reform (Guernsey) Law, 1948, as amended, it may assist Members of the States to have the precise wording of Article 3(5) of that Law which will apply when the States vote on the propositions. The relevant article states:

*"any resolution of the States of Deliberation approving a Projet de Loi intended to repeal or vary any of the provisions of this Law and authorising the Bailiff to present a most Humble Petition to Her Majesty in Council praying for her Royal Sanction thereto which is carried by a majority of less than two-thirds of the members present and voting shall not be deemed to have been carried before the expiration of seven days from the date of the resolution:*



*provided -*

*that where before the expiration of the aforesaid seven days an application in writing signed by not less than seven members of the States of Deliberation is made in that behalf to the Presiding Officer such resolution shall be brought back before the States of Deliberation by the Presiding Officer as soon as may be after the expiration of three months from the date of the resolution whereupon such resolution shall be declared lost unless confirmed by a simple majority”.*

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

Yours faithfully

D. P. Le Cheminant  
Chairman  
House Committee

**(NB The Policy Council supports the proposals)**

**(NB The Treasury and Resources Department has no comment on the proposals)**

The States are asked to decide:-

I. Whether, after consideration of the Report dated 7<sup>th</sup> July, 2004, of the House Committee, they are of the opinion:-

1. To approve the inclusion in the draft legislation regarding parliamentary privilege of the provisions set out in that Report.
2. To approve the Projet de Loi entitled “The Reform (Guernsey) (Amendment) Law, 2004” and to authorise the Bailiff to present a most humble petition to Her Majesty in Council praying for Her Royal Sanction thereto.

**PROJET DE LOI**

entitled

**THE PRIVILEGES AND IMMUNITIES  
(BAILIWICK OF GUERNSEY) LAW, 2004**

The States are asked to decide:-

II.- Whether they are of opinion to approve the Projet de Loi entitled “The Privileges and Immunities (Bailiwick of Guernsey) Law, 2004”, and to authorise the Bailiff to present a most humble Petition to Her Majesty in Council praying for Her Royal Sanction thereto.

**PROJET DE LOI**

entitled

**THE PREVENTION OF DISCRIMINATION (ENABLING PROVISIONS)  
(BAILIWICK OF GUERNSEY) LAW, 2004**

The States are asked to decide:-

III.- Whether they are of opinion to approve the Projet de Loi entitled “The Prevention of Discrimination (Enabling Provisions) (Bailiwick of Guernsey) Law, 2004”, and to authorise the Bailiff to present a most humble Petition to Her Majesty in Council praying for Her Royal Sanction thereto.

**PROJET DE LOI**

entitled

**THE CRIMINAL JUSTICE (SUPERVISION OF OFFENDERS)  
(BAILIWICK OF GUERNSEY) LAW, 2004**

The States are asked to decide:-

IV.- Whether they are of opinion to approve the Projet de Loi entitled “The Criminal Justice (Supervision of Offenders) (Bailiwick of Guernsey) Law, 2004”, and to authorise the Bailiff to present a most humble Petition to Her Majesty in Council praying for Her Royal Sanction thereto.

**PROJET DE LOI**

entitled

**THE INCOME TAX (PENSION AMENDMENTS)  
(GUERNSEY) LAW, 2004**

The States are asked to decide:-

V.- Whether they are of opinion to approve the Projet de Loi entitled “The Income Tax (Pension Amendments) Guernsey) Law, 2004”, and to authorise the Bailiff to present a most humble Petition to Her Majesty in Council praying for Her Royal Sanction thereto.

**PROJET DE LOI**

entitled

**THE FOREIGN TAX (RETENTION ARRANGEMENTS)  
(GUERNSEY AND ALDERNEY) LAW, 2004**

The States are asked to decide:-

VI.- Whether they are of opinion to approve the Projet de Loi entitled “The Foreign Tax (Retention Arrangements) (Guernsey and Alderney) Law, 2004”, and to authorise the Bailiff to present a most humble Petition to Her Majesty in Council praying for Her Royal Sanction thereto.

**PROJET DE LOI**

entitled

**THE COURT OF CHIEF PLEAS (GUERNSEY) LAW, 2004**

The States are asked to decide:-

VII.- Whether they are of opinion to approve the Projet de Loi entitled “The Court of Chief Pleas (Guernsey) Law, 2004”, and to authorise the Bailiff to present a most humble Petition to Her Majesty in Council praying for Her Royal Sanction thereto.

**THE CUSTOMS AND EXCISE (GENERAL PROVISIONS)  
(COMMENCEMENT & AMENDMENT) ORDINANCE, 2004**

The States are asked to decide:-

VIII.- Whether they are of opinion to approve the draft Ordinance entitled “The Customs and Excise (General Provisions) (Commencement & Amendment) Ordinance, 2004”, and to direct that the same shall have effect as an Ordinance of the States.

**THE PUBLIC HOLIDAYS ORDINANCE, 2004**

The States are asked to decide:-

IX.- Whether they are of opinion to approve the draft Ordinance entitled “The Public Holidays Ordinance, 2004”, and to direct that the same shall have effect as an Ordinance of the States.

## **TREASURY & RESOURCES DEPARTMENT**

### **TAXATION OF BUSINESS PROFITS**

The Chief Minister  
Policy Council  
Sir Charles Frossard House  
La Charroterie  
St Peter Port

20<sup>th</sup> July 2004

Dear Sir

#### **Executive Summary**

##### **Introduction**

1. The Budget Report for 2004 indicated that the then Income Tax Authority would be returning to the States with a report setting out in detail the proposals for revising the basis of taxation of businesses from a prior year basis to a current year basis.
2. This follows from the change to a current year basis for all other sources of income (e.g. employment income, pensions and investment income) which was implemented in 2003.

##### **Who will be affected?**

3. The change in basis of assessment for other sources of income affected the majority of people subject to Guernsey income tax as it applied to both earned and unearned income. The change now proposed will only apply to individuals and companies who are carrying on a business.

As most businesses carried on by companies or by individuals have a professional adviser, the accountancy profession has been consulted and have indicated broad support to the proposals.

##### **Existing position**

4. Currently an assessment on business profits is based on the accounts ending in the previous year. Thus if a business prepares accounts to 30 June, the assessment for the Year of Charge 2004 will be based on the accounts for the year ended 30 June 2003.

5. There are special provisions when a business first commences and when it ceases which mean that on commencement some profits are assessed twice, whilst on cessation some profits fall out of charge.

#### Impact on resources

6. In the long term the further simplification of the tax system can only make the recruitment, training and retention of staff an easier task. In the short term, existing staff would be required to work additional hours in order for the necessary changes to be effected.
7. The costs are estimated as follows:

Redesign of computer systems	£ 25,000
Overtime costs	<u>£125,000</u>
	£150,000

The detailed proposals are contained in the following paragraphs of this Report.

#### Detailed Proposals

##### Core Elements

8. It is proposed that the taxable profits shown in the accounts ending during a year should be used in the tax assessment for the same year, for example, accounts for the year ended 30 June 2006 would be the basis of the assessment for the Year of Charge 2006 (rather than Year of Charge 2007, as at present).
9. There would be no special provisions on commencement or cessation so that if a business commenced on, say, 1 September 2005 and prepared accounts to 30 June 2006, the first assessment would be for the Year of Charge 2006 based on the period 1 September 2005 to 30 June 2006. Alternatively if the business commenced in February 2005 and prepared accounts to 30 November 2005, an assessment would be made for the Year of Charge 2005 based on the period ended 30 November 2005.
10. Conversely, if a business ceased on 30 June 2007 having prepared accounts for the period 1 July 2006 to 30 June 2007, the assessment for the final year i.e. Year of Charge 2007 would be based on the twelve months ended on 30 June 2007, although the business would only have been in existence for six months during the calendar year 2007.
11. Businesses would be expected to prepare accounts for consecutive periods of twelve months. Accounts for a longer period, which should not in any event exceed 18 months, would generally only be accepted when a business first commences. A change of accounting date would, in general, necessitate accounts

being prepared for a period of less than twelve months to satisfy the requirement that every year of charge must have an accounting year ending within it.

### Transitional Provisions

12. For a continuing business assessments for the Year of Charge 2004 would continue to be based on the profits for the accounting year ending in 2003. It is proposed that the new basis will apply for the Year of Charge 2006. Thus Year of Charge 2005 will be the transitional year and to effect the change it is proposed that the business profits which would otherwise have been assessed should be averaged.

### Example

*A business which commenced some years ago prepares accounts showing the following results:*

<i>Year ended 30 June 2003 profits</i>	<i>£25,000</i>
<i>Year ended 30 June 2004 profits</i>	<i>£28,000</i>
<i>Year ended 30 June 2005 profits</i>	<i>£30,000</i>
<i>Year ended 30 June 2006 profits</i>	<i>£33,000</i>

*The tax assessments will be:*

<i>Year of Charge 2004 (year ended 30 June 2003)</i>	<i>£25,000</i>
<i>Year of Charge 2005 (year ended 30 June 2004)</i>	
<i>(profits to be averaged)</i>	<i>£28,000</i>
<i>(year ended 30 June 2005)</i>	<i><u>£30,000</u></i>
	<i>£58,000 ÷ 2 £29,000</i>
<i>Year of Charge 2006 (year ended 30 June 2006)</i>	<i>£33,000</i>

13. In any case where the profits of the Year of Charge 2004 are based in whole or in part on profits for the calendar year 2004, because of the existing commencement and cessation provisions, there would be no need to average the profits for the Year of Charge 2005. Instead, for a continuing business, the profits would be based on the twelve month period ending in the Year of Charge 2005.
14. Specific legislation will be required in order to prevent any manipulation or avoidance of the transitional provisions – for example, by a change in accounting policy or unusual deductions in order to gain a tax advantage.
15. Legislation would also be required to ensure that the transitional provisions did not produce an inequitable result. It is envisaged that businesses would be given three years after the end of the transitional year to claim this relief.

### Advantages of the proposals

16. The prime advantage of changing the basis of the assessment for income from employment was that the deductions made by their employers under the Employees Tax Instalment Scheme would match more closely the tax liability for the year. Individuals and companies who carry on business are required to pay their tax direct. This will not change.
17. Business profits are, however, likely to fluctuate and a current year basis of assessment will mean that, in most cases, the tax liability for a year of charge will be calculated on the results of the most recent accounting period. Thus if a business is trading less successfully, the income tax liability will reflect this sooner than under the present system. Collection of tax should therefore be made easier, particularly where a trader has failed to make proper provision from the profits of previous years.
18. Another advantage is that all profits will be assessed. There will be no double counting on commencement whilst on cessation no profits will fall out of charge.
19. The basis of the assessment will be simpler to understand and to explain particularly to unrepresented taxpayers.
20. The fact that a business may not be called upon to make an immediate payment of tax when it commences because no assessment will be issued until the following year should be of assistance in helping that business to become established.

### Disadvantages of the proposals

21. Currently an assessment on business profits for, say, the Year of Charge 2004 would be based on the profits of the accounting year ended in 2003. If the accounts are submitted timeously it is possible to make an accurate assessment in advance of the payment of the first instalment for the Year of Charge 2004. If not, an estimated assessment is required.
22. In future, under a current year basis, it will be necessary to estimate the business profits in the majority of cases. The assessment may not then be revised until some time after the end of the year of charge to which it relates. Inevitably, this will lead to some underpayments and overpayments.

### Recommendations

The Treasury and Resources Department recommends the States:

- (a) To approve the change to an actual basis of assessment of business income with effect from 1 January 2006.



- (b) To approve the provision of transitional arrangements including avoidance provisions as outlined in paragraphs 12 – 15.
- (c) In order that the transitional provisions be effective from the Year of Charge 2005, that the provisions of The Taxes & Duties (Provisional Effect) (Guernsey) Law 1992 should apply.

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

Yours faithfully

L S Trott  
Minister  
Treasury & Resources Department

**(NB The Policy Council supports the proposals)**

The States are asked to decide:-

X.- Whether, after consideration of the Report dated 20<sup>th</sup> July, 2004, of the Treasury and Resources Department, they are of the opinion:-

1. To approve the change to an actual basis of assessment of business income with effect from 1 January 2006.
2. To approve the provision of transitional arrangements including avoidance provisions as outlined in paragraphs 12 – 15 of that Report.
3. In order that the transitional provisions be effective from the Year of Charge 2005, that the provisions of The Taxes & Duties (Provisional Effect) (Guernsey) Law 1992 should apply.
4. To direct the preparation of such legislation as may be necessary to give effect to their above decisions.

## HOUSING DEPARTMENT

### ALTERATIONS TO THE HOUSING REGISTER

The Chief Minister  
Policy Council  
Sir Charles Frossard House  
La Charroterie  
St Peter Port

29<sup>th</sup> July 2004

Dear Sir

#### **Executive Summary**

The purpose of this report is to seek States approval for the preparation of an Ordinance to enable the inscription on Part A of the Open Market Register of a flat at Cote des Vauxlaurens on condition that a different dwelling is deleted from the Register. As the property to be deleted and the property to be deregistered are not in the same ownership, the Housing Department cannot effect these changes to the Register without reference to the States.

#### **Provisions of the Law**

Part IV of the Housing (Control of Occupation) (Guernsey) Laws 1994 to 2001 contains provisions concerning open market properties inscribed in the Housing Register.

Section 34 sets out the rules relating to open market dwellings which are combined with local market dwellings as follows:

“1. Where two or more dwellings, any of which are not inscribed in the Housing Register, are combined, whether by alteration or otherwise, so as to be used or made usable as a single dwelling, then that single dwelling, whether or not inscribed as such in the Cadastre, shall not be eligible to be inscribed in the Housing Register and: if any of those dwellings are inscribed in the Housing Register, the Department shall delete the inscriptions relating to them from the Register.

2. Where the owner of a single dwelling created by the combination of no more than two dwellings in the circumstances described in (1) (referred to in this sub-section as the “**single dwelling**”), is also the owner of another dwelling

which is deleted from Part A of the Housing Register under section 33 or 35, the Department may upon, application made to it in that behalf no later than 6 months after the date of the deletion from Part A of that other dwelling, inscribe the single dwelling in Part A of the Housing Register, by way of substitution for the deleted dwelling.”

Sub-sections 1 and 2 together mean that an owner can combine an open market dwelling with a local market dwelling and although the combination will result in the deletion of the original inscription from the Register, the combined dwelling can be re-inscribed in the Register as an open market dwelling provided that he deletes another dwelling which he owns from the Register.

Thus there is no loss to the local market and no numerical gain to the open market.

### **Cote des Vauxlaurens**

This property consisted of four flats, three of which were inscribed in Part A of the Housing Register as three separate open market dwellings. The fourth flat, situated in the attic of the property, was a controlled local market dwelling.

The owner made application to combine the local market attic flat with the open market flat situated on the first floor.

The act of combining these two flats automatically required that the Housing Department delete the inscription of the first floor flat, (reference A73) from the Register under the provisions of Section 34(1).

The owner did not own another dwelling which he wished to delete from the Housing Register to enable the inscription of the combined dwelling by way of substitution, as set out in Section 34(2) and above.

The owner, therefore, sought the Department's agreement that he should enter into a contract with another owner of an open market dwelling, 27 Hauteville, who would apply for its deletion from the Register so that the combined dwelling could be inscribed by way of substitution.

Having regard to the configuration of the property Cote des Vauxlaurens, the Department noted that it was unlikely that the attic flat, which comprised two habitable rooms, would be let while it remained on the local market.

The deletion of 27 Hauteville, comprising six habitable rooms and having a Rateable Value of £60, from the Register would result in a significant gain to the local market housing stock.

The Department therefore agreed that it would be reasonable to accept the inscription of the combined dwelling consisting of the former first floor and attic flats in Cote de

Vauxlaurens, with a Rateable Value of £36, as a substitution for the deletion of 27 Hauteville from the Housing Register.

However, because the two properties are in different ownership the Department cannot undertake the inscription of the combined dwelling under the provisions of Section 32(2).

The only provisions of the Law which enable the Department to undertake the inscription in these circumstances is in Section 52 which provides that the States may, by Ordinance, permit the Department to inscribe any dwelling in Part A or Part B of the Housing Register.

The purpose of this report is to request the States to agree to permit the Department by Ordinance to inscribe the combined dwelling at Cote des Vauxlaurens subject to the deletion of 27 Hauteville at the request of its owner.

Dwellings which are deleted at the request of the owner are rendered ineligible for re-inscription under the provisions of Section 33 of the 1994 Law.

### **Recommendations**

Accordingly the Department recommends the States:

- (a) to direct that an Ordinance be prepared to enable the Department to inscribe in Part A of the Housing Register by virtue of Section 52 of the Housing (Control of Occupation) (Guernsey) Law 1994, the dwelling formed by the combination of the first floor flat (formerly inscribed under reference A73) and the attic flat at Cote des Vauxlaurens provided that 27 Hauteville is deleted from the Housing Register on the application of its owner;
- (b) to direct the preparation of the necessary Ordinance which shall include the provision that the inscription shall, subject to formal application, be made no later than 6 months from the commencement date of the Ordinance or three months after the deletion of the inscription of 27 Hauteville (Reference D400) whichever is the earlier.

Yours faithfully

D Jones  
Minister  
Housing Department

**(NB The Policy Council supports the proposals)**

**(NB The Treasury and Resources Department has no comment on the proposals)**

The States are asked to decide:-

XI.- Whether, after consideration of the Report dated 29<sup>th</sup> July, 2004, of the Housing Department, they are of the opinion:-

1. To direct that an Ordinance be prepared to enable the Department to inscribe in Part A of the Housing Register by virtue of Section 52 of the Housing (Control of Occupation) (Guernsey) Law 1994, the dwelling formed by the combination of the first floor flat (formerly inscribed under reference A73) and the attic flat at Cote des Vauxlaurens provided that 27 Hauteville is deleted from the Housing Register on the application of its owner.
2. That that Ordinance shall include the provision that the inscription shall, subject to formal application, be made no later than 6 months from the commencement date of the Ordinance or three months after the deletion of the inscription of 27 Hauteville (Reference D400) whichever is the earlier.
3. To direct the preparation of such legislation as may be necessary to give effect to their above decisions.

**PUBLIC SERVICES DEPARTMENT****LEASE OF LAND TO AIRCRAFT SERVICING (GUERNSEY) LTD**

The Chief Minister  
Policy Council  
Sir Charles Frossard House  
La Charroterie  
St Peter Port

2<sup>nd</sup> August 2004

Dear Sir

**Executive Summary**

The Public Services Department is seeking permission to offer a long-term lease to Aircraft Servicing (Guernsey) Ltd in respect of an area of land forming part of the Airport boundary and adjacent to La Planque Lane, Forest. The Company intends to design, construct, build and operate a private aircraft hangar on that land. The hangar construction will enable a number of private aircraft currently parked on the West Grass to be housed inside. This in turn will release valuable parking space on the West Grass for visiting private aircraft and for any additional private aircraft that may wish to be based locally.

Whilst long-term leases offered by the States of Guernsey more usually follow terms of 45 years or 99 years, the company has requested that the lease on this land is granted until 31<sup>st</sup> August 2092 (approx 88 years) at which date other leases the company enjoys on adjacent sites are set to expire.

**1. Introduction**

- 1.1 Guernsey Airport has commissioned several private developments in and around the airport over recent years, and as a result the infrastructure of the airfield and the services provided have dramatically improved. Airport Management was aware that one final area of land adjacent to La Planque Lane (see site plan attached) provided an ideal opportunity for development, given its proximity to both the public road and airside access to the West Grass and main taxiway. Airport Management was aware that the site would be costly to develop, given that it had been previously used to stockpile concrete and rubble from previous upgrades to concrete aprons.
- 1.2 In May 2003, the Board of Administration advertised locally seeking expressions of interest from any party prepared to undertake the private

development of this area of land for use as a hangar for private aircraft. Those enquiring were provided with an information sheet requesting the following details: a) the approximate size of any development on the site b) a sketch plan showing the design and layout of the site c) an indication of the type and quantity of aircraft which could be accommodated and d) an indication of the ground rent term which would be sought by the developer. A total of 11 verbal expressions of interest were recorded following these advertisements, although only 4 of these initial expressions of interest were eventually followed through in the form of a written submission.

- 1.3 Written submissions were received from four parties and the details of these applications were considered by the Board of Administration's Ports Sub-Committee at its meeting held on 26th August 2003. At that meeting the Sub-Committee resolved to reject one of the four submissions, as the company concerned was interested in providing a second-hand hangar for purchase and would then expect others to install and/or operate it. In respect of the other three submissions the Sub-Committee requested that the parties be asked to provide ground rental offers. As an indication the parties were advised of commercial ground rent valuations that had just been received by the Board of Administration, in respect of other private developments at Guernsey Airport.
- 1.4 All three parties recommended the construction of a new aircraft hangar on the site, and submitted various design concepts and sketch plans. The proposed developments varied in size and in architectural complexity but generally provided undercover parking for between 15 and 30 private aircraft, together with facilities for car parking and office accommodation. In determining the design schemes submitted by each of the parties the Board held discussions with the Island Development Committee at staff level to determine which of the schemes would most likely suit the surroundings of the area.
- 1.5 As a result of requests for further information on rents payable, the three remaining parties submitted the following rental offers. These figures represented the annual rent payable on the site, which covers an area of around 4,400m<sup>2</sup>. The parties expressing an interest at that time are simply referred to below as A, B and C for reasons of confidentiality.

- |           |  |
|-----------|--|
| Party 'A' | declined to quote a commercial rent, but agreed to be bound by the mean of two commercial valuations.  |
| Party 'B' | offered a commercial rent of £20,000 per annum, based on a 'clean' site, or £15,000 per annum on the site as it currently stood.   |
| Party 'C' | offered an initial rent of £14,741 per annum, with an increasing scale of rent payable up to £29,482 per annum from year 4. The scale of rent payable for the initial period will be as follows: |



Year 1	£14,741.25
Year 2	£19,655.00
Year 3	£24,568.75
Year 4	£29,482.50

The rental will be subject to review on 1 September 2008 and on the fifteenth anniversary of this date thereafter. On expiry of the lease the buildings will revert to the States.

- 1.6 The Board noted that the rental offer received from Party 'C' accorded with valuations it had commissioned on other ground-rent developments within the airport boundary.
- 1.7 At its meeting held on 7<sup>th</sup> October 2003 the Board of Administration confirmed acceptance of the offer submitted by Party 'C' (Aircraft Servicing (Guernsey) Ltd) to construct and operate an aircraft hangar which would house 20 aircraft and provide parking for up to 22 vehicles.
- 1.8 As with previous privately funded developments the Public Services Department considers this agreement to be financially attractive to the Airport, in that it provides essential hangar facilities for general aviation pilots at no cost to the Ports Holding Account, and at the same time frees additional aircraft parking on the West Grass to accommodate further aircraft.

## **2 Terms and Conditions**

- 2.1 In order to guarantee the period of tenure, and the investment required by Aircraft Servicing (Guernsey) Ltd, the Public Services Department is recommending that a lease of 88 years be applied to the site. At the end of this term (31<sup>st</sup> August 2092) the site and any or all buildings located thereon would be handed over to the States. The length of this lease ties in with the expiry date of other leases enjoyed by the company on adjacent hangars that it constructed at Guernsey Airport.
- 2.2 The Company would meet the cost of construction of the building, as well as its maintenance throughout the term of the agreement.
- 2.3 The Department will liaise with the Treasury and Resources Department and 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.
- 2.4 The Island Development Committee has already approved the design of the proposed construction on the site; a copy of the approved development plan (4766/sk3/5/1A) is displayed in the foyer of the Chamber for members' information.



- 2.5 In the event of the States approving this proposal the Department will submit plans to the Royal Court for approval under Condition Three of the current Guernsey Aerodrome Licence, approved by the Royal Court on 19th January 2004. The design and construction materials proposed for the hangar have been submitted to National Air Traffic Services to ensure it does not impact on flying operations.

**3. Recommendation**

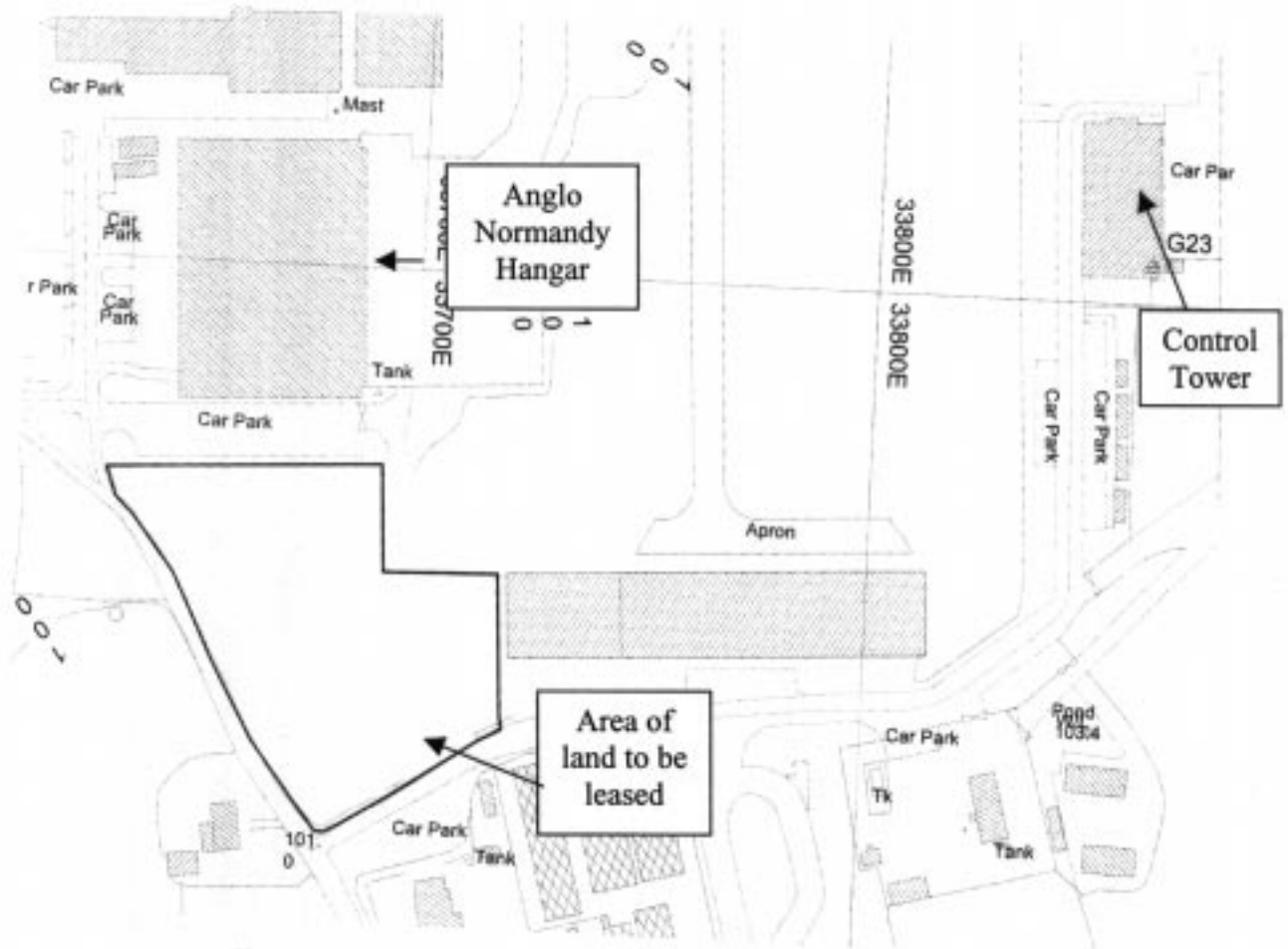
- 3.1 To authorise the Public Services Department to lease for a period of 88 years an area of land at the Airport and to permit Aircraft Servicing (Guernsey) Ltd to construct, occupy and operate a private aircraft hangar on the terms set out in this States report.

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

Yours faithfully

William M Bell  
Minister  
Public Services Department

**Site Plan showing proposed land at Guernsey Airport for lease to  
Aircraft Servicing (Guernsey) Ltd**



**(NB The Policy Council supports the proposal)**

**(NB The Treasury and Resources Department supports the proposal)**

The States are asked to decide:-

XII.- Whether, after consideration of the Report dated 2<sup>nd</sup> August, 2004, of the Public Services Department, they are of the opinion:-

To authorise the Public Services Department to lease for a period of 88 years an area of land at the Airport and to permit Aircraft Servicing (Guernsey) Ltd to construct, occupy and operate a private aircraft hangar on the terms set out in that Report.

**COMMERCE AND EMPLOYMENT DEPARTMENT****SUNDAY TRADING – SALE OF CHRISTMAS DECORATIONS  
FROM GARDEN CENTRES**

The Chief Minister  
Policy Council  
Sir Charles Frossard House  
La Charroterie  
St Peter Port

3<sup>rd</sup> August 2004

Dear Sir

Executive Summary

The Commerce and Employment Department is recommending that plant and garden centres which have a Sunday opening licence are permitted to sell Christmas decorations and Christmas wrapping paper on Sundays during the months of November, December and January without being restricted to a floor area of 100 square metres. This is a relaxation of the restriction that currently applies under the Sunday Trading Ordinance 2002 (as amended).

Background

The Sunday Trading Ordinance, 2002 (as amended) includes a category of licence which permits a plant or garden centre to be open on Sunday.

That category of licence imposes a number of restrictions on what may be sold at such an establishment and in particular requires that the business predominantly sells "*living plants, flowers, fruit, vegetables, seeds and bulbs*". For clarity the criteria for a Plant and Garden Centre licence is attached as an appendix to this report.

When the Board of Industry prepared its recommendations regarding Sunday trading it was recognised that many garden centres also sold a range of items which had little, if any, connection with gardening. These included candles and candleholders, calendars, greetings cards, gift-wrapping materials and local souvenirs. The Board recognised that there was a demand for such items but it felt was important that garden centres were restrained in some way to prevent them from becoming out-of-town gift shops, stationers etc. The Board therefore recommended that these items (referred to as giftware) should be limited to a single discrete floor area which must not exceed 100 square metres. The States supported the Board's view and the proposals were translated into the 2002 Ordinance.

In preparing its proposals the Board recognised that many garden centres sold Christmas decorations in the lead-up to Christmas and the period immediately afterwards. However the Board felt that it did not wish to see garden centres become “Christmas grottos” and therefore felt that such decorations should be classed as “giftware” and hence subject to the 100 square metre floor area restriction.

#### Product offer during the winter season

The winter period is the time of year when the turnover at garden centres drops significantly. As a result such businesses started selling natural Christmas trees which were a natural extension of their business. This soon expanded to include the decorations that go on the tree, the tree lights, the tinsel and so on.

Today people celebrate Christmas with ever more extensive and sophisticated decorative displays, of which the range of outdoor lighting and figurines is just a part.

The Commerce and Employment Department feels that it is unreasonable to restrict the income of traders around the Christmas period and additionally feels it is unreasonable to restrict consumers’ choice.

The Department is therefore proposing that there should not be any floor area restriction in relation to the sale of Christmas decorations and Christmas wrapping paper during the months of November, December and January. However, it is considered that such a concession should only apply to those garden centres which are already in possession of a Category L garden centre licence. This would ensure that a business could not obtain a licence solely on the basis that it sold Christmas decorations or wrapping paper.

It will also be necessary to remove the obligation for the traders to predominantly offer for sale living plants, flowers, fruit, vegetables, seeds or bulbs during these three months.

#### Recommendations

The Commerce and Employment Department is recommending:

1. That during the months of November, December and January, Christmas decorations and Christmas wrapping paper may be sold at a plant or garden centre on a Sunday without being subject to a floor area limit of 100 square metres;
2. That such a concession should only apply to those businesses that are in possession of a Category L Sunday trading licence that has effect during the preceding October;
3. The requirement that a garden centre must predominantly offer for sale “*all types of living plants, flowers, fruit, vegetables, seeds and bulbs*” should not apply during November, December and January, but only in those instances of where the

sale of Christmas decorations and Christmas wrapping paper has affected the predominant range; and

4. To direct the preparation of such legislation as may be necessary to give effect to the above recommendations.

I would be grateful if you would lay this matter before the States together with the appropriate recommendations.

Yours faithfully

Stuart Falla  
Minister  
Commerce and Employment Department

## APPENDIX

*Extract from the second schedule to the Sunday Trading Ordinance, 2002***“Category L - Plant and Garden Centres**

- L. (1) A shop upon or from which is carried on a trade or business -
- (a) involving the sale of one or more of the type or types of the goods or items described in Part 1 of the Appendix during, or during a substantial part of, customary shop opening hours;
  - (b) where the predominant range of goods or items offered for sale from that shop -
    - (i) in the course of the trade or business;
    - (ii) during, or during a substantial part of, customary shop opening hours,
 is a range consisting of one or more of the type or types of the goods or items described in paragraph 1 of Part 1 of the Appendix; and
  - (c) where, if in the course of the trade or business, giftware is offered for sale from that shop, the floor area from which that giftware is offered for sale is a single and discrete floor area not exceeding 100 square metres.
- (2) A Sunday opening licence granted in respect of a shop by virtue of section 3 and subparagraph (1), is granted subject to the following conditions -
- (a) that the only type or types of goods or items offered for sale or sold from the shop on a Sunday are -
    - (i) one or more of the type or types of the goods or items described in the Appendix; or
    - (ii) one or more of the type or types of the goods or items described in the Appendix and food or drinks, and
  - (b) that the shop is not used as a venue at which to hold any fair, social occasion or similar event other than one associated with gardening or activities linked with the countryside.
- (3) In this paragraph the expressions -

"giftware" means the goods or items described in Part 3 of the Appendix; and

"the Appendix" means the appendix to this Schedule.

Paragraph L

## **APPENDIX TO SECOND SCHEDULE**

### **Part 1**

1. All types of living plants, flowers, fruit, vegetables, seeds and bulbs.
2. Growing media and mulches of all types including peat, composts and barks.
3. Fertilisers and plant protection products.
4. Lawn care products.
5. Garden tools, equipment for gardening and irrigation equipment.
6. Plant containers and garden ornaments.
7. Garden related books.
8. Garden ponds and products for aquatic gardens.

### **Part 2**

1. Clothing specifically designed -
  - (a) for use when gardening (including by way of example and not limitation - Wellington boots and gardening gloves); or
  - (b) to protect the user when -
    - (i) applying gardening products (including by way of example and not limitation - herbicides, insecticides or fertilisers); or
    - (ii) using garden tools or machinery.
2. Furniture designed for use in a garden or conservatory and associated coverings.
3. Garden machinery.
4. Greenhouses and equipment associated with greenhouse use.
5. Timber garden sheds with a floor area no greater than 6 square metres and a height no greater than 3 metres.
6. Materials necessary for the construction of patio flooring, garden paths, fences, rockeries or pergolas (including outdoor surfacing materials such as artificial lawn material).
7. Plant windbreak materials, plant supports and plant protection materials.
8. Treatments for timber products used in the garden, path and patio cleaners.



9. Swimming pools, spa pools and pool care products and associated care and maintenance products.
10. Greenhouse and garden conservatory heaters, barbeques, equipment for the use of the barbeque and fuel for the same.
11. Conservatories and gazebos.
12. Pets, pet care products, pet accessories and pet food
13. Garden lighting, plant lighting and associated electrical equipment.
14. Books, videos, compact discs, digital versatile discs, computer software, magazines and audio tapes related to any of the goods or items described in paragraphs 1 to 6 and 8 of Part 1 and paragraphs 1 to 13 of Part 2 of this Appendix.

### Part 3

1. Flower vases.
2. Candles, candlesticks and candleholders.
3. Picnic-ware, cutlery and tableware designed primarily for the purpose of outdoor use.
4. Calendars, diaries, cards, gift wrapping materials and souvenirs.
5. Garden and outdoor toys and outdoor garden games.
6. Arts and crafts products (including by way of example and not limitation) dried flowers, cones, artificial plants and flowers, fruit and vegetables, needle ware and tapestries.
7. Christmas decorations and wrapping paper.”

**(NB The Policy Council has no comment on the proposals)**

**(NB The Treasury and Resources Department has no comment on the proposals)**

The States are asked to decide:-

XIII.- Whether, after consideration of the Report dated 3<sup>rd</sup> August, 2004, of the Commerce and Employment Department, they are of the opinion:-

1. That during the months of November, December and January, Christmas decorations and Christmas wrapping paper may be sold at a plant or garden centre on a Sunday without being subject to a floor area limit of 100 square metres.
2. That such a concession shall only apply to those businesses that are in possession of a Category L Sunday trading licence that has effect during the preceding October.
3. The requirement that a garden centre must predominantly offer for sale "*all types of living plants, flowers, fruit, vegetables, seeds and bulbs*" shall not apply during November, December and January, but only in those instances of where the sale of Christmas decorations and Christmas wrapping paper has affected the predominant range.
4. To direct the preparation of such legislation as may be necessary to give effect to their above decisions.

**HEALTH AND SOCIAL SERVICES DEPARTMENT****MEDICINES (BAILIWICK) LAW, 2004**

The Chief Minister  
Policy Council  
Sir Charles Frossard House  
La Charroterie  
St Peter Port

12<sup>th</sup> August 2004

Dear Sir

**1. EXECUTIVE SUMMARY**

The Poisons and Pharmacy Ordinance 1970, (as amended), currently regulates the importation, storage, preparation and supply of substances which appear on the poisons list, in Guernsey. The many changes within the pharmaceutical industry, and also within the local and UK health services over the past thirty years have rendered the Poisons and Pharmacy Ordinance out of date and incompatible with the UK legislation. It has been amended on six occasions since coming into operation in February 1970. Part 1, Authorisation of Pharmacists, was repealed and replaced by the Doctors, Dentists and Pharmacists Order, 1987, and all other amendments refer to new substances which have been added to the Schedules by Ordinance during that time, the last occasion being 1982.

The new legislation has been drafted to reflect the UK Medicines Act 1968, allowing for local variations, one being the different healthcare system in the Bailiwick. It also acknowledges the particular needs of other islands in the Bailiwick. When implemented, the law will regulate the manufacture, supply, import, export, labelling and prescribing of medicines. It will also introduce the role of a Chief Inspector and change the remit of Superintendent Pharmacists. The regulation of advertising, the control of substances similar to medicinal products and the issue of licences to undertake any process in the supply chain are also introduced in this law. There will be no resource implications unless there is an increase in manufacturing medicines or substances similar to medicines, within the Bailiwick.

This States Report seeks approval for this legislation to be formally prepared.

**2. INTRODUCTION**

The Poisons and Pharmacy Ordinance 1970, by definition, regulates the supply of substances which appear on the poisons list, as opposed to medicines produced and

supplied for the benefit of the public. In the UK, all medicines are regulated by the Medicines Act 1968 and new substances coming onto the market are easily added to it. However, in the Bailiwick, the States of Guernsey must approve any new medicines, by Ordinance, before they may be added to the schedules. Guernsey does not have the expertise or other resources required to determine which medicines should be added to the Schedules. It is essential, therefore, that Guernsey has similar legal provisions to those of the UK to enable it to keep the local law in line with the UK and operated as efficiently as possible. Provision must also be made to ensure regulation of the quality of these substances throughout the whole supply chain.

The current legislation does not include more than one thousand medicines which have been placed on the market since the last amendment in 1982. This has been due to the difficulty in adding these to the lists, as the law does not lend itself to dealing with the number and speed at which new medicines are developed and released onto the market. A new law is required to ensure that Guernsey is able to regulate all existing and future substances as they come on to the market, in a timely and simple manner.

Most importantly, however, the current legislation is obstructing the delivery of patient care and is not harmonious with modern practice. The Health and Social Services Department\*, and its predecessor, has followed professional, up-to-date best practice but has found it necessary to use many circuitous methods to enable this.

It is for the above reason that the former Board of Health commissioned the drafting of new legislation.

### **3. DEVELOPMENT OF THE LEGISLATION**

Dr Gordon Appelbe, LL.B., M.Sc., B.Sc. (Pharm), FRPharms., MCPP., was contracted to undertake the initial draft of the law, in collaboration with the Chief Pharmacist. Dr Appelbe is an independent pharmaceutical/legal consultant. He joined the staff at the Royal Pharmaceutical Society in 1965 and was their Head of Law and Chief Inspector from 1978 –1991. He has drafted similar legislation for other British dependencies in the past. He considered it important to develop the Medicines Law in such a way that it would be compatible with the UK, yet reflect the special needs of the Bailiwick. A draft is attached to this report but it must be recognised that it has not yet been reviewed or approved by the St James Chambers.

### **4. REASONS FOR CHANGE**

#### **4.1 Philosophy**

As explained above, the current Poisons and Pharmacy Ordinance 1970 only legislates for the regulation of medicines considered to be poisonous. However, not all medicines are poisonous and therefore many medicines are not controlled by the current law. The philosophy of the proposed Medicines Law changes the focus from the regulation of

---

\* referred to as 'the Department' throughout remainder of the document

poisonous medicines to the development of a framework for controlling the manufacture, distribution and sale of medicines. It aims to protect the public from medicines which are substandard due to any or all of these processes. Currently, foodstuffs which claim to have medicinal properties, are being sold in Guernsey and also exported from Guernsey and there is no regulation of these products.

These aims will be achieved by setting down in law, the power to regulate those who undertake activities involving medicines, the type of substances which may be processed and where the activity takes place. Record keeping will be required in order to trace a medicine back to the manufacturer should a problem occur, thus creating a quality assurance chain. It will also prevent companies from making false claims about the products they sell.

#### **4.2 Regulatory Obligation in Europe**

The development of this new law will ensure that the Bailiwick meets the requirements of the Medicines Healthcare Regulatory Agency, which is the responsible body for the regulation of medicines in the UK. The control of medicines in the UK is primarily through the system of licensing and conditional exemptions from licensing, laid down in EC legislation, the Medicines Act 1968 and in relevant subordinate legislation. This legislation covers, inter alia, the systems by which licences to manufacture, market, distribute, sell and supply medicinal products are granted by Ministers ("the Licensing Authority") (or, in the new centralised system, by the relevant Community institutions), once they are satisfied about the safety, efficacy and quality of the product.

Currently, local companies may purchase substances from any country in the world and supply to Europe. Under the new law, any imported and/or exported substance would be subject to regulation. This would improve the working relationship between the Bailiwick and the European Union and safeguard the reputation of the islands. Light industry involved in the manufacture and supply of pharmaceutical products would have the advantage of being recognised as a safe place to source products. As a result of local industry complying with recognised standards, UK and Europe would have confidence in any products exported from the Bailiwick.

### **5. IMPLICATIONS FOR THE BAILIWICK**

As mentioned above, the Poisons and Pharmacy Ordinance 1970 has not been updated since 1982. Since this time, 30-50 medicines per annum have been put on the market which do not appear in the schedules within that legislation. Most medicines now available, such as antibiotics, are not classified as poisons and therefore do not qualify for inclusion in the schedules, which are part of the current legislation. It is essential that the new law encompasses all medicines and has an efficient method of adding new ones to it as they come onto the market. The law will, therefore, reflect the UK Medicines Act 1968, enabling the adoption of the UK classification of medicines process with ease. The Bailiwick does not have the resources or the expertise to undertake the task of classifying medicines and it is essential that a medicine which is, for instance, a prescription only medicine (POM) in the UK, has the same restriction of

supply in the Bailiwick. It is important to make it clear that, under this law, a licence may be issued for the use of a medicine, and the Department may authorise the classification of it as a prescription only medicine. However, this law will not make recommendations regarding those medicines which may be prescribed by local, authorised medical practitioners under the Health Service (Benefit) (Guernsey) Law 1990. The Social Security Department is responsible for such decisions.

Provisions for local variations have been taken into account to reflect the different healthcare system. The Department does not employ junior doctors, so other healthcare professionals undertake aspects of their role, in most cases consultant doctors. However, the provision of a regulatory environment which is familiar to staff trained in the UK, will improve the development of clinical practice for all healthcare professionals. This will include not only those staff trained in the UK, but those who have undertaken affiliated courses based in the UK, which is a large percentage of the Department's staff. These include doctors, nurses, pharmacists and midwives.

## **6. SIGNIFICANT CHANGES**

As explained above, the legislation will provide a regulatory environment, which is familiar to those trained in the UK or who have undertaken UK approved courses so that health professionals will be confident of the level and scope of their responsibilities concerning medicines. Whilst local staff are currently working to best practice standards, the legislation will validate the policies and procedures to which they are adhering.

### **6.1 Labelling**

Labels on medicines in the Bailiwick will have to state all information required by the regulations and medicines must be supplied together with a leaflet giving full information about the medicine. It may not make false claims regarding the content, nature, efficacy or quality of the product. Therefore, with the introduction of the new legislation, an environment will be provided in which all labelling of medicines will reflect that of the UK.

### **6.2 Prescribing**

Nurse prescribing will be introduced, which will encourage those already working with these privileges in other jurisdictions to apply for local vacancies. The nurses who will be given the right to prescribe certain medicines will be those qualified to do so in the field of:-

- District Nursing
- Health Visiting
- An extended formulary nurse prescriber (e.g. Diabetic Nurse)



It will clarify the prescribing rights of other healthcare professionals such as midwives and pharmacists. A list of medicines which they may prescribe will be set out in the subordinate regulations.

### **6.3 Veterinary Medicine**

Animal medicines will be regulated by law for the first time. The law will provide authority for the Director of Public Health, the States Veterinarian and the Chief Pharmacist to monitor the quality of animal medicines and the ability to assess these drugs throughout the supply chain.

### **6.4 Inspection**

The inspection of pharmacies will change. Currently, the law requires the States Supervisor (now Chief Executive, States of Guernsey) to appoint an inspector, who does not need to be a pharmacist. The new law will now require that a Chief Inspector must be a pharmacist, and for the purposes of enforcing this law the Department's Chief Pharmacist is appointed who will undertake this role. As best practice, this system is already in place but will become a legal requirement.

The Chief Inspector will be required to inspect any premises where medicines are held, including pharmacies, clinics and nursing and residential homes. He may also inspect ships, aircrafts or vehicles if he believes a crime concerning medicines may have been committed.

### **6.5 Superintendent Pharmacists**

The new law introduces a requirement for each retail pharmacy to appoint a superintendent pharmacist to take overall control of the pharmacy. This is already mandatory in the UK. It will require a change in practice for national companies who have branches in Guernsey as their Superintendent Pharmacist may be located in the UK under the current legislation. It would also call for the Superintendent Pharmacist to take personal management and control of the company and not be the superintendent of any other pharmacy in the Bailiwick.

### **6.6 Regulations**

Under the new legislation, the Department will be able to control all medicines which are brought into the island. This will be through proposed regulations, giving the Department the power to license medicines as they are brought onto the market, if it considers this appropriate. Currently, they are accepted onto the local market by default and many medicines, which are imported, are not covered by any legislation. Under the new regulations, the Department will also be empowered to take samples of substances to ascertain their content and quality.

The regulation of the manufacturing, wholesaling and retailing of medicines, including their import and export, will enable all substances to be traced back through the supply

chain. Any substance which is of poor quality can then be traced back, identifying the part of that process responsible for the sub-standard product. In the same way, any product found to be sub-standard could be traced to the retailer and removed.

The Department will make its own decisions on all changes to the subordinate regulations; for instance, whether there will be reciprocal agreements with countries regarding the licensing of a drug. These regulations will allow the Department to decide which health economies' licensing regulatory systems to accept. In time, a single registration with the European Medicines Agency (EMA) will become mandatory in Europe and the Bailiwick will be in a position to comply with the required standards, if it so wishes.

### **6.7 Medicines Committee**

An advisory body will be established, to be known as the Medicines Committee. This Committee will provide a mechanism for dealing with new and controversial medicines. It will comprise:-

Director of Public Health  
Chief Pharmacist  
States Veterinarian  
The Department's Professional Head of Nursing  
Lay Member

This Committee will advise the Department on matters relating to medicines and the execution of the legislation. There will also be two sub-committees, one for human medicines and another for animal medicines. The former will consist of a general medical practitioner, dentist, pharmacist and lay person. The membership of the latter will be a veterinary surgeon, a person involved in animal husbandry and a lay person. The Department will appoint members of both committees.

These committees will provide expert advice to the Department when controversial medicines are introduced on to the market, for instance those which could procure an abortion in a doctors surgery or those which could be used for euthanasia. They may be medicines which the Department would not wish to introduce, or on which they may wish to consult the States before making a decision.

It would not be anticipated that these committees would meet often but it would be important to have a mechanism which enables professionals, who are experts in their relevant fields, to advise the Department prior to approval of a medicine for use in the Bailiwick.

### **6.8 Licensing**

The Department will be the Licensing Authority and will issue licences required for the purposes of manufacturing, wholesale dealing, selling or supplying any medicine. Licences will be issued on the basis that the manufacturer, wholesaler or supplier meets



the clear and stringent standards laid down in the new law. A licence will also be required by anyone carrying out clinical trials on humans or animals. However, this will not apply to any clinical trial initiated by the Department or the Commerce and Employment Department, or any prescription issued by a medical practitioner or dentist.

### **6.9 Promotion of Medicines**

The law provides for the regulation of advertising any medicinal product in any medium. The term 'medicinal product' describes a wide range of products, including substances designed to treat, prevent, diagnose, temporarily prevent or otherwise interfere with the condition of the body. The Department may prohibit the advertisement of any product if it relates to any medicinal product, is likely to lead to the use of any medicinal product and is likely to mislead the public as to its nature or the effect it may have on them. This will ensure that all local advertisements are monitored for accuracy and appropriateness.

### **6.10 Non-Medicinal Products**

For the first time, the Chief Inspector will have the authority to examine the supply chain of any substance that is similar to a medicinal product. These products may include those which are similar to medicinal products, are used as ingredients in the manufacture of medicinal products or, if used without proper safeguard, may create a risk to humans or animals. Therefore the Inspector will have the authority to examine the import and export, the manufacture, labelling, promotion and sale of such substances which are currently uncontrolled.

## **7. CONSULTATIONS**

The consultation period ended in July 2002 and the following responses from the key professionals were received:

- the British Medical Association (Guernsey Branch) did not recommend any changes to the proposed law;
- the States Veterinary Surgeon, in his response, requested that one section of the law be changed to allow the advertising of animal Prescription Only Medicines. This will be addressed in the subsidiary regulations, following the approval of the law;
- the Royal Pharmaceutical Society (Guernsey Branch) responded in detail requesting some changes. All comments were considered and relevant changes implemented;
- Boots PLC were concerned that the superintendent pharmacist of a company would be required to be resident on the island as this would be expensive and complicated for them to achieve. Currently, and for many years, Boots have had a pharmacy superintendent based in Nottingham, which they believe has worked

well. They state that they would have no alternative but to form a new company to operate just the Guernsey pharmacy, and supply it with its own superintendent. The Department considered, however, that the implementation of this was important.

Boots the Chemist also identified lack of clarity regarding the term 'direct supervision'. They were concerned that this may be interpreted that an appropriately trained assistant would be prevented from selling over the counter medicines.

- the Chief Pharmacist visited Sark and joined a meeting of the Medical Committee attended by doctors, the Sark pharmacist and Guernsey veterinarians. Issues regarding the storage and use of medicines were discussed and changes made to the draft legislation to recognise the position of Sark;
- the States of Alderney have intimated that they wish to make a considered response to the consultation but in the meantime have identified two legal implications. Firstly, Alderney has its own register of Veterinary Surgeons, which would have to be acknowledged in the legislation. Secondly, it was suggested that the Alderney States Veterinary Officer should be invited on to the Advisory Body, referred to in the legislation.

As detailed above, following the consultation, most of the comments made were acknowledged and the draft legislation amended to reflect them.

## **8. RESOURCES**

The legislation will not put any pressure on the Department's resources at present. In the Bailiwick there are only retail pharmacists and one manufacturer. If there was a significant increase in the wholesaling of medicines, the Department would need to review the pressure on the workload of the Chief Pharmacist.

Other initiatives introduced by the legislation, such as new committees, would involve officers already in post adjusting their workload.

The Department's Chief Pharmacist will undertake the role of Chief Inspector therefore this will not be a new post.

## **9. CONCLUSIONS**

The new legislation will bring the Bailiwick into line with the UK and other major countries with which it may wish to do business. The business may involve manufacturing, supplying, promoting or purchasing medicines. It will improve the reputation of the islands when those trading in this industry are aware that sound regulations are in place to monitor these companies.

The legislation will reassure consumers that the quality of medicines being brought into, and exported from, the Bailiwick has been monitored, which should instill confidence in the local pharmaceutical industry.

The development of a law and its regulations, which reflect the legislation in the UK, will encourage qualified staff to work in the Bailiwick. They will not only be familiar with working within the scope of a similar law but some staff will have the privilege of working with the extended prescribing rights which they enjoyed in the UK. This will, hopefully, improve the difficult area of recruitment being experienced throughout the healthcare service.

There will be a speedier route for new medicines to be governed by this legislation. They will be adopted into local law as the UK adds medicines to the UK law. This will ensure that Guernsey does not require the high level of experience and expertise to make those decisions independently.

The law will expect a great deal more stakeholder participation in the decision-making process, improving the efficiency, quality and future development of the subordinate regulations. Committees, whose members will be qualified, professional people, will be in a position to advise the Department on all pharmaceutical matters under the Medicines Law concerning human and animal medicines.

Whilst the legislation introduces a range of new requirements in order that it might reflect that of the UK and prepare the Bailiwick for the introduction of EU law, many of them are already in place as a matter of best practice. This will assist with adoption of this new legislation when the time comes.

Dr Appelbe has already undertaken an initial draft of the law so there should not be a long delay in the legislation being brought before the house, if the Department's proposals are accepted. However, it is recognised that this draft will require significant revision to ensure that it dovetails with other legislation such as Social Security Department legislation and meets with local legislative requirements. The draft is appended to this States Report purely for information. The States are not being asked to approve this law.

## **10. RECOMMENDATIONS**

The Department is seeking;

1. approval to regulate the manufacturing, supply, import, export, labelling and prescribing of medicines as detailed in paragraph 6.6;
2. approval to appoint a Chief Inspector and inspect any premises where medicines are or may be held as detailed in paragraph 6.4;
3. approval to require each retail pharmacy to appoint a Superintendent Pharmacist, as detailed in paragraph 6.5;

4. approval to issue licences for the purposes of manufacturing, wholesale dealing, selling or supplying of medicines as detailed in paragraph 6.8;
5. approval to regulate the promotion of medicines as detailed in paragraph 6.9; and
6. approval to control substances similar to medicinal products as detailed in paragraph 6.10;

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

Yours faithfully

P J Roffey  
Minister  
Health and Social Services Department

## THE MEDICINES (BAILIWICK OF GUERNSEY) LAW 2004

A Law for the States of Guernsey to control dealings in medicinal products having potential danger to health if misapplied and for connected purposes.

1. This law may be cited as the Medicines (Bailiwick of Guernsey) Law 2004 and shall come into operation on such a date as the States of Guernsey may appoint.

### PART I – PRELIMINARY

2. In this Law, unless the context otherwise requires: -

“administer” means: administer to a human being or an animal, whether orally, by injection, or by introduction into the body in any other way, or by external application, whether by direct contact with the body or not; and any reference in this Law to administering a substance or article is a reference to administering either in its existing state or after it has been dissolved or dispensed in, or diluted or mixed with, some other substance used as a vehicle for such administration.

“animal” includes any bird, fish, or reptile.

“assemble” in relation to a medicinal product means:

- (a) enclosing the product (with or without other medicinal products of the same description) in a container which is labelled before the product is sold or supplied; or
  - (b) where the product (with or without other medicinal products of the same description) is already enclosed in the container in which it is to be sold or supplied, labelling the container before it is sold or supplied.
- “assembly” has a corresponding meaning.

“authorised analyst” means a person for the time being authorised to act as an analyst for the purpose of this Law by the Home Department.

“authorised practitioner” means a person authorised in regulations made by the States of Guernsey or a person authorised by the Court of Chief Pleas of Sark to practice in Sark.

“Board” means the Board of the Health and Social Services Department

“Department” means the Health & Social Services Department.

“Chief Pharmacist” means: a pharmacist appointed to this post by the Health & Social Services Department and the Policy Council of the States of Guernsey.

“Chief Inspector” means: the person who holds the post of Chief Pharmacist and who is responsible for the enforcement provisions of this Law and for the additional inspectors appointed under section 50 of this Law.

“clinical trial” means: an investigation or series of investigations consisting of administration of one or more medicinal products of a particular description by, or under the direction of, a medical practitioner or dentist to his patient where there is evidence that medicinal products of that description have effects which may be beneficial to the patient in question and the administration of that medicinal product is for the purpose of ascertaining whether or to what extent the product has those or any other effects, whether beneficial or harmful.

“container” in relation to a medicinal product means: a bottle, jar, box, packet or other receptacle which contains or is to contain it, not being a capsule, cachet, or other article in which the product is or is to be administered, and where any such receptacle is or is contained in another receptacle, includes the former but does not include the latter receptacle.

“court” means in Guernsey, the Royal Court of Guernsey  
in Alderney, the Court of Alderney  
in Sark, the Court of the Seneschal of Sark

“dentist” means: a person licensed under The Doctors, Dentists and Pharmacists Ordinance 1987 to practise dentistry or a person authorised by the Medical Committee of the Court of Chief Pleas of Sark to practise dentistry in Sark.

“district nurse/health visitor prescriber” means a person who:  
is registered in Part 1 or 12 of the professional register maintained by the Nursing and Midwifery Council and has a district nursing qualification additionally recorded in the professional register, or

- (a) is registered in the said professional register as a health visitor; or
- (b) is registered by the Health & Social Services Department.

In the case of (a) and (b), against the name in the register, there must be an annotation signifying that he is qualified to order drugs, medicines and appliances for patients.

“doctor” means:

- (a) a person licensed under The Doctors, Dentists and Pharmacists Ordinance 1987 to practise medicine or a person authorised by the Medical Committee of the Court of Chief Pleas of Sark to practise Medicine in Sark;
- or
- (b) a person registered to practise medicine in a state/country recognized by the Health & Social Services Department by regulation.

“extended formulary means; the Nurse Prescribers Extended Formulary Appendix in the current edition of the British National Formulary.

“extended formulary nurse prescriber” means:

- (a) is registered in Parts 1, 3, 5, 8, 10, 11, 12, 13, 14, or 15 of the professional register maintained by the Nursing and Midwifery Council; or
- (b) is registered by the Health & Social Services Department; or
- (c) is a person registered with the competent authority in the United Kingdom.

In the case of (a), against the name in the register, there must be an annotation signifying that he is qualified to order drugs, medicines and appliances from the extended formulary.

“hospital” includes a clinic, nursing home, or other similar institution.

“inspector” means: a person appointed under section 57 of this Law.

“labelling” in relation to a container or package of a medicinal product means: affixing to, or otherwise displaying on, the container or package, a notice describing or otherwise relating to the contents thereof, and “label” has a corresponding meaning.

“leaflet” includes any written information.

“licensing authority” has the meaning assigned to it under section 11 of this Law.

“manufacture” in relation to a medicinal product, includes any process carried out in the course of making the medicinal product but does not include dissolving or dispensing the medicinal product in, or diluting or mixing it with, some other substance used as a vehicle for the purpose of administering it or the incorporation of the product in any animal feed.

“medical practitioner” means:

- (a) a person licensed under The Doctors, Dentists, and Pharmacists Ordinance 1987 to practise medicine, or by the Medical Committee of the Court of Chief Pleas in Sark to practise medicine in Sark; or
- (b) a person registered to practise medicine in a state/country recognised by the Health & Social Services Department by regulation.

“medicinal product” means:



- (a) a medicinal product for human use to which European Council Directive 2001/83/EEC as amended applies and accordingly includes industrially produced medicinal products mentioned in Article 2 of that Directive; or
- (b) a medicinal product for animal use to which European Council Directive 2001/82/EEC as amended applies and accordingly includes veterinary medicinal products, ready made veterinary medicinal products or pre-mixes for medicated feeding-stuffs mentioned in Article 2 of that Directive.

“midwife” means: a person licensed under the Nurses, Midwives and Health Visitors Ordinance, 1987.

“Minister” means: the Minister of the Health and Social Services Department.

“nurse” means: a person registered with the competent authority in the United Kingdom to practise nursing.

“offence” includes an offence under any of the regulations made under this Law.

“package” in relation to a medicinal product, means: any box, packet or other article in which one or more containers of medicinal products are, or are to be, enclosed and where any such box, packet or other article is, or is to be, enclosed in one or more other boxes, packets or articles in question, the collective number thereof.

“pharmacist” means: a person licensed under The Doctors, Dentists and Pharmacists Ordinance 1987 to practise pharmacy.

“prescription” means: an order complying with regulations made under section 57 of this Law and issued by a medical practitioner, dentist, or veterinary surgeon, an authorised practitioner, a district nurse/health visitor prescriber, or an extended formulary nurse prescriber.

“retail pharmacy business” means: a business (not being a professional practice) which consists of or includes the retail sale, supply and dispensing of medicinal products which are on the Pharmacy Only or the Prescription Only Lists made under this Law. “registered pharmacy” has the meaning assigned to it under section 8 of this Law

“superintendent” means a person registered in the Bailiwick of Guernsey who is responsible in the business of a body corporate for the management and control of the keeping, preparing, dispensing, sale and supply of medicinal products controlled under this Law.

“veterinary surgeon” means:

- (a) a person authorised under the Veterinary Surgery and Animal Welfare Law 1987 to practise veterinary surgery; or

- (b) a person registered to practise veterinary surgery in a state/country recognised by the Commerce & Employment Department

“wholesale dealing” means: the sale or supply of a medicinal product to a person for the purpose of :-

- (a) selling or supplying it; or
- (b) administering it or causing it to be administered to one or more human beings or to one or more animals.

## **PART II – PHARMACY**

### **3.**

- (1) Except as is provided by this Law, no person other than a person registered as a pharmacist under The Doctors, Dentists and Pharmacists Ordinance 1987 shall:-

- (a) conduct a retail pharmacy business;
- (b) in the course of any trade or business prepare, mix, compound or dispense any medicinal product or poison except under the supervision of a pharmacist;
- (c) assume, take, exhibit or in any way make use of any title, emblem, description or addition reasonably calculated to suggest that he is registered as a pharmacist.

- (2) For the purpose of subsection (1) (c) of this section, the use of the word “pharmacist” or “chemist” or “druggist” or any similar word or combination of words shall be deemed to suggest that the owner of the business or the person having control of the business on those premises is, or purports to be, a registered pharmacist.

### **4.** Notwithstanding anything contained in the foregoing provisions of this Part of the Law:-

- (1) subject to the following subsections, a company may be a person lawfully conducting a retail pharmacy business;
- (2) it shall be necessary for a company conducting a retail pharmacy business to be licensed under this Law, and that
  - (a) the business is under the personal management and control of a superintendent pharmacist who is registered as a pharmacist in the Bailiwick of Guernsey;

- (b) a copy of the certificate of incorporation of the company is lodged with the Department; and
  - (c) the other provisions of this Law are complied with;
- (3) a company conducting a retail pharmacy business in accordance with this section may use the description “chemist” or “dispensing chemists” and may use the description “pharmacy” in connection with the registered pharmacy premises provided the superintendent pharmacist of the company is a director of the company;
- (4) the superintendent of the company may not be the superintendent of any other company conducting a retail pharmacy business within the Bailiwick of Guernsey.
- 5. Notwithstanding anything contained in the foregoing provisions of this Part of the Law:-
  - (1) if a pharmacist dies, or becomes of unsound mind, or is adjudged bankrupt or enters into an arrangement with his creditors, his representatives may, with the permission of the Board and subject to such directions and conditions as the Board may in its discretion deem fit to impose, carry on the business, and it shall be necessary for such representatives to be licensed, and such business continued only under the personal management and control of a pharmacist, and for such period not exceeding five years as the Board may decide;
  - (2) the representatives of a pharmacist carrying on a retail pharmacy business in accordance with subsection (1) of this section shall be a person lawfully conducting a retail pharmacy business within the meaning of this Law and it shall be lawful for them to use any title, emblem, or description which might have been lawfully used by the pharmacist whose representatives they are.
- 6. Section 3 (1) (b) shall not apply to medicinal products sold or supplied by:-
  - (1) a medical practitioner or dentist, a district nurse/health visitor prescriber, an extended formulary nurse prescriber and an authorised practitioner in the ordinary course of his practice to a patient of his;
  - (2) a veterinary surgeon in the ordinary course of his practice to animals under his care.
- 7. Nothing in this Part shall apply to any transaction mentioned under section 20 (2) and (3).
- 8.
  - (1) Every pharmacist or company conducting a retail pharmacy business in accordance with this Law shall cause each set of premises, where such business

is being carried on, to be licensed. Each set of premises so licensed is a “registered pharmacy” for the purposes of this section.

- (2)
  - (i) An application for a licence for premises under this section shall be sent to the Board in the prescribed form and such application shall be accompanied by the prescribed fee.
  - (ii) An application for a licence for premises in Sark shall be authorised by the Medical Committee of the Court of Chief Pleas, who may direct the licensing process to the Board.
- (3) The licensing of any premises under this section shall become void upon the expiry of thirty days from the date of any change in ownership of the business carried on therein.
- (4) When an application is made for a licence under this section, the Board shall, before issue of the licence to which the application relates, consider the following:-
  - (a) the premises on which medicinal products will be sold, supplied, dispensed and stored;
  - (b) the equipment which is, or will be, available for storing medicinal products;
  - (c) the equipment which is, or will, be available for the dispensing of medicinal products;
  - (d) the equipment which is, or will be, available for the distribution of medicinal products;
  - (e) the arrangements made or to be made for securing the safekeeping of, and the maintenance of adequate records in respect of medicinal products sold, supplied, dispensed and stored.
9. The Board may, for good and sufficient reason to be stated in writing, refuse to license or may revoke a licence for any premises which, in its opinion, are or have become unsuitable for the purpose of carrying on a retail pharmacy business.
10. Any person who contravenes section 8 of this Law shall be guilty of an offence and liable to a fine (to be decided at final drafting).

### **PART III – MEDICINAL PRODUCTS, LICENCES, ETC**

11.
  - (1) The Board shall be the licensing authority responsible for granting variation, suspension and revocation of authorisations and certificates under this Law.

- (2) The Board shall establish an advisory body to be called the “Medicines Committee”, the members of which shall be appointed by the Board and comprise:
- (a) The Director of Public Health
  - (b) The State Veterinarian
  - (c) The Chief Pharmacist
  - (d) The Department’s Professional Head of Nursing
  - (e) A Lay Person
- (3) The Medicines Committee shall advise the Board on matters relating to the execution of this Law or otherwise relating to medicines, or when they are requested by the Board so to do.
- (4) There shall be two sub-committees of the Medicines Committee:
- (a) A committee for human medicines comprising a general medical practitioner, a dentist, a pharmacist and a lay person, and,
  - (b) A committee for animal medicines comprising a practising veterinary surgeon, a person involved in animal husbandry and a lay person.

The members of the two sub-committees shall be appointed by the Board.

- 12.** The Board shall appoint a Registrar upon terms and conditions approved by the Board.
- 13.** The Registrar shall maintain records of the authorisations, licences and certificates issued under this Law.
- 14.**
- (1) Subject to the provisions of this Law, no medicinal product shall be placed on the market in the Bailiwick of Guernsey unless the medicinal product concerned is subject to a marketing authorisation granted by:-
    - (i) the licensing authority in the Bailiwick of Guernsey; or
    - (ii) by a member state of the European Union; or
    - (iii) by any state listed in regulations made under section 57 of this Ordinance;

and evidence of a marketing authorisation granted by an authority under (ii) and (iii) of this subsection shall be submitted to the licensing authority of the Bailiwick of Guernsey or in Sark to the Chief Pleas of Sark.

- (2) No person shall import or export a medicinal product except in accordance with the provisions of the Import and Export (Control) (Guernsey) Law 1946 as amended and any regulations made thereunder.
- (3) No person shall, in the course of a business carried on by him, manufacture or assemble any medicinal product except in accordance with a licence (hereinafter referred to as a “manufacturer’s licence”) granted for that purpose by:

- (i) the licensing authority in the Bailiwick of Guernsey, or,
- (ii) a member state of the European Union, or,
- (iii) any state listed in regulations made under section 57 of this Law and evidence of a licence granted by an authority under (ii) and (iii) of this subsection shall be submitted to the licensing authority of the Bailiwick of Guernsey.

- (4) No person shall, in the course of a business carried on by him, sell or supply any medicinal product by way of wholesale dealing except in accordance with a licence (hereinafter referred to as a “wholesale dealer’s licence) granted for that purpose by :-

- (i) the licensing authority in the Bailiwick of Guernsey; or
- (ii) a member state of the European Union; or
- (iii) any state listed in regulations made under section 57 of this Law;

and evidence of a licence granted by an authority under (ii) and (iii) of this subsection shall be submitted to the licensing authority of the Bailiwick of Guernsey.

- (5) No person other than a person lawfully conducting a retail pharmacy business or a hospital pharmacy department shall sell or supply any medicinal product by way of dispensing except in accordance with a licence (hereinafter referred to as a “dispensing licence”) granted for that purpose by the licensing authority in the Bailiwick of Guernsey.

## 15.

- (1) Any application for a marketing authorisation or licence under this part of the Law to the licensing authority in the Bailiwick of Guernsey shall be made in the prescribed form and accompanied by the prescribed fee.

- (2) Any application referred to in section 14 (1) (i) of this Law shall contain a description of the medicinal products to which the marketing authorisation will relate.

**16.** Where an application is made for a licence under section 14 of this Law, the licensing authority shall, before issuing such a licence, consider the following:-

- (1) in the case of an application for a manufacturer's licence made under 14 (3):

- (a) the operation proposed to be carried out pursuant to the licence;
- (b) the premises in which those operations are to be carried out;
- (c) the equipment which is, or will be, available on the premises for carrying out those operations;
- (d) the qualifications of the person under whose supervision the operations will be carried out; and
- (e) the arrangements made, or to be made, for securing the safekeeping of, and the maintenance of, adequate records in respect of medicinal products manufactured or assembled in pursuance of the licence.

- (2) in the case of an application for a wholesale dealer's licence under section 14 (4):-

- (a) the premises on which the medicinal products of the description to which the application applies will be stored;
- (b) the equipment which is, or will be, available for storing medicinal products on those premises;
- (c) the equipment and facilities which are, or will be, available for distributing medicinal products from those premises;
- (d) the qualifications of the persons under whose supervision those operations will be carried out; and
- (e) the arrangements made, or to be made, for securing the safekeeping of, and the maintenance of, adequate records in respect of medicinal products stored on or distributed from those premises.

- (3) in the case of an application for a dispensing licence under section 14 (5):-

- (a) the premises on which the medicinal products of the description to which the application relates will be dispensed;
- (b) the equipment which is, or will be, available for storing medicinal products on those premises;
- (c) the equipment which is, or will be, available for the dispensing of medicinal products;



- (d) dispensing of medicinal products will take place; and
- (e) the arrangements made, or to be made, for securing the safekeeping of, and the maintenance of adequate records in respect of medicinal products stored and dispensed on the premises.

**17.**

- (1) If the licensing authority is satisfied that the applicant is a fit and proper person to carry on any business set out in Section 14, it may issue to the applicant the licence appropriate to such business subject to such general special conditions as the licensing authority may consider appropriate to impose.
- (2) A licence issued under subsection (1) of this section shall be in the form, and shall be for such duration, as may be prescribed.
- (3) Where the licensing authority considers the applicant is not a fit and proper person to whom a licence should be issued for the carrying out of any business specific to section 14, it shall refuse to issue the licence and such refusal shall not be subject to appeal to, or question in, or by, any court, and the licensing authority shall not be required to assign any reasons therefore.
- (4) Any person aggrieved by a decision of the licensing authority shall have the right to appeal against such decision via the appeal procedures of the Bailiwick of Guernsey.

**18.**

- (1) Subject to this Part of the Law, the licensing authority may suspend a licence for such period as it may determine, or may revoke, or vary the provisions of such licence.
- (2) The suspension or revocation of a licence under this section may be limited to medicinal products of one or more descriptions, or to any particular part of any premises or to a particular part of any premises.

**19.**

Subject to sections 14 and 16, the licensing authority may, on the application of the holder of an authorisation or licence under this Part, vary the provisions of that authorisation or licence in accordance with any proposals contained in the application, if the licensing authority is satisfied that the variation will not adversely affect the safety, quality, and efficacy of medicinal products.

**20.**

The provisions of section 14 shall not apply to anything which is done in a registered pharmacy or hospital pharmacy department and is done thereby or under the supervision of a pharmacist and which consists of:-

- (1) preparing, dispensing, assembling, or procuring a medicinal product in accordance with a prescription given by a medical practitioner or dentist;

- (2) preparing or dispensing a medicinal product for administration to a person where the pharmacist is requested by, or on behalf of, that person to do so in accordance with the pharmacist's own judgement as to the treatment required and that person, [or that person's agent] is present in the pharmacy or hospital pharmacy department at the time of the request in pursuance of which that medicinal product is prepared or dispensed;
  - (3) preparing a stock of medicinal products with a view to dispensing them as mentioned under subsections (1) and (2) of this section;
  - (4) sale or supply of medicinal products by way of wholesale dealing unless such dealings constitute more than five per cent of the business carried on by the pharmacy or hospital pharmacy department.
- 21.** The provisions of section 14 shall not apply to anything which is done in a registered pharmacy and is done there under the supervision of a pharmacist and which consists of:-
- (1) preparing, dispensing, assembling, or procuring a medicinal product in accordance with a prescription given by a veterinary surgeon;
  - (2) preparing a stock of medicinal products with a view to dispensing them under subsection (1) of this section.
- 22.** The provisions of section 14 (1) and (3) shall not apply to anything done by a medical practitioner or dentist which:-
- (1) relates to a medicinal product specially prepared, or specially imported by him or to his order, for administration, sale or supply to his particular patient; or
  - (2) relates to a medicinal product specially prepared, by a medical practitioner or dentist at the request of another medical practitioner or dentist for administration, sale or supply to a particular patient of that other medical practitioner or dentist.
- 23.** The provisions of section 14 (1) and (3) shall not apply to anything done by a veterinary surgeon which:-
- (1) relates to a medicinal product specially prepared, or specially imported by him or to his order for administration, sale or supply to a particular animal or herd which is under his care;
  - (2) relates to a medicinal product specially prepared by a veterinary surgeon at the request of another veterinary surgeon for administration, sale or supply to a particular animal or herd under the care of that veterinary surgeon.

**24.** The provisions of section 14 shall not apply to the assembly of any medicinal products by a person in the course of that person's profession as a nurse or midwife.

**25.** The provisions of section 14 shall not apply to the importation of a medicinal product:-

(a) by any person for administration to himself or to any persons who are members of his household but subject to the provisions of the Import and Export (Control) (Guernsey) Law 1946 as amended and the regulations made thereunder; or

(b) where it is specially imported by, or to, the order of a medicinal practitioner or dentist for administration to his patient;

provided that in either case the quantity so imported shall be no greater than that provided in the Import and Export (Control) (Guernsey) Law 1946 as amended and the regulations made thereunder and is not of commercial value.

**26.** The provisions of section 14 shall not apply to the importation or exportation of a medicinal product in such circumstances as may be specified in regulations made by the States of Guernsey.

**27.**

(1) The States of Guernsey may, by regulation, provide that section 14 shall have effect subject to such exemptions and modifications (other than those for the time being having effect by virtue of sections 20 to 26) as may be specified in regulations.

(2) Any exemption or modification conferred by regulation under subsection (1) of this section may be conferred subject to such conditions or limitations as may be specified.

(3) The States of Guernsey may, by regulation, provide that any of the provisions of sections 20 to 26 of this Law as specified in the regulation shall cease to have effect, or shall have effect subject to such exceptions or modifications as may be specified.

**28.**

(1) Subject to the provisions of this Part, no person shall in the course of a business carried on by him:-

(a) sell, supply or import any medicinal product for the purpose of a clinical trial; or

(b) procure the sale or supply of any medicinal product for the purpose of a clinical trial; or

- (c) procure the manufacture or assembly of any medicinal product for sale or supply for the purpose of a clinical trial;

unless the following conditions have been fulfilled by that person:-

- (i) that he is the holder of a marketing authorisation which authorises the clinical trial in question, or he does it to the order of the holder of such an authorisation and, in either case, he does it in accordance with that authorisation; and
  - (ii) that a certificate for the purposes of this section (referred to as a “clinical trial certificate”) has been issued certifying that, subject to the provisions of the certificate, the licensing authority has authorised the clinical trial in question and that a certificate is, for the time being, in force and the trial is carried out in accordance with that certificate.
- (2) This section shall not apply to anything which is done in a registered pharmacy or hospital by, or under, the supervision of a pharmacist in accordance with a prescription given by a medical practitioner or dentist.
  - (3) This section shall not apply to any clinical trial initiated by the Board or granted by a regulatory authority recognised by the Board.

**29.**

- (1) Subject to this Part, no person shall, in the course of a business carried on by him:-
  - (a) sell or supply any medicinal product for the purposes of a medicinal test on animals; or
  - (b) procure the sale or supply of any medicinal product for the purposes of a medicinal test on animals; or
  - (c) procure the manufacture or assembly of any medicinal product for the purposes of any medicinal test on animals;

unless the following conditions have been fulfilled by that person:-

- (i) that he is the holder of a marketing authorisation which authorises the test in question, or he does it to the order of the holder of such a authorisation and in either case, he does it in accordance with that authorisation;
- (ii) that a certificate for the purpose of this section (referred to as an “animal test certificate”) has been issued to him certifying that, subject to the provisions of the certificate, the licensing authority has authorised the test in question and that a certificate is for the time being in force and the test is carried out in accordance with that certificate.

- (2) This section shall not apply to any clinical trial initiated by the Commerce and Employment Department and notified to the Board or granted by a regulatory authority recognised by the Board

**30.**

- (1) Subject to the provisions of this section, every clinical trial certificate, or any certificate, if it has not been revoked, may, on the application of the holder of the certificate, be renewed by the licensing authority for a further period of one year from the date on which it would have otherwise expired.
- (2) The licensing authority may suspend, for such period as it may determine, a clinical trial certificate or animal test certificate, or it may revoke or vary the provisions of any such certificate.
- (3) Any clinical test certificate or animal test certificate issued by a regulatory authority recognised by the Board shall expire at the end of the date stated in such a certificate.

**31.**

- (1) Any person who contravenes any of the provisions of section 14, section 29 or section 30 of this Law shall be guilty of an offence.
- (2) Where a medicinal product is imported in contravention of section 21, section 36, or section 37 of this Law, any person who is in possession of the product, knowing or having reasonable cause to suspect that it was so imported, shall be guilty of an offence.
- (3) Any person guilty of an offence under any of the subsections of this section shall be liable on conviction to a fine and a term of imprisonment or both. (Level to be decided at final drafting).

#### **PART IV – DEALINGS IN MEDICINAL PRODUCTS**

**32.**

- (1) Subject to any exemptions conferred by or under this Part of the Law, no person shall, unless they are a person lawfully conducting a retail pharmacy business, sell or supply by retail any medicinal product unless:
  - (a) such sale is made from premises capable of being closed so as to exclude the public; and
  - (b) the medicinal product has been made up for sale or supply in a container or package elsewhere than at the place at which it is sold or supplied and the container has not been opened since the product was made up for sale or supply in it.

- (2) An Order made under section 57 of this Law may permit the sale of certain medicinal products by means of an automatic machine, subject to the container in which they are sold complying with such restrictions, as to the quantity of the medicinal product or the number of medicinal products which it contains, as may be specified in the Order.
- 33.** Subject to any exemptions conferred by or under this Part, no person shall sell or supply by retail, or offer or expose for sale or supply by retail, any medicinal product of a description or a class specified in regulations made under section 57 of this Law (hereinafter referred to as “pharmacy medicines”) unless the medicinal product is sold or supplied:-
- (a) by a person lawfully conducting a retail pharmacy business; and
  - (b) on premises which are a registered pharmacy; and personally by a pharmacist, or under the direct supervision of a pharmacist.
- 34.** The restrictions imposed by section 33 shall not apply to the sale or supply of a medicinal product:-
- (1) by a medical practitioner or dentist to a patient of his;
  - (2) by a veterinary surgeon for administration by him, or under his personal direction, to an animal or herd which is under his care;
  - (3) in the course of the business of a hospital, where the medicinal product is sold or supplied under the supervision of a pharmacist for the purpose of being administered (whether in the hospital or elsewhere) in accordance with the written directions of a medical practitioner or dentist;
  - (4) by an officer acting under the written instructions of the Board.
- 35.** The restrictions imposed by section 33 shall not apply to the sale or supply of a medicinal product of a description or class specified in regulations made under section 57 of this Law and where such medicinal product is sold or supplied by a nurse, midwife or authorised practitioner in the course of their professional practice.
- 36.**
- (1) Subject to any exemption conferred by or under this Part of the Law, no person shall :-
    - (a) possess or sell or supply by retail a medicinal product of a description or class specified in regulations made under section 57 of this Law (hereinafter referred to as “prescription only medicines”) except in accordance with a prescription given by a medical practitioner, dentist,

veterinary surgeon, an authorised practitioner, a district nurse/health visitor prescriber, or an extended formulary nurse prescriber;

- (b) administer (otherwise than to himself) any such medicinal product for human use unless he is a medical practitioner or a dentist, an extended formulary nurse prescriber, authorised practitioner or a person acting in accordance with the written directions of a medical practitioner or dentist.

(2) Subsection (1) (a) of this section shall not apply:-

- (a) to the sale or supply of such a medicinal product by a medical practitioner or dentist, who holds a dispensing licence, to a patient of his;
- (b) to the sale or supply of such a medicinal product by a veterinary surgeon, who holds a dispensing licence, for administration to an animal or herd under his care;
- (c) to the possession of such medicinal products by:-
  - (i) a person lawfully conducting a retail pharmacy business;
  - (ii) a medical practitioner or dentist;
  - (iii) an authorised practitioner or veterinary surgeon who holds a dispensing licence;
  - (iv) a person acting under the written directions of a medical practitioner, dentist, or veterinary surgeon;
  - (v) an officer acting under the written instructions of the Board.

**37.**

- (1) The States of Guernsey or in Sark the Chief Pleas of Sark may, by regulation, provide that section 32, and/or section 36 (1) of this Law, shall have effect subject to such exemptions (other than those for the time being having effect by virtue of sections 34, 35 and 36 (2) of this Law) as may be specified in the regulation.
- (2) Any exemption conferred by regulation under the preceding subsection may be conferred subject to such conditions or limitations as may be specified in the regulation.

**38.**

The States of Guernsey or in Sark the Chief Pleas of Sark may, by regulation, provide restrictions on the sale or supply of medicinal products by way of wholesale dealing.



**39.**

- (1) The States of Guernsey, or in Sark the Chief Pleas of Sark where it appears to it to be necessary to do so in the interests of safety, may by regulation prohibit the sale or supply, or importation, of medicinal products of any description, or falling within any class, specified in the regulation or (in such manner as may appear to them to be sufficient to identify the products in question) designate particular medicinal products and prohibit the sale or supply, or importation, of those particular products.
- (2) A prohibition imposed by regulation under this section may be a total prohibition or may be imposed subject to such exemptions as may be specified in the regulation.
- (3) Before making a regulation under this section, the States of Guernsey, unless in its opinion it is essential to make the regulation with immediate effect to avoid serious danger to health, shall consult the Board.

**40.**

- (1) No person shall:-
  - (a) add any substance to, or abstract any substance from, a medicinal product so as to adversely affect the composition of the product with the intention of selling or supplying the product in the changed state; or
  - (b) sell or supply, or offer or expose for sale or supply, or have in his possession for the purpose of sale or supply, any medicinal product whose composition has been adversely affected by the addition thereto or abstraction there from of any substance; or
  - (c) sell or supply any medicinal product which is not of the nature or quality demanded by the purchaser.
- (2) Subsection (1) of this section shall not be taken to have been contravened by reason only that a medicinal product contains some extraneous matter if it is proved that the presence of that matter was an inevitable consequence of the process of manufacture of the product.
- (3) Where a medicinal product is sold or supplied pursuant to a prescription given by a medical practitioner or dentist, subsections (1) and (2) shall have effect as if:-
  - (a) any reference to the “purchaser” included a reference to the person for whom the medicinal product was prescribed by a medical practitioner or dentist; and
  - (b) for the words “demanded by the purchaser” there were substituted the words “specified in the prescription”.

41. Any of the following persons may, notwithstanding the provisions of section 36 (1) (a) of this Law, have any prescription only medicine in his possession, that is to say:-

- (a) an officer of police when acting in the course of his duty;
- (b) an inspector appointed under this Law when acting in the course of his duty;
- (c) an officer of customs and excise when acting in the course of his duty;
- (d) a person engaged in the business of a carrier when acting in the course of that business;
- (e) a person engaged in the business of the Post Office when acting in the course of that business;
- (f) a person engaged in the work of a laboratory to which medicinal products have been sent for forensic examination when acting in the course of his duty.

42.

- (1) Any person who contravenes any of the following provisions of this Part of the Law, that is to say sections 32, 33, 36, and 40 or who contravenes any regulations made under sections 37 and 38, shall be guilty of an offence.
- (2) Any person guilty of an offence under subsection (1) of this section, shall be liable on conviction to a fine or to imprisonment for a term (to be decided in the final draft) or to both.

#### **PART V - CONTAINERS, PACKAGES AND IDENTIFICATIONS OF MEDICINAL PRODUCTS.**

43.

- (1) No person shall, in the course of a business carried on by him, sell or supply or have in his possession for the purpose of selling or supplying any medicinal product in a container or package which is not labelled in accordance with regulations made under section 57.
- (2) Without prejudice to subsection (1) of this section, no person shall, in the course of a business carried on by him, sell or supply, a medicinal product of any description in a container or package which is labelled or marked in such a way that the container or package:-
  - (a) falsely describes the product; or

- (b) is likely to be misleading as to the nature, efficacy or quality of the product or as to the uses or effects of medicinal products of that description.

**44.**

- (1) No person shall, in the course of a business carried on by him, supply or have in his possession for the purpose of supplying, together with medicinal products, a leaflet relating to such medicinal products which does not comply with regulations made under section 57.
- (2) Without prejudice to subsection (1) of this section, no person shall, in the course of a business carried on by him, supply together with medicinal products, or have in his possession for the purpose of so supplying, a leaflet which:-
  - (a) falsely describes the medicinal product to which it relates; or
  - (b) is likely to be misleading as to the nature, efficacy or quality of such medicinal product.

- 45.** Any person who contravenes the provisions of section 43 and section 44 of this Law shall be guilty of an offence and liable on conviction to a fine not exceeding (to be decided in the final draft).

## **PART VI – PROMOTION OF SALES OF MEDICINAL PRODUCTS**

- 46.** The States of Guernsey or in Sark the Chief Pleas of Sark may make regulations which may prohibit any issue of advertisements:-
- (a) relating to medicinal products of a description, or falling into a class, specified in the regulations;
  - (b) likely to lead to the use of any medicinal product, or any other substance or article, for the purpose of treating or preventing a disease so specified or for the purpose of diagnosis of a disease so specified or of ascertaining the existence, degree or extent of a physiological condition so specified or of permanently or temporarily preventing or otherwise interfering with the normal operation of a physiological function so specified or for the purpose of artificially inducing a condition of body or mind so specified;
  - (c) likely to lead to the use of medicinal products of a particular description or falling within a class specified in the regulations, or the use of any other substance or article of a description or class so specified for any such purpose as is mentioned in paragraph (b) of this section;

- (d) relating to medicinal products and containing a word or phrase specified in the regulations, as being a word or phrase which, in the opinion of the States of Guernsey, is likely to mislead the public as to the nature or effects of the product or as to any condition of the body or mind in connection with which the medicinal product might be used.

**47.**

- (1) In this Part “advertisement” includes every form of advertising, whether in a publication, or by the display of any notice, or by means of any catalogue, price list, letter (whether circular or addressed to a particular person) or other document, or by words inscribed on any article, or by the exhibition of a photograph or a cinematograph film or by the way of sound recording, sound broadcasting or television, electronic means, or in any other way, and any reference to the issue of an advertisement shall be construed accordingly.
- (2) Notwithstanding anything in subsection (1) of this section, “advertisement” does not include spoken words except:-
  - (a) words forming part of a sound recording or embodied in a sound-track associated with a cinematograph film;
  - (b) words broadcast by way of sound broadcasting or television or transmitted to subscribers to a diffusion service;
  - (c) anything spoken in public;
  - (d) anything produced by electronic means or in an electronic form.
- (3) Save as regulations made under section 57 may otherwise provide, for the purpose of this part of the Law, the following shall not constitute an advertisement:-
  - (a) the sale or supply, or offer or exposure for sale or supply, of a medicinal product in a labelled container or package;
  - (b) the supply, together with a medicinal product, of a leaflet relating solely to the use of the medicinal product supplied.

- 48.** Any person who contravenes the provisions of any regulations made under this part of the Law shall be guilty of an offence and shall be liable on conviction to a fine not exceeding (to be decided in the final draft).

## **PART VII PROVISIONS FOR NON-MEDICINAL PRODUCTS**

- 49.** The States of Guernsey may, by regulation, specify any description of class of articles or substances which:-

- (a) are manufactured, sold, supplied, imported or exported in a manner similar to medicinal products; or
- (b) are used as ingredients in the manufacture of medicinal products; or
- (c) if used without proper safeguards are likely to be a risk to public health or to be dangerous or injurious to animals;

and it may direct that, subject to such exceptions and modifications as may be specified, the provisions of this Law, including those relating to offences and penalties, shall have effect to such descriptions or classes of articles or substances as those provisions applying to medicinal products.

## **PART VIII – INSPECTION**

### **50.**

- (1) The Board shall, for the purposes of enforcing the provisions of this Law:-
  - (a) appoint the Chief Pharmacist as the Chief Inspector; and
  - (b) appoint such number of additional inspectors as it considers appropriate, and shall issue to them in writing or in such form as may be prescribed, certificates of authority to act as inspectors.
- (2) A person shall not be qualified for appointment as an inspector unless he is a pharmacist.
- (3) A person appointed by the Board as an inspector under this section shall hold office subject to such conditions as the Board may determine.

### **51.**

- (1) Subject to the provisions of this section, an inspector shall, at any reasonable time and on production of his certificate of authority, have a right to enter any premises:-
  - (a) for the purpose of ascertaining whether there is or has been on, or in connection with, those premises, any contravention of this Law;
  - (b) generally for the purposes of discharging his functions under this Law.
- (2) An inspector shall, at any reasonable time and on production of his certificate of authority, have a right to:-

- (a) enter any ship, aircraft or any vehicle for the purpose of ascertaining whether there is in the ship, aircraft or vehicle any substance or article imported in contravention of this Law;
- (b) enter any ship, aircraft or any vehicle for any purpose for which the inspector is authorised to enter any premises under subsection (1) of this section.
- (3) Without prejudice to subsection (1) of this section, an inspector shall, at any reasonable time and on production of his certificate of authority, have a right to enter any premises occupied by an applicant for an authorisation, licence or certificate under Part III, Part IV, or Part VIII of this Law for the purpose of verifying any statement in the application for authorisation, licence or certificate.

**52.**

- (1) For the purpose of ascertaining whether there is, or has been, a contravention of this Law, an inspector may inspect and examine:-
  - (a) any substance or article appearing to him to be a medicinal product or poison;
  - (b) any article appearing to him to be a container or package used or intended to be used to contain any medicinal product or poison or to be a label or leaflet used or intended to be used in connection with a medicinal product or poison;
  - (c) any plant or equipment appearing to him to be used or intended to be used in connection with the manufacture or assembly of medicinal products, and any process of manufacture or assembly of any medicinal products and the means employed, at any stage in the process of manufacture or assembly, for testing the materials after they have been subjected to those processes.
- (2) Where an inspector requires a sample of any substance or article appearing to him to be :-
  - (a) a medicinal product sold or supplied or intended to be sold or supplied; or
  - (b) a substance or article used or intended to be used as an ingredient in the manufacture of a medicinal product, he shall (if he does not obtain the sample by purchase) have a right to take a sample of that substance or article.
- (3) For the purposes of this section, an inspector may:-

- (a) require any person carrying on a business which consists of the manufacture, assembly, sale or supply of medicinal products, and any person employed in connection with such a business, to produce any books or documents relating to the business which are in his possession or under his control;
  - (b) take copies of, or of any entry in any book or document produced in pursuance of paragraph (a) of this subsection.
- (4) An inspector may seize and detain any substance or article which he has reasonable cause to believe to be a substance or article in relation to which, or by means of which, an offence under this Law is being or has been committed, and any document which he has reasonable cause to believe to be a document which may be required in evidence in proceedings under this Law.
- (5) In exercising the powers under this section, an inspector may, in order to secure that the provisions under this Law are observed, require any person who owns the substance or article or has authority over the substance or article which is contained in a container or package, to break open the container or package or permit the inspector to do so.
- (6) Where an inspector seizes any substance or article, including any document in pursuant to subsection (4), he shall inform of that fact the person from whom it is seized.
- (7) An inspector entering any premises, ship, aircraft or vehicle pursuant to section 50 may take with him such other persons and such equipment as may appear to him to be necessary, and on leaving any such premises, ship, aircraft or vehicle he shall, if the premises are unoccupied or the occupier, or in the case of a ship, aircraft, vehicle the master, commander or other person in charge of it, is temporarily absent, leave it as effectively secured against trespass as he found it.
- (8) Any person who :-
- (a) wilfully obstructs an inspector in the discharge of his duties; or
  - (b) wilfully fails to comply with any requirement properly made to him by an inspector; or
  - (c) without reasonable cause fails to give to the inspector any assistance or information which the inspector may reasonably require of him for the purpose of the performance of his duties under this Law;
  - (d) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding (to be decided at final draft).
- (9) If any person, in giving any such information as is mentioned in subsection (8) (c) of this section makes any statement which he knows to be false, or which he



does not believe to be true, he shall be guilty of an offence and liable on conviction to a fine not exceeding (to be decided at final draft).

- (10) Nothing in this section shall be construed as requiring a person to answer any question or give any information if to do so might incriminate that person.

**53. If any person discloses to any other person:-**

- (a) any information with respect to any manufacturing process or trade secret obtained by him in premises which he has entered pursuant to this Law; or

- (b) any information obtained by, or furnished to, him pursuant to this Law;

he shall, unless the disclosure was made in the performance of his duty, be guilty of an offence and shall be liable on conviction to a fine or a term of imprisonment or both. (Level to be decided at final drafting).

**54. An inspector shall not be personally liable in respect of any act done by him in the course of his employment and in the execution or purported execution of any duty under this Law.**

**55. Where, under this Law, an offence, which is committed by a body corporate is proved to have been committed with the consent and connivance of, or to be attributable to any neglect on the part of any director, manager, secretary or other similar officer of the body corporate or any person who was purporting to act in any such capacity, such persons and the body corporate shall jointly and severally be guilty of an offence and shall be liable to be proceeded against and punished accordingly.**

**56.**

- (1) Any person who is guilty of an offence under this Law for which a specific penalty has not been provided shall be liable on conviction to a fine or a term of imprisonment or both. (To be decided at the final draft).
- (2) Upon conviction of any person for an offence under this Law, the Court may in addition to any other penalty imposed, declare any substance or article seized and detained by an inspector and found to have been used in, or in connection with the commission of that offence, to be forfeited, and may order it to be destroyed or otherwise disposed of without compensation.

## **PART IX – MISCELLANEOUS and SUPPLEMENTARY PROVISIONS**

**57. The States of Guernsey may, on the advice of the Board, make regulations for carrying out or giving effect to the provisions of this Law and, without prejudice to the generality of the forgoing, such regulations may:-**

- (a) specify such States whose authorisations for marketing medicinal products are accepted within the Islands;
- (b) specify descriptions or classes of medicinal products or any articles or substances required to be specified under this Law together with any conditions or exemptions;
- (c) control, regulate, or prohibit the sale or supply, possession, export or import of any medicinal products or any article or substance of any specified description or class;
- (d) provide for the manner in which containers and packages of medicinal products may be labelled;
- (e) provide for the manner in which medicinal products may be advertised and the manner in which leaflets relating to the advertising of medicinal products may be made;
- (f) prescribe such requirements as may be necessary with respect to:-
  - (i) the manner in which, or persons under whose supervision, medicinal products may be prepared or dispensed;
  - (ii) the amount of space to be provided in any premises for persons preparing or dispensing medicinal products, the separation of any such space from the remainder of the premises and the facilities to be provided in any premises for such persons;
  - (iii) the accommodation to be provided in any premises for the sale or supply of medicinal products;
  - (iv) the accommodation to be provided in any premises for members of the public to whom medicinal products are sold or supplied or for whom medicinal products are prepared, dispensed or assembled;
  - (v) the amount of space to be provided for, and the conditions under which medicinal products are stored;
  - (vi) the safekeeping of medicinal products;
  - (vii) the disposal of medicinal products;
  - (viii) precautions to be observed before medicinal products are sold or supplied;

- (ix) the keeping of records relating to the sale or supply of medicinal products;
- (x) the supply of medicinal products distributed as samples;
- (xi) sanitation, cleanliness, temperature, humidity or other factors relating to the conditions pertaining in any premises where medicinal products or poisons are manufactured, assembled, prepared, dispensed or stored and in any premises from where medicinal products or poisons are sold or supplied;
- (g) prescribe forms of any applications, notices, licences, certificates and any other documents required to be prescribed under this Law;
- (h) prescribe forms of any register, book or record to be kept for the purposes of this Law;
- (i) prescribe the fees to be payable upon application for any licence or certificate or for renewal of any licence certificate required under this Law;
- (j) prescribe anything to be prescribed under this Law.

**58.**

- (1) The Poisons and Pharmacy Ordinance 1970 is hereby repealed.
- (2) Any subsidiary legislation made under the Poisons and Pharmacy Law 1970 in force immediately before the commencement of this Law: -
  - (a) shall remain in force unless in conflict with this Law and be deemed to be subsidiary legislation made under this Law;
  - (b) may be replaced, amended or repealed by subsidiary legislation made under this Law.

**(NB The Policy Council supports the proposals)**

**(NB The Treasury and Resources Department has no comment on the proposals)**

The States are asked to decide:)

XIV.- Whether, after consideration of the Report dated 12<sup>th</sup> August, 2004, of the Health and Social Services Department, they are of the opinion:-

1. To approve
  - (a) the regulation of the manufacturing, supply, import, export, labelling and prescribing of medicines as detailed in paragraph 6.6 of that Report;
  - (b) the appointment of a Chief Inspector and the inspection of any premises where medicines are or may be held as detailed in paragraph 6.4 of that Report;
  - (c) the requirement that each retail pharmacy appoint a Superintendent Pharmacist, as detailed in paragraph 6.5 of that Report;
  - (d) the issuing of licences for the purposes of manufacturing, wholesale dealing, selling or supplying of medicines as detailed in paragraph 6.8 of that report;
  - (e) the regulation of the promotion of medicines as detailed in paragraph 6.9 of that Report; and
  - (f) the control of substances similar to medicinal products as detailed in paragraph 6.10 of that Report.
2. To direct the preparation of such legislation as may be necessary to give effect to their above decisions.

## SOCIAL SECURITY DEPARTMENT

### BENEFIT AND CONTRIBUTION RATES FOR 2005

The Chief Minister  
Policy Council  
Sir Charles Frossard House  
La Charroterie  
St Peter Port

12<sup>th</sup> August 2004

Dear Sir

1. This report is in five parts:

Part I      ***Social insurance***

recommends increases in the rates of social insurance benefits from 3 January 2005 including a further strengthening in the rate of single pension, recommends increases in the contribution lower and upper limits and sets out the effect of these changes on the finances of the social insurance scheme;

Part II      ***Health Benefits***

reports on the pharmaceutical service, recommends an increase in the prescription charge and comments on the medical consultation grants;

Part III     ***Long-term care insurance***

comments on the scheme's operation and recommends increases in the standard co-payment and benefit rates to take effect from 3 January 2005;

Part IV     ***Non-contributory services***

recommends increases in supplementary benefit and public assistance requirement rates from 7 January 2005, recommends an increase in the benefit limitations and recommends a winter allowance for heating;

recommends an increase in family allowance from 4 January 2005;

recommends an increase in the rates of attendance and invalid care allowances from 3 January 2005;

comments on the free TV licence scheme;

Part V      ***Recommendations***

sets out a summary of the Department's recommendations.

***Introduction***

2. The Department has undertaken its annual review of the social security and health benefits paid under the various schemes for which it is responsible and, with the exception of medical benefit grants, will recommend increases in all benefit rates.
3. Guernsey continues to enjoy near full employment, with only 73 people registered as wholly unemployed at the end of June 2004. This represents just 0.25 % of the working population.
4. Despite this very favourable economic statistic, the Department has become increasingly concerned by unemployment among teenagers and other young adults, some of whom do not register as unemployed. These young people are forming a small, but significant group of disaffected Guernsey residents and while some will undoubtedly find work and improve their circumstances, for others the prospects are worrying.
5. Also standing at odds with the general indicators of prosperity in Guernsey, is the level of relative poverty identified in 2002 by the Townsend Centre for International Poverty Research. This is now being addressed on several fronts by the Corporate Anti Poverty Programme, approved by the States in November 2003. Within that programme, the Social Security Department has a lead responsibility for Action Area A, which includes ensuring that tax and benefit systems work in an integrated way to support those vulnerable to relative poverty. Some of the issues concerning disaffected young people are being addressed under Action Area B of the programme, under the joint lead of the Education Department and Commerce and Employment Department. The Social Security Department will also be contributing to that Action Area.

**PART I**  
**SOCIAL INSURANCE**

***Benefit Rates***

6. Having regard to the income and expenditure for 2003 and the projections of income and expenditure for 2004 and 2005, the Department recommends increases in the rates of social insurance benefits, to take effect from 3 January 2005.
7. The Department will recommend increases in the contributory, social insurance benefits which are a little above the 4.5% current rate of increase in the Guernsey Retail Prices Index. This year, the recommendation is for general increases of around 4.7%, but with an increase of 7% in the case of single pensioners for reasons explained in the paragraphs that follow.

8. It is the Department's policy that, over the medium and long term, the rates of old age pension, and other contributory benefits should increase by some point between the increase in RPI and the increase in average earnings. Having stated that aim, it should be noted that benefit increases recommended by the Department each year depend both on current circumstances and the longer-term liabilities of the Fund. The Department is mindful of the need to balance its desire for real increases in benefit rates against rates of contributions that are affordable now and in the future for persons paying into the Fund.
9. The Townsend Centre's Survey of Guernsey Living Standards reported that, whereas only 5% of pensioner couples were poor, an alarming 43% of single pensioners were poor. The Department is resolved to improve this unacceptable situation.
10. The reasons for the striking contrast between the fortunes of the pensioner couples and the single pensioners were discussed in the Department's 2002 benefit uprating policy letter (Billet d'Etat XX of 2002) and will not be repeated in full here. The reasons include the fact that single pensioners tend to be the older pensioners, often being the surviving spouse of a married couple, and savings may well have been used up with the passage of time. Another reason why single pensioners may be poor is connected with the saying that 'two can live as cheaply as one' meaning that two pensioners under the same roof will have one house to maintain or pay rent on, one house to heat and so on.

***Further strengthening of single pension***

11. As a measure to address single pensioner poverty, the Department has embarked on a strategy of rebalancing the level of the single pension relative to the married woman's pension paid on the insurance record of the husband. In approving the Department's proposals in September 2002 and in September 2003, the States approved increases of 7.5% each year in the single pension rate and just 1.0% on the married woman's pension. Over the two years, this strategy has provided a substantial increase for single pensioners, where it is clearly needed. The combination of the relatively large increase in the single pension and the minimal increase in the pension for a married woman based on her husband's record has meant that the married pensioner couple have had an overall pension increase of around 5% per year for both 2003 and 2004.
12. Importantly, the strengthening of the single pension results in an improved pension for the majority of married women on the death of their husband. This is because a married woman pensioner will transfer to her late husband's level of old-age pension if it is better than her own rate. This provision also became available to male pensioners from January 2004, on the coming into force of the legislation for gender equality in the social insurance scheme (Billet d'Etat V of 2003).
13. The Department recommends one further year of applying this strategy. The Department recommends an increase of 7% in the single old age pension, but just 1.4% for the married woman's pension. For a pensioner couple this will give



a combined increase of 5%. This will add £9.00 per week to the full rate single pension, will add just £1.00 per week to the married woman's pension and will mean a £10.00 per week increase for a pensioner couple on full rate pension.

14. If the Department's proposals are approved, this will mean that the single pension, at £139.00 becomes 66% of the combined amount for a married couple. This is a further movement towards the figure of 70%, which the Department considers to be the ideal proportion, based on references quoted in the Townsend report. But the Department has informed the States, since this strategy commenced two years ago, that there are major cost implications in the strengthening of the single pension, as there are many more single pensioners than married couple pensioners. The Department has previously advised that attaining a single pension rate of 70% of the combined married couple rate may not be sustainable.

#### **Five-year review by Government Actuary's Department**

15. In addition to providing annual, short-term estimates of the impact on benefit and contribution changes on the Guernsey Insurance Fund, the Government Actuary's Department undertakes major five-yearly reviews of the financial condition of the Guernsey Insurance Fund. This includes the adequacy or otherwise of contributions to support the benefits payable under the scheme. The report includes projections up to 60 years ahead.
16. The latest review, covering the period 1999 to 2003, is currently being undertaken. The Department expects to receive the report by the end of September 2004. In accordance with the Social Insurance Law, the report will be presented to the States before the end of the year as an appendix to a Billet d'Etat.
17. This latest actuarial report will be particularly interesting because it will show the long-term effects and affordability of the recent strategy of boosting the rate of the single pension. It will also show the effects of the major reforms of the social insurance scheme which took effect from 1 January 2004. These reforms were, broadly, an individualisation of rights and responsibilities under the scheme and achievement of gender neutrality in the provisions.
18. The first real signs of the so called 'demographic time bomb' are starting to appear in the finances of the social insurance scheme. It has long been known that the worsening coverage ratio of workers to pensioners accelerates sharply from around 2010. That acceleration is already starting to build. The financial accounts for 2004 showed expenditure of £50.09m on old age pension, being 8.5% up on the figure of £46.18m. While most of the increased expenditure resulted from the benefit uprating strategy, a 2.6% increase in the number of Guernsey pensions paid worldwide, from 12,360 to 12,687, had a significant impact.

19. Increasing old age-pension expenditure, by reasons of demography alone, will increase pressure on the financing of the social insurance scheme. The impact that this will have on contribution rates will depend on decisions on matters that are within the control of the States, including the benefit uprating strategies and the extent to which income and capital belonging to the Guernsey Insurance Fund is used to moderate the impact on contributors.
20. As others have written, one small comfort is that there is not really a demographic time bomb in the sense of a catastrophic explosion. It is a very visible and predictable shift in the balance of the population profile to a new equilibrium. If the various assumptions made by the Government Actuary's Department hold true, then the deteriorating ratio of contributors to pensioners will reach its worse point by around 2040 and will stabilise thereafter.
21. The foregoing few paragraphs have been included largely for the information of new members of the States and in order to expand on the context in which the benefit uprating proposals are to be considered.
22. Returning to the short-term context, the Department recommends increases in the contributory benefits, from 3 January 2005, as set out below:

<b>Long-term benefits</b>	<b>Consolidated 2005 rates</b>	<b>Transitional 2004 rates</b>	<b>(2004 rates)</b>
Old age Pension -			
Insured person	£139.00		(£130.00)
Increase for dependant wife or pension for wife over 65 (marriages pre 01-01-04)	<u>£71.00</u> £210.00		<u>(£70.00)</u> (£200.00)
Widow's/Survivor's Benefits -			
Widowed Parent's Allowance*	£148.00		(£141.25)
Widow's Pension/Bereavement Allowance	£127.00		(£121.25)
Industrial Disablement Benefit -			
100% disabled	£113.00		(£108.00)
<b>Short-term benefits</b>			
Unemployment, Sickness and Industrial Injury Benefit -			
Insured person	£103.74		(£99.00)
Invalidity Benefit -			
Insured Person	£126.00	£101.30	(£120.00)
Dependant Wife	n/a	<u>£48.90</u>	
		£150.20	
Maternity Allowance	£103.74		(£99.00)

These rates of weekly benefit apply to persons who have fully satisfied the contribution conditions. Reduced rates of benefit will be increased proportionately.

***Bereavement payment***

23. Full rate bereavement payment, being a one-off payment to a surviving spouse based on the insurance record of the late spouse, is currently £1,220. The Department recommends that this be increased to £1,280 from 3 January 2005. Reduced rates of grant will be paid in respect of incomplete contribution records. Until 31 December 2003, this benefit was only payable in respect of deaths under pension age. As part of the social insurance reforms, the age limitation was removed, opening up many more claims and providing another positive measure to help alleviate single pensioner poverty.

***Maternity grant***

24. Maternity grant is at present £248.00. The benefit does not carry contribution conditions, other than the mother-to-be being an insured person and ordinarily resident in Guernsey or Alderney. Maternity grant is an alternative, not an addition, to the contribution-based maternity allowance. The Department recommends that maternity grant be increased to £260.00 from 3 January 2005.

***Death grant***

25. Death grant is at present £385.00, where the contribution conditions are fully met. The Department recommends that the benefit be increased to £403.00 from 3 January 2005. This amount of the grant will be reduced for incomplete contribution records.

***Social insurance contributions***

26. The Department is able to recommend the above increases in social insurance benefits without increasing the percentage rates of contributions payable by employed, self-employed and non-employed persons for those benefits. The Department will, however, recommend increases in the upper and lower earnings or income limits, within which contributions are paid.
27. The percentage contribution rates for 2005, which are unchanged, are shown below for reference:

<b>Contribution rates for employed persons</b>	
Employer	5.5%
Employee	6.0%
Total	11.5%

<b>Contribution rates for self-employed persons</b>	10.5%
---	-------

<b>Contribution rates for non-employed persons under 65</b>	9.9%
---	------

<b>Contribution rates for non-employed persons over 65</b>	<b>2.6%</b>
--	-------------

*Upper earnings limit for employed persons*

28. The Department recommends that the upper earnings limit be increased from 1 January 2005 from £621 per week to £660 per week in the case of the weekly paid (or £2,860 per month in the case of employed persons paid less frequently than once a week).
29. The effect of the proposed new upper earnings limit on persons who pay a contribution at the upper earnings limit is as follows:

**2005 contributions (2004 in brackets)**

Weekly Earnings	Contributions		
	Employer	Employee	Total
	5.5%	6.0%	11.5%
Upper Earnings Limit			
£660 or more	£36.30	£39.60	£75.90
(£621)	(£34.15)	(£37.26)	(£71.41)

*Lower earnings limit for employed persons*

30. The Department proposes to increase the lower earnings limit from £87 per week to £93 per week. The corresponding monthly limit would be £403.
31. The effect of the above changes on a contribution at the lower earnings limit is as follows:

**2005 contributions (2004 in brackets)**

Weekly Earnings	Contributions per week		
	Employer	Employee	Total
	5.5%	6.0%	11.5%
Lower Earnings Limit			
£93	£5.11	£5.58	£10.69
(£87)	(£4.78)	(£5.22)	(£10.00)

*Upper earnings limit for self-employed persons*

32. The proposed increase in the upper weekly earnings limit from £621 to £660 would mean that the upper annual earnings limit for self-employed persons in 2004 would be increased from £32,292 to £34,320 (£660 x 52).
33. The effect of the proposed new upper earnings limit on self-employed persons who pay a contribution at the upper earnings limit is as follows:-

**2005 contributions (2004 in brackets)**

<b>Annual earnings from self-employment</b>	<b>Contributions per week</b>
	10.5%
£34,320 or more	£69.30
(£32,292 or more)	(£65.20)

34. Self-employed persons who have applied to pay earnings related contributions, and whose earned income from self-employment was less than £34,320 per year, will pay less than the maximum contribution.
35. The proposed increase in the lower earnings limit from £87 to £93 per week would mean that the lower annual earnings limit for self-employed persons in 2005 would be increased from £4,524 to £4,836 (£93 x 52). The minimum self-employed (Class 2) contribution in 2005 would be £9.76 per week (£9.13 in 2004).

***Upper income limit for non-employed persons***

36. As with the self-employed, non-employed contributors are liable to pay non-employed, Class 3 contributions, at the maximum rate unless application is made to the Department and authorisation given for the release of the relevant information by the Income Tax Department. This allows an income-related contribution to be calculated
37. There are three main categories of non-employed contributions:
- (i) Full percentage rate contributions to cover social insurance, health service and long-term care insurance liabilities. This is the rate of contribution that all non-employed adults under the age of 60 will be liable to pay, based on their income, from 1 January 2005;
  - (ii) Health service and long-term care insurance contributions. These contributions go towards funding the pharmaceutical service, the medical consultation grants, the specialist health insurance scheme and the long-term care insurance scheme. This is the rate of contribution that a non-employed person between the age of 60 and 65 can opt to pay, based on their income. This option is usually taken by non-employed persons approaching 65 who have already maximised their contribution records for old age pension;
  - (iii) Specialist health insurance and long-term care insurance contributions. These contributions, which are payable by persons aged 65 or over, go towards funding the specialist health insurance scheme and the long-term care insurance scheme.
38. The proposed increase in the upper earnings limit will mean that the upper income limit for non-employed contributions will also increase to £34,320 per year.

39. The Department recommends that the lower income figure at which non-employed contributions become payable be increased from £11,310 per year to £11,989 per year from 1 January 2005.
40. The table shows the minimum and maximum weekly contributions payable in 2005 by non-employed persons. People with income at some point between the upper and lower limits will pay pro-rata.

**2005 contributions (2004 in brackets)**

<b>Contributions for non-employed persons</b>			
<b>Annual Income</b>	<b>Full rate (under 65)</b>	<b>Health service and long-term care only(60 to 65 optional)</b>	<b>Specialist health and long-term care only (over 65)</b>
	9.9%	4.2%	2.6%
	<b>Weekly contribution</b>		
Less than £11,989	Zero	zero	zero
(less than £11,310)	(zero)	(zero)	(zero)
£11,989	£22.82	£9.68	£5.99
(£11,310)	(£21.53)	(£9.13)	(£5.65)
£32,292	£65.34	£27.72	£17.16
(£30,732)	(£61.48)	(£26.08)	(£16.15)

***Voluntary contributions***

41. As shown above, where a non-employed person's annual income is below £11,989 that person will be exempted from the payment of contributions. However, this could affect old age pension entitlement.
42. As part of the gender equality reforms and the individualisation of insurance records which took effect from 1 January 2004, the Department introduced a more affordable voluntary contribution. The voluntary contribution can be paid by or on behalf of non-employed people, resident in Guernsey and under pension age, with personal income below the lower income limit, which is proposed as £11,989 in 2005.
43. The Department notes that some 370 people have opted to pay the voluntary non-employed contribution.
44. The voluntary contribution in 2004 is £12.40 per week. The rate is calculated by applying the social insurance contribution rate of 5.7% (not including health and long-term care) to the lower income limit. With a proposed lower income limit of £11,989 per annum in 2005, the voluntary contribution will increase to £13.14 per week.



***Special (minimum) rate Class 3 contributions***

45. A special rate non-employed contribution is payable by insured persons who would normally rely upon employed contributor's employment for their livelihood, but have a small gap in their record where they were neither employed nor receiving an unemployment credit. The Law provides that this special contribution shall be set at a percentage of what is now the voluntary contribution. With the introduction of the lower rate voluntary contribution from 1 January 2004, the special rate Class 3 contribution, for simplicity, was aligned with the voluntary contribution. Accordingly, the Department recommends that the special rate Class 3 contribution should also be £13.14 per week in 2005 and shall continue to be 100% of the voluntary contribution.

***Income and expenditure on Guernsey Insurance Fund***

46. In the following paragraphs, contribution income and States Grant from general revenue refer only to the Guernsey Insurance Fund. Revenues for the Guernsey Health Service Fund and the Long-term Care Insurance Fund are reported later in this report.
47. The Guernsey Insurance Fund accounts for 2003 show income from contributions of £46.46m and from the States' Grant of £26.47m, giving a total income of £72.93m, before taking investment income into account. Total benefit expenditure and administration amounted to £63.50m, producing an operating surplus of £9.43m for the year. The operating surplus was transferred to the Guernsey Insurance Fund reserve for provision against the future long-term liabilities as touched on in paragraphs 18 to 20 of this report.
48. The estimated results for 2004 and 2005 will, as always, be influenced by the benefit expenditure, the amounts by which contribution income increases and the level of the States' Grant to the Fund.

***Reduced States Grant to Guernsey Insurance Fund***

49. Since the financing of the social insurance scheme changed from flat-rate stamps to earnings related contributions, in 1979, a grant equal to 57% of contribution receipts had been paid into the Guernsey Insurance Fund from general revenue. This is for the purpose of supplementing the contributions of persons who pay contributions at less than the maximum (support) rate.
50. In September 2003 (Billet d'Etat XXI of 2003), the Social Security Authority reported that the UK Government Actuary's Department had reviewed the level of the States grant. The Government Actuary's Department had advised that, owing to an increasing proportion of workers paying contributions at the upper earnings limit, the amount of the States grant should be reduced to equal 50% of contribution receipts, if its share in the financing is to be limited to its original purpose and no more. The States resolved that the grant should be so reduced and the necessary legislative changes took effect from 1 January 2004.



51. It is estimated that contribution income in 2004 will be £50.9m, resulting in a 50% States grant amounting to £25.5m. This is a reduction of £3.6m on the grant that would have been paid had the percentage not been reduced.
52. On the basis of assumptions of wage and salary increases and the increases in benefits proposed in this report, the removal of the option to pay reduced rate contributions and the proposed reduction in the States Grant it is estimated that:
  - (1) there will be a surplus in 2004 in the order of £7.8m; and
  - (2) there will be a surplus in 2005 in the order of £7.0m.

## PART II

### HEALTH SERVICE BENEFITS

53. The health service benefits, costing £24.97m in 2003, were financed by £19.73m from contributions allocated to the Health Service Fund and £7.89m from the States' Grant from general revenue. There was an operating surplus of £2.65m for the year.

#### *Medical Benefit Grants*

54. The total benefit expenditure on consultation grants in 2003 was £2.16m. This was 2.5% above the previous year.
55. The consultation grants had remained unchanged, at £8 per doctor consultation and £4 per nurse consultation, since their introduction in 1991. On 25 September 2003 (Billet d'Etat XXI of 2003) the States approved a recommendation from the Social Security Authority that the consultation grants should be increased to £12 and £6, respectively, on condition that the headline consultation fees charged by the doctors should be set by independent review. The consultation fees were to be applied to all patients in Guernsey, not just those whose fees were met by the States.
56. With the co-operation of the medical profession, the independent review was duly undertaken by a panel comprised of Professor Frank Burchill, Professor Alistair Dow and Mr Hugh Donaldson. The panel recommended a headline consultation fee of £35.50 to apply in 2004 and for this to be increased by RPI for 2005 and 2006.
57. The Department is content with the outcome of the consultation fee review and is pleased that the three year agreement will provide some price-stability to patients and to friendly societies and health insurers as well as to the States.
58. The increased expenditure on the medical consultation grants in 2004 and beyond will, of course, be very significant as the grants have increased by 50% in value. This will remove £1m from the annual operating surplus before taking into account any growth in the numbers of grants or the other pressures on the

Health Service Fund from pharmaceutical expenditure and the specialist health insurance scheme.

***Pharmaceutical Service***

59. Prescription drugs cost a total of £13.37m in 2003, before netting off the prescription charges paid by patients. This was an increase of 7.5% over the previous year, compared with an increase of 3.9% in the Guernsey RPI.
60. Partly driving the increased drug costs is the inexorable rise in the number of items being prescribed and dispensed. Prescription items were up by 5.3% in 2003, crossing the million mark with 1,048,650 items being prescribed.
61. The total cost of drugs to the Health Service Fund in 2003 was reduced by approximately £1,109,000 collected in prescription charges.

***White- list of approved drugs***

62. The cost of the pharmaceutical service remains a great concern to the Department. After trying a variety of measures over the years to applying a downward pressure on costs, it became clear to the Social Security Department that a fundamental reform of the scheme was called for.
63. On 25 June 2003 (Billet d'Etat XIII of 2003) the States approved recommendations from the Guernsey Social Security Authority for the implementation of a limited list (whitelist) of drugs and medicines that may be prescribed at the expense of the pharmaceutical service. The limited list is now in place, the necessary legislation having come into effect at the beginning of March 2004.
64. By agreement with the medical profession, the limited list is a long list, including all drugs that appeared in the September 2001 British National Formulary, subject to a very small number of local modifications that have occurred since its publication. The effects of the white-list will be incremental as no newly marketed drug will be added to the list without scrutiny of its merits by the Pharmaceutical Benefit Advisory Committee. This is a committee of Guernsey professionals, including doctors and pharmacists.
65. The gatekeeper role which the Pharmaceutical Benefit Advisory Committee fulfils is already having an effect as not all applications by doctors for inclusion of newly marketed drugs are approved by the Committee for positive recommendation to the Department. Furthermore, these rejected applications refer to where an application has been made by a doctor. There are many other new products coming onto the market where no doctor makes a recommendation to the Pharmaceutical Benefit Advisory Committee for inclusion.
66. The Department wishes to make clear that it has no intention of excluding from the pharmaceutical service new products which give a clear treatment advantage to patients. The Department wishes to maintain and improve the wonderful service that the pharmaceutical service has offered to Guernsey and Alderney

residents over the last 30 years. But the Department does wish to ensure that these substantial funds are applied to cost effective prescribing.

67. The introduction of the limited list is by no means the end of the story. The Department, in cooperation with the Health and Social Services Department and the jointly constituted Prescribing Support Unit will be applying increased attention to the serious issue of drug wastage. A 1% reduction in the drugs bill would save £134,000.

#### ***Prescription charge***

68. The prescription charge for 2004 is £2.30 per item. For a number of years the States have approved annual increases of 10p in the charge. The Department recommends the same increase this year, with a charge of £2.40 per item effective from 1 January 2005.

#### ***Specialist Health Insurance Scheme***

69. 2003 was the first year of the new, 15 year contracts with the Medical Specialist Group and the Guernsey Physiotherapy Group. The cost of the specialist health insurance scheme was £9.48m in 2003. After netting off a recovery of £69,000 from the Board of Health in respect of reciprocal health expenditure for visitors, the cost to the Health Service Fund was £9.41m.

### **PART III LONG-TERM CARE INSURANCE**

70. The long-term care insurance scheme started on 1 January 2003, with the collection of contributions to a newly created fund called the Long-term Care Insurance Fund. The first benefits were paid from 7 April 2003.
71. Contribution income to the Long-term Care Insurance Fund was £10.20m in 2003. This was supplemented by a States grant equal to 12% of contribution receipts, in the amount of £1.22m. Benefit expenditure for the nine months from April to December amounted to £5.33m and administration expenditure was £106,000.
72. The foregoing income and expenditure resulted in a first year operating surplus of £5.98m for the year. This level of surplus was extraordinary, owing to there being 12 months of income but only nine months of expenditure. This start-up situation will not be repeated. However, the surplus also reflects the strategy which the Social Security Authority recommended to the States, when the scheme was being designed, of having a contribution rate of 1.4%, which should hold good for a minimum of 15 years, assuming no fundamental change in the range of benefits. This strategy involves a degree of front-loading of contributions in order to accumulate some reserves as well as pay current benefits.
73. The Department considers that the long-term care insurance scheme has got off to a good start. At the end of 2003, the Fund was assisting 306 people in

residential homes and 112 people in nursing homes. Furthermore, some 320 residents and patients of the States-run long-term care homes are having the benefit of a much simplified and reduced charging system. The standard charge in the States-run homes is the same as the co-payment in the private sector homes.

***Co-payment by person in care***

74. It is a condition of entitlement to benefit under the long-term care insurance scheme that the person in care should make a co-payment. The 2004 co-payment is £126 per week. The Department recommends a co-payment of £133 per week in 2005.
75. As referred to above, it should be noted that the co-payment to the long-term care insurance scheme also sets the level of fee to be charged for accommodation in the States-run homes including the Castel and King Edward VII hospitals, the Maison Maritaine and the Longue Rue House as well as the long-stay beds in the Mignot Memorial Hospital, Alderney.

***Nursing care benefit***

76. Nursing care benefit is currently up to £539 per week. The Department recommends that it should be increased to up to £560 per week from 3 January 2005.

***Residential care benefit***

77. Residential care benefit is currently up to £290.50 per week. The Department recommends that it should be increased to up to £301 per week from 3 January 2005.

***Respite care benefits***

78. Persons needing respite care in private sector residential or nursing homes are not required to pay a co-payment. The long-term care fund pays instead. This is to acknowledge the value of occasional investment in respite care in order to allow the person concerned to remain in their own home as long as practicable. It also acknowledges that persons having respite care also continue to bear the majority of their own household expenditure. The respite care benefits, therefore, are the sum of the co-payment and the residential care benefit or nursing care benefit, as appropriate. The Department, therefore, recommends a nursing care respite benefit of up to £693 per week and a residential care respite benefit of up to £434 per week from 3 January 2005.

## **PART IV**

### **NON-CONTRIBUTORY SERVICES FUNDED FROM GENERAL REVENUE**

79. In consequence of the restructured machinery of government, the responsibilities of the Public Assistance Authority in respect of public assistance have been transferred to the Social Security Department. Included in those responsibilities

is that of recommending to the States the annual revision of public assistance benefit rates.

80. For several years now, following agreement between the Social Security Authority and the Public Assistance Authority, the requirement rates for public assistance have been identical to the requirement rates for short-term supplementary benefit, that is for claims of less than six months duration. Over the same period, the benefit limitations have been maintained at the same level. This consistency is both sensible and fair. It makes very simple the inclusion of the public assistance recommendations into this annual benefit uprating report of the Social Security Department.
81. There is an inconsistency between the supplementary benefit and public assistance schemes in the area of winter fuel allowances and a rationalisation is recommended in paragraph 91 of this report.
82. For the non-contributory benefits contained in this Part of the report, and which are funded entirely from general revenue, the Department recommends general increases of approximately 4.7%. An increase of approximately 7.0%, however, is recommended in the supplementary benefit and public assistance requirement rates for single householders. This will further increase the single householder benefit rate to 69% of the married couple rate. This is a continuation of the strategy responding to the findings of the Townsend Centre on poverty in Guernsey.

***Supplementary benefit and public assistance rates***

83. The Department recommends increases in long-term supplementary benefit and short-term supplementary benefit and public assistance rates from January 2005, as shown below.

**2005 rates (2004 in brackets)**

(a)

<b>Long-term supplementary benefit (after payment of short-term rates for 6 months)</b>		
Married couple	£179.90	(£171.75)
Single householder	£124.15	(£115.95)
Non-householder	£96.35	(£92.00)
Member of a household -		
16 or over	£81.65	(£77.95)
12 - 15	£50.50	(£48.20)
5 - 11	£36.60	(£34.95)
Under 5	£27.05	(£25.80)



(b)

<b>Short-term supplementary benefit and public assistance rates</b>		
Married couple	£145.40	(£138.80)
Single householder	£100.35	(£93.70)
Non-householder	£76.90	(£73.60)
Member of a household -		
16 or over	£65.30	(£62.35)
12 - 15	£40.40	(£38.55)
5 - 11	£29.30	(£27.95)
Under 5	£21.65	(£20.65)

A rent allowance, on top of the above short-term or long-term rates, will apply to people living in rented accommodation.

***Benefit limitation- community***

84. The benefit limitation, currently £263 per week, is the maximum level allowed for the combination of supplementary benefit or public assistance and income from other sources, excluding family allowances. The Department recommends an increase in line with the general increase in benefits, taking the benefit limitation to £275 per week from 7 January 2005.

***Benefit limitation- residential homes***

85. Notwithstanding the introduction of the long-term care insurance scheme, there needs to remain a benefit limitation applicable to a person residing in a residential home who does not satisfy the residence requirements for that benefit. The benefit limitation is currently £363.00 per week. The Department recommends an increase to £380 per week from 7 January 2005.

***Benefit limitation- nursing homes and Guernsey Cheshire Home***

86. Being necessary for the reason explained above, the Department recommends that the benefit limitation applicable to a person residing in a nursing home or the Guernsey Cheshire Home be increased from £522.00 per week to £547.00 per week from 7 January 2005.

***Personal Allowance for residents of residential or nursing homes***

87. The amount of the personal allowance for supplementary beneficiaries in residential or nursing homes is currently £20.00 per week. It is intended to allow modest purchases of, say, newspapers, confectionery, toiletries, small family presents and so on. The Department recommends that the personal allowance be increased to £21.00 per week from 7 January 2005.

***Supplementary Fuel Allowance and Winter Fuel Allowance***

88. A supplementary fuel allowance is paid from general revenue, for 31 weeks from late October to late May, to supplementary beneficiaries who are householders. The fuel allowance was £14 per week for the 2003 to 2004 period.
89. A winter fuel allowance is similarly paid from general revenue, but for the lesser period of 21 weeks between November and March, to persons in receipt of public assistance, at the discretion of the Relieving Official. The winter fuel allowance was £14 per week for the 2003 to 2004 period.
90. Both of the above allowances are given effect simply by annual Resolution of the States and are not embodied in legislation. The Department observes that there can be no good reason for having these substantially different terms of the fuel allowances and will recommend a rationalisation. The Department also observes that the extension of the supplementary benefit fuel allowance as far as late May is probably a little longer than necessary.
91. The Department recommends that the supplementary fuel allowances for supplementary benefit householders and for public assistance claimants at the discretion of the Relieving Official, should be paid for 27 weeks from the last week in October until the last week in April of the year following.
92. As regards the amount of the fuel allowances, the Department notes that between June 2003 and June 2004, the price of fuel light and power increased by 3.2%. There was variation in the price movements of different fuels, with oil having risen sharply and coal also having risen, but to a lesser extent. Gas prices had fallen slightly and electricity had remained stable. In these circumstances, the Department recommends that the 2003/2004 fuel allowance of £14.00 per week should be increased to £14.50 per week.
93. It is estimated that the fuel supplement will cost £411,000 over the 27 weeks for supplementary beneficiaries and £8,000 for persons receiving public assistance.

***Cost of Supplementary Benefit***

94. Benefit expenditure on the supplementary benefit scheme was £9.00m in 2003. The budget for 2004 is £9.63m which includes an additional benefit week, there being 53 Fridays in 2004. In 2005, responsibility for the funding of off-island social rehabilitation placements will transfer from the Social Security Department to the Health and Social Services Department. This will carry with it a budget transfer of £700,000. After taking account of the proposed increases in the contributory benefit rates, which produce a saving on supplementary benefit expenditure, the proposed increases in supplementary benefit rates and the transfer of off-island referral funding, it is estimated that the supplementary benefit expenditure will decrease in 2005 by £420,000 to £9.21m.



*Cost of Public Assistance*

95. Benefit expenditure on public assistance was £0.36m in 2003. The budget for 2004 is £0.51m. It is estimated that the Department's proposals would increase the expenditure on public assistance in 2005 by £23,000 to £0.53m.

*Family Allowances*

96. Family allowances expenditure amounted to £7.11m in 2003. The allowance is paid at the rate of £11.75 per week per child. The budget for 2004 is £7.55m. The Department recommends that the allowance be increased to £12.25 per week for 2005. It is estimated that this will increase the expenditure on family allowances in 2005 by £197,000 to £7.74m.
97. One of the areas to be investigated under Action Area A of the Corporate Anti Poverty Programme is the idea of moving away from the universal scheme of family allowances to a scheme which is income-related. This was described in outline in the Townsend Report as 'Increased Family Allowance with tax clawback', the concept being that substantially higher rates of family allowance would be paid out to all families, as now, but there would be a taxing back of the benefit ranging from a 0% clawback for low-income families to a 100% clawback for high income families. The Department was working on this area of work with the Income Tax Authority prior to the reorganisation of States Departments and will continue the work with the Treasury and Resources Department. Progress is not sufficiently advanced to justify any significant change to the family allowance scheme, or its benefit levels, to take effect from 2005.

*Attendance and Invalid Care Allowances*

98. The Department recommends that attendance allowance and invalid care allowance be increased with effect from 3 January 2005 as shown below:-

**2005 rates (2004 in brackets)**

Attendance Allowance - weekly rate	£72.25	(£69.00)
Invalid Care Allowance - weekly rate	£58.25	(£55.50)
Annual income limit for both allowances	£66,000	(£63,000)

99. Benefit expenditure on attendance and invalid care allowances in 2003 was £1.73m. The budget for 2004 is £1.88m. It is estimated that the Department's proposals will increase expenditure in 2005 by £67,000 to £1.92m.

***Free TV licences***

100. In accordance with the resolutions of the States on the 2001 budget (Billet d'Etat XXIV of 2000), the Department administers a scheme to provide free TV licences for Guernsey and Alderney residents aged 75 or over and residents aged 65 or over and in receipt of supplementary benefit. Benefit expenditure under this scheme was £402,000 in 2003. The scheme is expected to cost £430,000 in 2004. The costs in 2005 will depend on the standard charge per TV licence made by the UK Department of Culture, Media and Sport.

**PART V  
RECOMMENDATIONS**

101. The Department recommends:
- (i) that the standard rates of social insurance benefits shall be increased to the rates set out in paragraph 22 of this report;
  - (ii) that the standard rate of bereavement payment shall be £1,280;  
(paragraph 23)
  - (iii) that maternity grant shall be increased to £260.00 in respect of confinements which take place on or after 3 January 2005;  
(paragraph 24)
  - (iv) that the full rate amount of death grant payable in respect of the death of a person on or after 3 January 2005 shall be £403.00;  
(paragraph 25)
  - (v) that for employed and self-employed persons the upper weekly earnings limit, the upper monthly earnings limit and the annual upper earnings limit shall be £660, £2,860 and £34,320 respectively;  
(paragraphs 28 to 32)
  - (vi) that for non-employed persons the upper and lower annual income limits shall be £34,320 and £11,989 respectively;  
(paragraphs 38 and 39)
  - (vii) that the prescription charge per item of pharmaceutical benefit shall be £2.40;  
(paragraph 68)
  - (viii) that the contribution (co-payment) required to be made by the claimant of care benefit, under the long-term care insurance scheme, shall be £133 per week;  
(paragraph 74)
  - (ix) that 'care benefit' shall be a maximum of £560 per week for persons resident in a nursing home or the Guernsey Cheshire Home and a maximum of £301 per week for persons resident in a residential home;  
(paragraphs 76 and 77)

- (x) that 'respite care benefit' shall be a maximum of £693 per week for persons receiving respite care in a nursing home or the Guernsey Cheshire Home and a maximum of £434 per week for persons receiving respite care in a residential home;  
(paragraph 78)
- (xi) that the normal requirements of a person for the purposes of paragraph 5 of Part II of the First Schedule to the Supplementary Benefit (Implementation) Ordinance, 1971, shall be the appropriate amount set out in sub-paragraphs 83(a) and 83(b) of this report;
- (xii) that the ordinary maximum rates of public assistance for the purposes of paragraph 10 in the Schedule to the Central Outdoor Assistance Board Regulations, as amended, shall be those set out in sub-paragraphs 83 (b) of this report;
- (xiii) that the limit of the weekly income for the purposes of paragraph 3 of Part 1 of the First Schedule to the Supplementary Benefit (Implementation) Ordinance 1971 shall be:
  - (a) £275 for a person whose requirements are in accordance with paragraph 5 of the Schedule;
  - (b) £380 for a person who is residing in a residential home and whose requirements are in accordance with paragraph 7 of the Schedule;
  - (c) £547 for a person who is residing as a patient in a hospital, nursing home or the Guernsey Cheshire Home, whose requirements are in accordance with paragraph 7 of the Schedule;  
(paragraphs 84 to 86)
- (xiv) that the limit of the weekly income for the purposes of sub-paragraph 2(2) the Schedule to the Central Outdoor Assistance Board Regulations, as amended, shall be £275;  
(paragraph 84)
- (xv) that the amount of the personal allowance payable to persons in residential or nursing homes who are in receipt of supplementary benefit shall be £21 per week;  
(paragraph 87)
- (xvi) that a supplementary fuel allowance, for supplementary beneficiaries who are householders, of £14.50 per week be paid, from 29 October 2004 to 22 April 2005;  
(paragraphs 91 and 92)

- (xvii) that a winter fuel allowance at a maximum of £14.50 per week shall be payable at the discretion of the Relieving Official to a person in receipt of public assistance from 28 October 2004 to 21 April 2005;

(paragraphs 91 and 92)

- (xviii) (a) that the allowance payable under the Family Allowances (Guernsey) Law, 1950, as amended, shall be £12.25 per week; and

- (b) that the cost of providing for a child (for the purposes of determining in whose family a child not living with his parents is to be included under the Law), shall be £12.25 per week;

(paragraph 96)

- (xix) that the rates of attendance allowance and invalid care allowance and the annual income limits shall be as set out in paragraph 98;

- (xx) that the recommendations listed below shall have effect from the following dates:

Recommendations (i) to (iv), (viii) to (x) and (xix)	-	3 January 2005
Recommendations (v) to (vii)	-	1 January 2005
Recommendation (xi), (xiii) and (xv)	-	7 January 2005
Recommendation (xii) and (xiv)	-	6 January 2005
Recommendation (xviii)	-	4 January 2005

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

Yours faithfully

Mary Lowe  
Minister  
Social Security Department

**(NB The Policy Council supports the proposals)**

**(NB The Treasury and Resources Department supports the proposals)**

The States are asked to decide:-

XV.- Whether, after consideration of the Report dated 12<sup>th</sup> August, 2004, of the Social Security Department, they are of the opinion:-

1. That, with effect from 3<sup>rd</sup> January, 2005, the standard rates of social insurance benefits shall be increased to the rates set out in paragraph 22 of that Report.
2. That, with effect from 3<sup>rd</sup> January, 2005, the standard rate of bereavement payment shall be £1,280.
3. That maternity grant shall be increased to £260.00 in respect of confinements which take place on or after 3<sup>rd</sup> January 2005.
4. That the full rate amount of death grant payable in respect of the death of a person on or after 3<sup>rd</sup> January 2005 shall be £403.00.
5. That, with effect from 1<sup>st</sup> January, 2005, for employed and self-employed persons the upper weekly earnings limit, the upper monthly earnings limit and the annual upper earnings limit shall be £660, £2,860 and £34,320 respectively.
6. That, with effect from 1<sup>st</sup> January, 2005, for non-employed persons the upper and lower annual income limits shall be £34,320 and £11,989 respectively.
7. That, with effect from 1<sup>st</sup> January, 2005, the prescription charge per item of pharmaceutical benefit shall be £2.40.
8. That, with effect from 3<sup>rd</sup> January, 2005, the contribution (co-payment) required to be made by the claimant of care benefit, under the long-term care insurance scheme, shall be £133 per week.
9. That, with effect from 3<sup>rd</sup> January, 2005, 'care benefit' shall be a maximum of £560 per week for persons resident in a nursing home or the Guernsey Cheshire Home and a maximum of £301 per week for persons resident in a residential home.
10. That, with effect from 3<sup>rd</sup> January, 2005, 'respite care benefit' shall be a maximum of £693 per week for persons receiving respite care in a nursing home or the Guernsey Cheshire Home and a maximum of £434 per week for persons receiving respite care in a residential home.
11. That, with effect from 7<sup>th</sup> January, 2005, the ordinary maximum rates of public assistance for the purposes of paragraph 10 in the Schedule to the Central Outdoor Assistance Board Regulations, as amended, shall be those set out in sub-paragraphs 83 (b) of that Report.
12. That, with effect from 6<sup>th</sup> January, 2005, the ordinary maximum rates of public assistance for the purposes of paragraph 10 in the Schedule to the Central

Outdoor Assistance Board Regulations, as amended, shall be those set out in sub-paragraphs 83 (b) of that Report.

13. That, with effect from 7<sup>th</sup> January, 2005, the limit of the weekly income for the purposes of paragraph 3 of Part 1 of the First Schedule to the Supplementary Benefit (Implementation) Ordinance 1971 shall be:
  - (a) £275 for a person whose requirements are in accordance with paragraph 5 of the Schedule;
  - (b) £380 for a person who is residing in a residential home and whose requirements are in accordance with paragraph 7 of the Schedule;
  - (c) £547 for a person who is residing as a patient in a hospital, nursing home or the Guernsey Cheshire Home, whose requirements are in accordance with paragraph 7 of the Schedule.
14. That, with effect from 6<sup>th</sup> January, 2005, the limit of the weekly income for the purposes of sub-paragraph 2(2) the Schedule to the Central Outdoor Assistance Board Regulations, as amended, shall be £275.
15. That, with effect from 7<sup>th</sup> January, 2005, the amount of the personal allowance payable to persons in residential or nursing homes who are in receipt of supplementary benefit shall be £21 per week.
16. That a supplementary fuel allowance, for supplementary beneficiaries who are householders, of £14.50 per week be paid, from 29 October 2004 to 22 April 2005.
17. That a winter fuel allowance at a maximum of £14.50 per week shall be payable at the discretion of the Relieving Official to a person in receipt of public assistance from 28 October 2004 to 21 April 2005.
18. (a) That, with effect from 4<sup>th</sup> January, 2005, the allowance payable under the Family Allowances (Guernsey) Law, 1950, as amended, shall be £12.25 per week; and
  - (b) that, with effect from 4<sup>th</sup> January, 2005, the cost of providing for a child (for the purposes of determining in whose family a child not living with his parents is to be included under the Law), shall be £12.25 per week
19. That, with effect from 7<sup>th</sup> January, 2005, the rates of attendance allowance and invalid care allowance and the annual income limits shall be as set out in paragraph 98.
20. To direct the preparation of such legislation as may be necessary to give effect to their above decisions.



## **HEALTH AND SOCIAL SERVICES DEPARTMENT**

### **SPEECH AND LANGUAGE THERAPY SERVICE**

The Chief Minister  
Policy Council  
Sir Charles Frossard House  
La Charroterie  
St Peter Port

26<sup>th</sup> August 2004

Dear Sir

#### **1.0 EXECUTIVE SUMMARY**

In accordance with the terms of the Requête presented to the States in January 2004, this report advises on the short and long term plans for the Health and Social Services Department's Speech and Language Therapy Service.

Staffing of the service has been increased from six to nine, including a Speech and Language Therapy Assistant and there are plans to increase it further, to eleven, during 2005, subject to availability of funding and establishment. This is less than the ideal levels advised by the Royal College of Speech and Language Therapists but this is set against a background of national shortages of qualified Speech and Language Therapists and the competing priorities of other services provided by the Department, which are also staffed at less than the ideal establishment.

#### **2.0 INTRODUCTION**

A Requete dated 8<sup>th</sup> January 2004 was approved by the States of Deliberation in March 2004, to direct the Board of Health or its successor Department to report to the States as soon as maybe, and in any case in not more than six months on its

- (a) short term plans for the provision of speech and language therapy for adults and children, and
- (b) long-term plans for the provision of speech and language therapy for adults and children

#### **3.0 BACKGROUND**

The Speech and Language Therapy Service was historically only provided for children and older people. The former Board of Health extended this to make the service



available to people of all ages. The service aims to increase the independence of children and adults who have communication and/or swallowing problems. Its core objectives have been to provide comprehensive assessment and management of all children, young people and adults referred to the service, and to maintain a high quality service that is both efficient and economical.

Whilst establishment numbers have remained unchanged for a number of years at six whole time equivalents (WTEs), caseload numbers and the demands and expectations of patients and service users have increased significantly. These demands and expectations far exceed the service's ability to meet them, and have placed a significant strain on the service and staff alike. As a result, a service review took place at the end of 2002 and a paper was taken to the then Board of Health, in April 2003, identifying the clinical priorities and how the service could be delivered to meet them, within existing resources.

The Royal College of Speech and Language Therapists recognises that many services operate within a framework of insufficient resources in relation to demand. The College supports the need to focus resources where they are able to prove most effective, both in terms of the speech and language therapist's contribution to the client's quality of life and ensuring a positive outcome in relation to prognosis. This will, at times, mean that some clients do not receive a service. The College does not believe the alternative to be an appropriate one i.e. allocating a scarce resource across a greater number of clients, thereby diluting the service and resulting in clinical inefficiency, poor outcomes and low staff morale. (RCSLT Communicating Quality 2 1996).

In order to put local staffing levels in perspective, the UK National Manpower Level Recommendations, made in 1989, recommended that 26.0 whole time equivalent speech and language therapists per 100,000 population would be appropriate to meet the needs of speech and language impaired individuals across all age ranges. Given the population in Guernsey, this would equate to a recommended establishment level of approximately 16 WTE speech and language therapists.

In April 2003, the Speech and Language Therapy Service had an establishment of six full time speech and language therapists, five of which were clinical posts and one post combined both management and clinical responsibilities (Appendix 1). However, this is not the only service where staffing levels locally are below the optimum recommended and the finite resources have to be allocated according to perceived priorities, based on available evidence of effectiveness.

#### **4.0 PROPOSED STAFFING LEVELS**

To adequately meet the needs of all client groups currently wishing to access the service, an increase of four speech and language therapists is considered necessary (Appendix 2). Such numbers would still leave the service below UK and Royal College of Speech and Language Therapists' recommended staffing levels, but would make a significant difference to the range of services that could be provided to the people of Guernsey. All client groups would then have equal access to services provided by the

Speech and Language Therapy Department, therapists would have manageable caseloads, waiting times would be within Royal College of Speech and Language Therapy and departmental standards and overall clinical standards would be in line with best practice.

	Additional Service Provision
One additional therapist	Appropriate input into the planned Stroke Unit in addition to providing a fully comprehensive rehabilitation service to those adults with neurological problems
Two additional therapists	As above and improve the services to school aged children with special needs/learning disabilities
Three additional therapists	As above and improve services to pre-school and mainstream school aged children with a variety of problems such as receptive and expressive language delay, phonological difficulties, dysfluency and voice problems
Four additional therapists	As above and provide a fully comprehensive service to all adults on the island with a learning disability.

Each therapist costs in the region of £55,000 per year as detailed below

Expenditure area	Cost
Establishment	1.0 WTE
Staffing (all costs based on current salary rates and highest salary point assumed for modelling purposes)	£29,538 - £33,916 salary £2,662 Pension £1,690 Social Insurance
Equipment & relocation	£5,000
Other non pay	£10,036 per annum maximum rent allowance for first three years. £1,200 Training allowance £1,000 mileage allowance per year
<b>Totals</b>	£55,504 maximum per year based on 2003 salary/rent allowance costs at maximum salary point.

## 5.0 RECRUITMENT AND RETENTION OF STAFF

The speech and language therapy department has always had severe difficulties recruiting staff. Because of this, it has historically had long periods when established posts have remained unfilled. Some locum cover has been provided on occasions, although recently, even they have been difficult to find, due to acute shortages of locum therapists.

It is against the following difficulties that attempts have been made to recruit experienced staff to the department in Guernsey.

- The Speech and Language Therapy profession is now officially listed as a “shortage” profession by the Department of Health in the UK.
- An estimated 2,000 extra speech and language therapists are currently needed just to meet the needs of children in England alone.
- A recent survey in the UK showed serious problems in recruiting speech and language therapy staff at all levels. Many posts, when advertised, had only one or even no applicants and less than half of them were eventually filled.
- The UK Department of Health realises that a huge drive will be needed over the next few years to create additional university training places and to attract recruits of a suitable calibre to the profession.
- Many Health Trusts in the UK now have waiting lists of well over two years for initial appointments for children to be seen by a paediatric Speech and Language Therapist due to severe staffing shortages.
- Limited length of housing licences and the cost of housing in Guernsey reduces the pool of therapists who are interested in working here.

## **6.0 SHORT-TERM PLANS**

### **Recruitment**

Following agreement by the former Civil Service Board and the Advisory and Finance Committee to support the Board of Health in increasing the establishment of Speech and Language Therapists, approval was given, in March 2004, for two of the proposed four qualified speech and language therapists and one generic speech and language therapy assistant. One of the new posts will be an additional post for adults to work with patients with dysphagia, aphasia/dysphasia, voice disorders, dysarthria, dysfluency, degenerative neurological conditions or those requiring alternative communication systems. The second new post will assist in the management of the large paediatric special needs/learning disability caseload on the island. The post holder will have specific responsibilities for school aged children with moderate to severe learning disabilities and provide a regular service to the Longfield Centre and Mont Varouf School.

A speech and language therapy assistant will be recruited to assist the speech and language therapy team in supporting children and adults with communication difficulties. This person will provide individual/group therapy to patients, under the supervision of the qualified therapists. Clerical and administrative tasks will also be included, so that the time of the qualified therapist is used to maximum effect.

There was an overwhelming response to the advertisement for the assistant post and this has now been filled on a term-time only basis. The remaining hours will be re-advertised shortly.

At the time of writing this report, an interview had been held in June 2004 for the paediatric post, but the applicant was not appointed. Three out of five applicants had been short listed but two withdrew before interview. Re-advertisement has taken place and interviews will be held in August. There has, however been success in recruiting to the adult post and, subject to police checks and references, a second adult therapist should be joining the team in September 2004.

### Retention

In order to ensure that the service has some stability in the future, it is essential to retain highly skilled staff. The need to secure 15-year licences for the two existing specialist posts was highlighted and these have recently been confirmed by the Housing Department.

It is hoped that retaining the senior staff members will encourage less senior staff to join the team, as less experienced therapists prefer to join well-established departments where systems are up and running smoothly and there is evidence that the department is moving forward and aiming towards a high level of professional service.

### Equipment and training

The Speech and Language Therapy service has received almost 500% increase in its equipment budget since 2002. This has enabled funding for additional equipment, including therapy materials, standardised assessments and specialised equipment. In addition, the annual training budget has been increased by 200%, enabling continuing professional development to occur to support and retain existing staff.

New systems of clinical support have become firmly established and all staff are provided with clear support and clinical supervision.

### Links with Jersey

In order to address problems of providing emergency dysphagia cover, for example, the department is pursuing the possibility of making arrangements with our colleagues in Jersey for planned one day visits by their 'specialists' to provide cover in the absence of the paediatric and adult 'specialists' and vice versa.

### Video Conferencing

In order that the department can access specific expertise from specialist units in the UK, the introduction of telemedicine through video conferencing is actively being pursued.

## **7.0 LONG TERM PLANS**

For over ten years, the former Board of Health employed one speech and language therapist to manage the adult and paediatric learning disability caseloads. However, these are now considered as two discreet clinical specialisms within the speech and language therapy profession. While the adult learning disability service has received some speech and language therapy provision in the past, it has not been adequate to meet the needs of all those requiring intervention, has been erratic, with little continuity and, because of the paediatric demands on the service over recent times, now receives no speech and language therapy service apart from advice on feeding. This is a service that urgently needs a full time speech and language therapist and has been included in the policy and resource planning submission for 2005.

In addition, there is a need for one further additional paediatric post, which has also been requested for 2005.

Both these posts will be considered with other competing priorities within the Health and Social Services Department but there is no guarantee that either the establishment or the funding will be available.

## **8.0 SUMMARY**

Prior to the Requete being taken to the States six months ago, the then Board of Health was actively working towards improving the provision of Speech and Language Therapy to residents of the Bailiwick of Guernsey. Much of the short term plan has already been achieved and work towards the long term plans has been put in place.

It is planned that, by 2005, there will be an establishment of eleven posts within the department, ten of which will be qualified therapists.

The plans for the department must, however, be considered alongside all other priorities for the Health and Social Services Department and within available resources.

## **9.0 RECOMMENDATION**

The States are asked to note the short and long term plans for Speech and Language Therapy Service provision.

Yours faithfully

P J ROFFEY

Minister

Health and Social Services Department

**APPENDIX 1**  
**SPEECH AND LANGUAGE THERAPY DEPARTMENT**  
**CLINICAL ESTABLISHMENT (April 2004)**

1228

**HEAD OF DEPARTMENT**

Joint Management/Clinical Responsibilities

**SPECIALIST SPEECH AND  
LANGUAGE THERAPIST  
(ADULTS)**

Dysphagia  
 Acquired Language Disorder (aphasia/ dysphasia)  
 Laryngectomy / Voice Disorder  
 Videofluoroscopy  
 Augmentative /Alternative Communication  
 Degenerative Neurological Conditions  
 (MND, Parkinson's etc.)  
 Dysarthria

**SPECIALIST SPEECH AND  
LANGUAGE THERAPIST  
(SPECIAL NEEDS / LEARNING  
DISABILITY)**

Paediatric Dysphagia  
 Pre-school Special Needs / Learning Disability  
 Autistic Spectrum Disorder (including  
 Asperger's)  
 Augmentative /Alternative Communication  
 Child Development Service

**SPECIALIST SPEECH AND  
LANGUAGE THERAPIST  
(HEARING IMPAIRMENT)**

Hearing Impairment  
 Cochlear Implant  
 Specific Language Impairment  
 Dyslexia

**SENIOR SPEECH AND  
LANGUAGE THERAPIST  
(PAEDIATRICS)**

Pre-school / School Age Community Paediatrics  
 Developmental Language Delay  
 Developmental Language Disorder  
 Phonological Disorder  
 Cleft Palate  
 Voice Disorder  
 Oakvale School

**SPEECH AND LANGUAGE  
THERAPIST (PAEDIATRICS)**

Pre-school / School Age Community Paediatrics  
 Developmental Language Delay  
 Developmental Language Disorder  
 Phonological Disorder  
 Dysfluency



APPENDIX 2  
SPEECH AND LANGUAGE THERAPY DEPARTMENT  
CLINICAL ESTABLISHMENT (Final Long-term Planned Establishment)

1229

HEAD OF DEPARTMENT

SPECIALIST SPEECH AND  
LANGUAGE THERAPIST  
(ADULTS)

SPECIALIST SPEECH AND  
LANGUAGE THERAPIST  
(SPECIAL NEEDS / LEARNING  
DISABILITY)

SPECIALIST SPEECH AND  
LANGUAGE THERAPIST  
(HEARING IMPAIRMENT)

SENIOR SPEECH AND  
LANGUAGE THERAPIST  
(ADULTS)  
(September 2004)

SENIOR SPEECH AND  
LANGUAGE THERAPIST  
(SPECIAL NEEDS /  
LEARNING DISABILITY)  
(October 2004)

SENIOR SPEECH AND  
LANGUAGE THERAPIST  
(PAEDIATRICS)

SPEECH AND LANGUAGE  
THERAPIST  
(PAEDIATRICS)

*NEW POST REQUIRED*  
SPEECH AND LANGUAGE  
THERAPIST (ADULT LEARNING  
DISABILITY)  
 Mignot Centre  
 Oberlands House  
 Interwork Services  
 SPLD Residential Homes  
 Grow Ltd

*NEW POST REQUIRED*  
SPEECH AND LANGUAGE  
THERAPIST (PAEDIATRICS)  
 Pre-school and School Age Special Needs  
 Special Schools  
 Support for Children with Special Needs /  
 Learning Disabilities in Mainstream  
 Schools  
 Alternative/Augmentative Communication

SPEECH AND LANGUAGE THERAPY ASSISTANT



**(NB The Policy Council supports the proposals)**

**(NB The Treasury and Resources Department has no comment on the proposals)**

The States are asked to decide:-

XVI.- Whether, after consideration of the Report dated 26<sup>th</sup> August, 2004, from the Health and Social Services Department, they are of the opinion:-

To note that Report.

***STATUTORY INSTRUMENTS LAID BEFORE THE STATES***

**THE ELECTORAL ROLL (CLOSURE) (ANNUAL ELECTION OF  
CONSTABLES AND DOUZENIERS) ORDER, 2004**

In pursuance of the provisions of Article 78 of the Reform (Guernsey) Law, 1948, as amended, the Electoral Roll (Closure) (Annual Election of Constables and Douzeniers) Order, 2004, made by the House Committee on the 7<sup>th</sup> July, 2004, is laid before the States.

EXPLANATORY NOTE

This Order specifies the period during which the Electoral Roll shall be closed in respect of Constables and Douzeniers held annually in the month of November 2004.

**THE SECURITY OF SHIP AND PORT FACILITIES  
(GUERNSEY) ORDER, 2004**

In pursuance of Section 3 (3) of the Security of Ship and Port Facilities (Guernsey) Ordinance, 2004, the Security of Ship and Port Facilities (Guernsey) Order, 2004, made by the Public Services Department on the 30<sup>th</sup> June, 2004, is laid before the States.

EXPLANATORY NOTE

As far as it is necessary to do so, this Order implements in respect of Guernsey, the European Parliament and Council Regulation No. 725/2004 which introduces and implements Community measures aimed at enhancing the security of ships used in international trade and domestic shipping and their associated port facilities in the face of threats of intentional and unlawful acts.

The EC Regulation also provides a basis for the harmonised interpretation and implementation of special measures to enhance maritime security adopted by the Diplomatic Conference of the International Maritime Organisation (“IMO”) on 12 December 2002, which amended the International Convention for Safety of Life at Sea (the “SOLAS” Convention”) and established the International Ship and Port Facilities Security Code (“ISPS”). The relevant amendments to the SOLAS Convention are set out in Chapter XI - 2 of the Annex to the SOLAS Convention.

Article 1 of the Order specifies the types of ships and port facilities to which the provisions of the Order will apply.

Article 2 makes adaptations to the EC Regulation as it will have effect in respect of Guernsey and provides for the Public Services Department to carry out any function of the States under the legislation.

Article 3 designates the Department for the purposes of the EC Regulation.

Article 4 deals with the appointment of duly authorised officers for the purposes of exercising certain powers under the Order.

Article 5 provides for the inspection of ships and port facilities by a duly authorised officer for the purpose of establishing that ships and their companies and port facilities are acting in compliance with the requirements of the EC Regulation and thereby, the provisions in Chapter XI - 2 of the SOLAS Convention and Part A and the mandatory provisions of Part B of the ISPS Code.

Article 6 makes provision for the detention of ships pursuant to the control and compliance measures set out in Regulation 9 of Chapter XI - 2 of the SOLAS Convention. It specifies the matters which are to be set out in a detention notice and the effect of such notice. It also specifies the procedure for objecting to a detention notice and creates an offence where a person without reasonable excuse fails to comply with a detention notice.

Article 7 makes provision for compensation to be paid to the owner of the ship in circumstances where there was no valid basis for the detention of the ship and where the owner of the ship suffered loss or damage in consequence of the detention.

Articles 8 and 9 provide that it is an offence subject on summary conviction to a fine of up to level 5 on the uniform scale, for a person without lawful authority to enter a restricted area of a ship or a port facility. Those Articles also provide that the person specified in the Order may use reasonable force to remove an unauthorised person from a restricted area where they remain in such an area in contravention of the Articles.

Articles 10 - 13 make provision for the enforcement of the requirement set out in the EC Regulation and thereby Chapter XI - 2 of the SOLAS Convention, Part A of the mandatory provisions in Part B of the ISPS Code and the requirement to submit specified changes or amendments to a ship's security or port facilities security plan to the Department for approval. Failure to comply with an enforcement notice is a criminal offence. A person convicted of such an offence may be liable on conviction of indictment to a limited fine or on summary conviction to a fine not exceeding level 5 on the uniform scale.

Article 11 specifies the matters that are to be set out in an enforcement notice and the procedure for objecting to such a notice and Article 13 sets out the procedure for objecting to an enforcement notice.

Article 14 provides records of activities specified in paragraph 10.1 in Part A of the ISPS Code which are addressed in the ship's security plan and are to be kept on the ship for a period of at least 3 years from the date of the activity taking place.

Article 15 provides that ships and port facilities must retain any declaration of security that is completed for a period of at least 3 years. It also provides that where a declaration of security relates to a ship's last ten calls at port facilities, it must be retained by the ship for as long as it relates to one of those last 10 calls, even though the period over which those calls extend exceeds the minimum three year period referred to in the Article.

Article 16 requires that specified changes or amendments to a ship security plan or a port facility security plan must be submitted to and approved by the Department before they are implemented.

Article 17 makes certain special provision relating to offences committed by bodies corporate.

Articles 18, 19, 20 and 21 deal with interpretation, the extent of the effect of the Order, citation and commencement respectively.

The Schedule sets out certain adaptations, exceptions and modifications to the EC Regulation which are necessary to give proper effect to the Regulation in respect of Guernsey.

#### **THE INSURANCE BUSINESS (DEFINITION OF LONG TERM BUSINESS) (AMENDMENT) REGULATIONS, 2004**

In pursuance of Section 86 of the Insurance Business (Bailiwick of Guernsey) Law, 2002, the Insurance Business (Definition of Long Term Business) (Amendment) Regulations, 2004, made by the Policy Council on the 26<sup>th</sup> July, 2004, are laid before the States.

#### **EXPLANATORY NOTE**

These regulations amend the provisions of Schedule 1 to the Insurance Business (Bailiwick of Guernsey) Law, 2002 to extend the description of long term business to include contracts to make payments by reference to human mortality rates.

**TREASURY AND RESOURCES DEPARTMENT****GUERNSEY POST LIMITED AND GUERNSEY ELECTRICITY LIMITED –  
SUBMISSION OF ANNUAL ACCOUNTS**

The Chief Minister  
Policy Council  
Sir Charles Frossard House  
La Charrotterie  
St Peter Port

28<sup>th</sup> July 2004

Dear Sir

Under Section 8 of the States Trading Companies (Bailiwick of Guernsey) Ordinance 2001, the Treasury and Resources Department is required to cause to be published as an appendix to a Billet d'État the accounts of the States Trading Companies and a report on the activities of those companies.

I therefore submit for publication the accounts and Directors' report for Guernsey Post Limited in respect of the year ended 30 September 2003 and the accounts and Directors' report for Guernsey Electricity in respect of the year ended 31 March 2004.

The Treasury and Resources Department is obviously concerned that Guernsey Post Limited has suffered a loss over the period and it has discussed the accounts in detail with the Board of Directors. The accounts give a snapshot of the period which included the major restructuring of operations required for the introduction of mechanisation, the need to address the problems experienced over Christmas 2002 and the need to ensure strict compliance with Licence conditions. Also over this period the business has had to carry increased charges from Royal Mail whilst holding down its own charges prior to the tariff determination by the Office of Utility Regulation in the Spring of 2004.

The Treasury and Resources Department will continue to liaise with the Board of Directors to ensure that everything is being done to improve performance.

Yours faithfully

L S Trott  
Minister  
Treasury and Resources Department

# Guernsey Post Limited

## **Report and financial statements**

**30 September 2003**

# Guernsey Post Limited

**Directors:**

D J Warr	(Chairman)
M R Hall	(Managing Director)
R A Perrot	
D T Roberts	
T W S Holder	
M J Bradshaw	
D Jehan	

**Auditors:**

KPMG  
Chartered Accountants

**Registered office:**

Envoy House  
La Vrangue  
St Peter Port  
Guernsey  
GY1 1AA



# Guernsey Post Limited

## Chairman's Statement

The results for the year ended 30 September 2003 reflect our second year as a commercialised entity, and also one of the most challenging periods in the business's history.

It is particularly disappointing to report a loss for the financial year of £819,922, compared to a profit for the previous year of £1,648,728. It is important however to understand the reasons for this performance and to view it in the context of the longer-term.

The move to Envoy House, shortly before Christmas 2002, has been well chronicled, but the problems encountered should not overshadow the fact that we have purpose-built, modern premises, which have significantly improved the working environment for our staff, and which have also afforded us the opportunity to introduce mechanisation. The events of Christmas 2002 were regrettable and we are only too well aware of the difficulties experienced by our customers as a consequence thereof.

I am pleased to report however that considerable progress has been made during 2003 with the introduction of new Senior Management. At the time of writing, I am able to confirm that Christmas 2003 was a success and a reflection of the hard work put in by Management and staff during the year. Mike Hall, his Management Team and the staff have all made considerable efforts to overcome the problems experienced as a result of Christmas 2002, and to regain the confidence of our customers. Much has been achieved but equally we recognise that there is much still to be done, if the business is to compete successfully in a challenging marketplace, and one where our main trading partner, Royal Mail, is itself facing considerable competition from other major players in the postal market, and a difficult relationship with its Regulator.

We of course have come under the spotlight of our own Regulator and at the time of writing our tariff application, submitted in early November 2003, is being assessed by the Office of Utility Regulation. It is inappropriate to comment more fully on the tariff application at this time, but suffice to say that the Company needs a significant tariff increase to put itself onto a firm financial footing and to meet the Universal Service obligation.

I am well aware that there are a number of critics of the commercialisation process, and that they will blame commercialisation for the problems, both operational and financial, which the Company has experienced. In my opinion it is incorrect to presume that such problems would not have occurred under the old regime. The most significant impact on the business in financial terms has been the changing commercial relationship with Royal Mail which, with effect from 1 April 2003, determined that the charges to be paid to them for delivering mail should increase substantially. The increase in charges paid to Royal Mail for the year ended 30 September 2003 amounted to £1,072,488, with further increases scheduled for this year and next. An increase in costs of this magnitude gives a clear indication of the challenges we face.

My predecessor, Chris Spencer, retired on 30 June 2003, and I would like to take this opportunity of thanking him for both his stewardship and commitment in dealing with the post-Christmas 2002 problems. I would also like to take this opportunity of thanking all of our staff for their considerable efforts during the year.

One of the brighter aspects of the year has been the manner in which the Management have worked with the Unions in partnership to help resolve problems and plan for the future. There will undoubtedly be difficult decisions ahead, but by working in partnership I am hopeful that they will be dealt with in a constructive manner.

The immediate outlook for the business is dependent to a significant extent upon the outcome of our tariff application. In the meantime we strive to improve efficiency, improve quality of service, and seek new revenue opportunities. There is no doubt that the current year will be a difficult one financially but I am hopeful that in twelve months' time I will be able to report significant progress and a brighter outlook for the financial well-being of the business.

# Guernsey Post Limited

## Managing Director's report

Guernsey Post's main objective at the start of the 2002-03 financial year was to achieve the successful move of the mails centre from Guelles Road to La Vrangue, the simultaneous introduction of letter automation, and a full-scale revision of its delivery services across Guernsey. The unfortunate delay of the project to the beginning of December led directly to the well-known problems of Christmas 2002. They, not surprisingly, overshadowed the Company's activities during the rest of the year – and made everyone determined to turn the business round, and rebuild its damaged reputation.

This resolve was underscored by the ten directions set by the Office of Utility Regulation aimed at restoring quality of service to Guernsey Post's customers, making the Company compliant in terms of 100% delivery coverage six-days a week across the Bailiwick and ensuring no repeat of the problems of Christmas 2002. The Regulator, at the same time, issued a set of 23 quality targets for Guernsey Post to achieve over the coming three years.

A programme of change projects was introduced at the end of March 2003 involving management, staff and customers in a series of joint projects designed to achieve a united approach to alleviating Guernsey Post's problems and re-establishing customer confidence.

Achievements by the end of September 2003 included:

- the full commissioning of Envoy House capable of meeting all Guernsey Post's immediate needs as a mails centre, delivery office and headquarters;
- state-of-the-art automation enabling Guernsey Post to substantially improve quality of service. By September 2003 for example 9% more Bailiwick to Bailiwick and 34% more Bailiwick to UK mail was being delivered next day compared with the previous September;
- delivery routes fully compliant with our universal service obligation of 100%, six-day service. This compares with 108 failing to be covered the previous September, and 114 in September 2001 before commercialisation;
- 80% of all delivery routes were completed by 1pm in September 2003 compared with 40% in April 2003 when recording began.
- all but one of the Regulator's directions (that on Christmas 2003) had been successfully discharged.

This was not without increased cost. In addition to the capital cost of automation, delivery compliance meant a standing provision of delivery reserves at a cost of £300k compared with the cost of non-compliance in the previous years.

Although outside the period of this report Christmas 2003 was a substantial success, in terms of quality of service, 92.6% of Bailiwick to Bailiwick mail (even that charged at 10p) being delivered the next day. We look forward therefore to confirmation that the final OUR direction has been discharged.

In the meantime, I thank all of Guernsey Post's management and staff, and the unions, for their participation in making it one of the best Christmases ever!

**Mike Hall**  
*Managing Director*

# Guernsey Post Limited

## Directors' report

The directors submit their report and the audited financial statements for the year ended 30 September 2003.

### Principal activities

The company's principal activity is the provision of a postal service for the Bailiwick of Guernsey. The company also markets its postage stamps and other philatelic products to stamp collectors worldwide.

### Results

The results for the year are shown in the profit and loss account on page 8.

### Dividend

The directors do not recommend the payment of a dividend (2002: £537,270).

### Fixed assets

The new post office headquarters building, Envoy House, was occupied for the first time in December 2002 with the new mechanised sorting equipment being fully commissioned at the same time. The building provides much improved working facilities over those in Guelles Road and has been well received. The mechanised sorting equipment is operational and is currently being reviewed for further efficiency savings that may be made. Fixed Asset movements for the year are disclosed in note 8 to the accounts..

### Directors

The directors of the company who were appointed and held office during the year were as follows:

C P Spencer	(Resigned 30 June 2003)
J R Symons	(Resigned 31 January 2003)
R A Perrot	
D T Roberts	
D J Warr	
G G Parker	(Resigned 9 June 2003)
T W S Holder	
M J Bradshaw	
M R Hall	(Appointed 17 March 2003)
D Jehan	(Appointed 26 November 2003)

In accordance with the Articles of Association, D J Warr and T W S Holder are due to retire by rotation, and being eligible offer themselves for re-election at the forthcoming AGM.

# Guernsey Post Limited

## Directors' report - continued

### Statement of responsibilities

The directors are responsible for preparing financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period and are in accordance with applicable laws. In preparing those financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with The Companies (Guernsey) Law 1994. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Auditors

As a result of a restructuring of their business, KPMG have requested that KPMG Channel Islands Limited be appointed as auditors of the company. A resolution for the appointment of KPMG Channel Islands Limited will be proposed at the forthcoming Annual General Meeting.

**M R Hall**

*Director* \_\_\_\_\_

**D J Warr**

*Director* \_\_\_\_\_

16 December 2003



2 Grange Place  
The Grange  
Guernsey, Channel Islands  
GY1 4LD

## Independent auditors' report to the members of Guernsey Post Limited

We have audited the financial statements on pages 8 to 21.

This report is made solely to the company's members, as a body, in accordance with section 64 of The Companies (Guernsey) Law, 1994. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 6, the financial statements in accordance with applicable Guernsey law and UK accounting standards. Our responsibilities, as independent auditors, are established in Guernsey by law, the UK Auditing Practices Board and by our profession's ethical guidance.

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 Companies (Guernsey) Law, 1994 and Section 10(1) of The Post Office (Guernsey) Law, 1969. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the other information accompanying the financial statements and consider whether it is consistent with those statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

### Basis of audit opinion

We conducted our audit in accordance with UK 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 directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company'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.

### Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 September 2003 and of its loss for the year then ended and have been properly prepared in accordance with The Companies (Guernsey) Law, 1994 and Section 10(1) of The Post Office (Guernsey) Law, 1969.

# Guernsey Post Limited

## Profit and loss account for the year ended 30 September 2003

		2003 £	As restated 2002 £
	<i>Notes</i>		
<b>Income</b>	<i>1</i>		
Postal services		18,042,035	17,526,626
Remittance and agency services		338,986	183,649
Philatelic services		<u>1,523,780</u>	<u>1,680,964</u>
		19,904,801	19,391,239
<b>Expenses</b>			
Postal services	<i>2</i>	(20,299,845)	(16,394,970)
Philatelic services	<i>3</i>	<u>(1,114,145)</u>	<u>(961,635)</u>
		(21,413,990)	(17,356,605)
<b>(Loss)/profit on ordinary activities before other income</b>		(1,509,189)	2,034,634
<b>Other income</b>			
Interest receivable	<i>5</i>	459,339	702,547
Rents receivable		<u>17,179</u>	<u>21,739</u>
		476,518	724,286
<b>(Loss)/profit on ordinary activities before taxation</b>		(1,032,671)	2,758,920
<b>Taxation (credit)/charge</b>	<i>6</i>	<u>212,749</u>	<u>(1,110,192)</u>
<b>(Loss)/profit for the financial year</b>		(819,922)	1,648,728
Dividend	<i>7</i>	<u>-</u>	<u>(537,270)</u>
<b>Retained (loss)/profit for the financial year</b>	<i>12</i>	£ <u>(819,922)</u>	£ <u>1,111,458</u>

All activities derive from continuing operations.

There are no recognised gains and losses or other movements in reserves for the current financial year other than as stated in note 12.

The notes on pages 11 to 21 form part of these financial statements.



# Guernsey Post Limited

## Balance sheet at 30 September 2003

	Notes	2003 £	As restated 2002 £
<b>Assets employed</b>			
<b>Tangible fixed assets</b>	8	17,049,105	14,921,486
<b>Investments</b>	14	2	2
<b>Current assets</b>			
Stock	9	115,674	151,414
Debtors	10	2,511,994	2,374,383
Cash at bank and in hand		<u>12,855,812</u>	<u>12,739,353</u>
		15,483,480	15,265,150
<b>Creditors: amounts falling due within one year</b>	11	<u>(9,368,004)</u>	<u>(6,452,591)</u>
<b>Net current assets</b>		6,115,476	8,812,559
<b>Creditors: amounts falling due after one year</b>	11	<u>(486,788)</u>	<u>(236,330)</u>
<b>Total net assets</b>		<b>£ 22,677,795</b>	<b>£ 23,497,717</b>
<b>Financed by</b>			
Share capital	12	22,386,259	22,386,259
Revenue reserve	12	<u>291,536</u>	<u>1,111,458</u>
		<b>£ 22,677,795</b>	<b>£ 23,497,717</b>

These financial statements were approved by the Board on 16 December 2003 and signed on the Board's behalf by:

**M R Hall**  
Director

**D J Warr**  
Director

The notes on pages 11 to 21 form part of these financial statements.



# Guernsey Post Limited

## Cash flow statement for the year ended 30 September 2003

		2003 £	2002 £
	<i>Notes</i>		
<b>Net cash inflow from operating activities</b>	<i>13</i>	<b>3,894,809</b>	<b>2,227,720</b>
<b>Returns on investments and servicing of finance</b>			
Interest received		459,339	702,547
Rent received		<u>17,179</u>	<u>21,739</u>
<b>Net cash inflow from returns on investments and servicing of finance</b>		<b>476,518</b>	<b>724,286</b>
<b>Dividend paid</b>		<b>(537,270)</b>	<b>-</b>
<b>Taxation</b>		<b>(762,717)</b>	<b>-</b>
<b>Capital expenditure</b>			
Payment to acquire tangible fixed assets		(2,954,879)	(9,813,501)
Proceeds from sales of tangible fixed assets		<u>-</u>	<u>2,775</u>
<b>Net cash outflow from capital expenditure</b>		<b>(2,954,879)</b>	<b>(9,810,726)</b>
<b>Acquisitions and disposals</b>			
Investment in subsidiary		<u>(2)</u>	<u>-</u>
<b>Increase / (Decrease) in cash</b>	<i>13</i>	<b>£ <u>116,459</u></b>	<b>£ <u>(6,858,720)</u></b>

The notes on pages 11 to 21 form part of these financial statements.

# Guernsey Post Limited

## Notes to the financial statements

### 1. Principal accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### *Basis of preparation*

The financial statements are prepared under the historical cost convention, and in accordance with applicable United Kingdom accounting standards.

#### *Restatement*

Postal services income and expenditure for the period ended 30 September 2002 has been restated to show delivery income and the imbalance charges from Royal Mail on a gross basis, consistent with the current period's income and expenditure. This has resulted in increasing postal services income and the expense of conveyance of mail by £1,939,061 respectively. Furthermore, the balance sheet has been restated to reflect the company's investment in a subsidiary, as detailed in note 14.

#### *Income*

Sales of stamps and the crediting of franking machines are accounted for on an accruals basis.

#### *Expenses*

Postal operations expenses are charged as incurred. No provision is made for future delivery charges which may be incurred in respect of stamps and franking machine credits sold but unused at the balance sheet date.

#### *Alderney regional stamp issues*

Revenue and expense items in respect of Alderney regional stamp issues are included in the company's profit and loss account for the year.

#### *Pension costs*

The costs of the defined benefit scheme are charged to the profit and loss account over the period during which the company benefits from the employees' services. Surpluses or deficiencies are spread over the expected average remaining working lifetime of employees in proportion to their expected payroll costs.

#### *Stock*

The cost of definitive stamps is written off over the expected sales life of each type of stamp, which is unlikely to exceed five years. Commemorative stamp costs are fully written off in the year of issue. Stock of stationery and spares are valued at the lower of cost and net realisable value.

#### *Tangible fixed assets*

Tangible fixed assets are stated at cost less depreciation.

# Guernsey Post Limited

## Notes to the financial statements - continued

### 1. Principal accounting policies - continued

#### *Investment in subsidiary*

Investment in subsidiary is stated at cost. The subsidiary has not been consolidated on the basis that it is dormant, and non-consolidation does not have a material impact on these financial statements.

#### *Depreciation*

Depreciation is calculated at the following annual rates so as to write off the cost of tangible fixed assets over their anticipated useful lives using the straight-line method. The calculations are based on capital expenditure incurred at the end of the accounting period.

	Estimated life in years	Depreciation % per annum
Assets under construction	N/A	Nil
Freehold land	N/A	Nil
Freehold buildings - Postal headquarters	50	2
- Other	30 – 50	2 – 3.3
Furniture and fittings, office equipment and postal machinery	3 – 10	10 – 33.3
Transport	5	20

### 2. Expenses – postal services

	2003 £	As restated 2002 £
Mail operations wages, superannuation and other staff expenses	7,110,214	6,027,565
Conveyance of mail	8,835,897	7,719,893
Post Office counter expenses	1,172,551	1,116,842
General administration	1,428,218	968,722
Other operational expenses	<u>1,752,965</u>	<u>561,948</u>
	<b>£ 20,299,845</b>	<b>£ 16,394,970</b>

### 3. Expenses – philatelic services

	2003 £	2002 £
Philatelic operations wages and superannuation	390,686	394,766
Agents' expenses	93,178	104,069
Sales and marketing	38,918	31,276
Computer services	51,962	65,488
Printing, stationery, stamp production and postage	251,927	238,656
Other operational expenses	<u>287,474</u>	<u>127,380</u>
	<b>£ 1,114,145</b>	<b>£ 961,635</b>

# Guernsey Post Limited

## Notes to the financial statements - continued

### 4. Operating surplus

<b>Operating surplus is after charging/(crediting):</b>	<b>2003 £</b>	<b>2002 £</b>
Salaries, wages and superannuation	8,220,466	6,088,956
Auditors' remuneration		
Audit fee	10,000	7,864
Other services	8,500	-
Loss/(profit) on disposal of fixed assets	29,402	(2,775)
Depreciation	797,858	207,080

Certain salary and wages costs have been allocated to relevant expense headings in notes 2 and 3.

Average full time equivalent employee numbers for the year were as follows:

	<b>2003 £</b>	<b>2002 £</b>
Postal operations staff	208	179
Administration staff	<u>60</u>	<u>49</u>
Total	<u>268</u>	<u>228</u>

### 5. Interest receivable

	<b>2003 £</b>	<b>2002 £</b>
States Treasury	401,297	680,577
Other	<u>31,247</u>	<u>21,970</u>
	<b>£ 432,544</b>	<b>£ 702,547</b>

### 6. Taxation (credit)/charge

The actual tax charge differs from the expected tax charge computed by applying the standard rate of Guernsey income tax of 20% as follows:

	<b>2003 £</b>	<b>2002 £</b>
<i>Current taxation:</i>		
Expected tax (credit)/charge	(206,534)	551,784
Additional charge due to commencement basis	-	533,448
Effect of election to actual basis of assessment	(674,577)	-
Non-taxable items	70,149	-
Unutilised losses brought and carried forward	<u>136,385</u>	<u>-</u>
Current year tax (credit)/charge	(674,577)	1,085,232
<i>Deferred taxation:</i>		
Timing differences:	<u>461,828</u>	<u>24,960</u>
Actual tax (credit)/charge	<b>£ (212,749)</b>	<b>£ 1,110,192</b>

# Guernsey Post Limited

## Notes to the financial statements - continued

### 6. Taxation (credit)/charge - continued

The taxation credit results from the subsequent election to actual basis of assessment for years of assessment 2002 and 2003, and consequently the reversal of the additional provision made at 30 September 2002.

### 7. Dividends

	2003 £	2002 £
Dividends payable (see note 11)	£ <u>-</u>	£ <u>537,270</u>

### 8. Tangible fixed assets

	1 October 2002 £	Additions £	Transfers/ Written off/ disposals £	30 September 2003 £
<i>Cost</i>				
Assets in course of construction	9,628,886	-	(9,628,886)	-
Freehold land	2,505,000	-	-	2,505,000
Freehold buildings	2,305,766	2,234,310	7,374,165	11,914,241
Furniture and fittings	648,549		(353,129)	295,420
Office equipment	910,051	355,829	(63,995)	1,201,885
Postal machinery	323,912	355,335	2,196,800	2,876,047
Transport	662,118	9,405	(69,518)	602,005
	£ <u>16,984,282</u>	£ <u>2,954,879</u>	£ <u>(544,563)</u>	£ <u>19,394,598</u>

	1 October 2002 £	Charge for year £	Transfers/ Written off/ disposals £	30 September 2003 £
<i>Depreciation</i>				
Freehold buildings	24,900	238,296	-	263,196
Furniture and fittings	601,881	14,778	(343,514)	273,145
Office equipment	723,027	139,872	(63,479)	799,420
Postal machinery	244,496	337,706	(39,611)	542,591
Transport	468,492	67,206	(68,557)	467,141
	£ <u>2,062,796</u>	£ <u>797,858</u>	£ <u>(515,161)</u>	£ <u>2,345,493</u>
<i>Net book value</i>	£ <u>14,921,486</u>			£ <u>17,049,105</u>

Assets in the course of construction at the beginning of the financial year constitute the new Postal Headquarters and mechanised Sorting Equipment installed therein. The building was completed in November 2002 and occupied and in use from the beginning of December 2002. The values held as Assets in the course of construction at 30 September 2002 have therefore been transferred to the Freehold Buildings and Postal Machinery asset categories during the current financial year.

# Guernsey Post Limited

## Notes to the financial statements - continued

### 9. Stock

	2003 £	2002 £
Stamps and stationery	89,687	103,403
Other stocks	<u>25,987</u>	<u>48,011</u>
	<b>£ 115,674</b>	<b>£ 151,414</b>

### 10. Debtors

	2003 £	2002 £
Postal debtors	2,281,908	1,902,616
Philatelic debtors	64,723	138,117
Prepayments	95,486	78,427
Other debtors	<u>69,877</u>	<u>255,223</u>
	<b>£ 2,511,994</b>	<b>£ 2,374,383</b>

### 11. Creditors

	2003 £	2002 £
<b>Amounts falling due within one year</b>		
Postal creditors	8,194,676	3,809,886
Agency services balances	1,300,831	994,686
Philatelic customers' balances	188,160	187,564
Other creditors	36,400	49,323
Dividends payable	-	537,270
Taxation/(receivable) payable	<u>(352,063)</u>	<u>873,862</u>
	<b>£ 9,368,004</b>	<b>£ 6,452,591</b>
<b>Amounts falling due after one year</b>		
Taxation payable	-	211,370
Deferred tax liability	<u>486,788</u>	<u>24,960</u>
	<b>£ 486,788</b>	<b>£ 236,330</b>
<b>Deferred taxation</b>		
As at 1 October	24,960	-
Charge to profit & loss account	<u>461,828</u>	<u>24,960</u>
<b>As at 30 September</b>	<b>£ 486,788</b>	<b>£ 24,960</b>
Capital allowances	759,018	24,960
Tax losses carried forward	<u>(272,230)</u>	<u>-</u>
	<b>£ 486,788</b>	<b>£ 24,960</b>

# Guernsey Post Limited

## Notes to the financial statements - continued

### 12. Share capital and reserves

	2003 £	2002 £
<b>Share capital</b>		
22,386,259 ordinary shares issued at £1 (authorised 40,000,000 ordinary shares)	£ <u>22,386,259</u>	£ <u>22,386,259</u>
<b>Revenue reserves:</b>		
At 1 October	1,111,458	-
Retained (loss)/profit for the year	<u>( 819,922)</u>	<u>1,111,458</u>
<b>At 30 September</b>	£ <u>291,536</u>	£ <u>1,111,458</u>

### 13. Reconciliation of operating (loss)/profit to net cash inflow from operating activities

	2003 £	2002 £
Operating (loss)/profit	(1,509,189)	2,034,634
Depreciation charges	797,858	207,080
Loss/(profit) on disposal of fixed assets	29,402	(2,775)
Decrease/(Increase) in stock	35,740	(1,341)
Increase in debtors	(137,611)	(871,292)
Increase in creditors	<u>4,678,609</u>	<u>861,414</u>
<b>Net cash inflow from operating activities</b>	£ <u>3,894,809</u>	£ <u>2,227,720</u>

### Reconciliation of net cash inflow to movement in net funds

	£
Increase in cash balances	116,459
Net funds at 1 October 2002	<u>12,739,353</u>
<b>Net funds at 30 September 2003</b>	£ <u>12,855,812</u>

### 14. Investment in subsidiary

	2003 £	As restated 2002 £
Independent Delivery Solutions Limited	£ <u>2</u>	£ <u>2</u>

Independent Delivery Solutions Limited is a 100% owned dormant subsidiary.



# Guernsey Post Limited

## Notes to the financial statements - continued

### 15. Capital commitments

At 30 September 2003 the company had authorised future capital expenditure as follows:

	2003 £	2002 £
New Postal Headquarters and Mechanised sorting equipment		
Contracted for but not provided	£ <u>          </u> -	£ <u>2,345,685</u>

### 16. Pension Fund

The employees of the company are members of the States of Guernsey Superannuation Scheme. This is a defined benefits pension scheme funded by contributions from both employer and employees at rates which are determined on the basis of actuarial advice, and which are calculated to spread the expected costs of benefits payable to employees over the period of these employees' expected service lives.

In respect of the year ended 30 September 2002 the contribution rates were 6.25% and 6% for employer and employee contributions respectively.

The full actuarial valuation as at 31 December 2001 recommended an increase in employer contribution rate from 6.25% to 9%, effective from 1 January 2003.

In respect of the period from 1 January to 30 September 2003 the contribution rates were 9% and 6% for employer and employee contributions respectively.

In accordance with SSAP 24 the total amount of superannuation contributions for the year from 1 October 2002 to 30 September 2003 were £405,641 (2002: £273,431). As at 30 September 2003 the amount of contributions due but not paid to the Fund were £38,685 (2002: £32,681).

In accordance with the transitional requirements of FRS 17 the company has used actuarial calculations provided by the actuaries to identify its share of underlying assets and liabilities of the Scheme and to identify the implications of any surplus/(deficit) on the company, as at 30 September 2003. The calculations have been carried out by a qualified independent actuary, based on the results of the 31 December 2001 actuarial valuation, and allowing for the change in total salaries for active members. The actuary has estimated asset figures based on the information available to him at the current time and revisions may be made by the actuary following further information which becomes available from the States of Guernsey in respect of the company's actuarial account within the States of Guernsey Superannuation Scheme.

# Guernsey Post Limited

## Notes to the financial statements - continued

### 16. Pension Fund - continued

#### Summary of Financial Assumptions:

	At 30 September 2003	At 30 September 2002
Discount rate	5.3% pa	5.4% pa
Inflation	2.7% pa	2.2% pa
Increases to deferred benefits during deferment	2.8% pa	2.5% pa
Increases to pensions in payment	2.8% pa	2.5% pa
Increases to salaries	4.2% pa	3.7% pa

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

The tables below set out a summary of the estimated market value of the assets as at 30 September 2003 and September 2002 together with the expected return on assets.

Category	Market Value at 30 September 2003		Expected return on assets % pa
	£'000	%	
Equities	10,045	75.70	7.75
Bonds	2,999	22.60	4.90
Cash and Net Current Assets	222	1.70	3.50
<b>Total</b>	<b>13,266</b>	<b>100.0</b>	

Category	Market Value at 30 September 2002		Expected return on assets % pa
	£'000	%	
Equities	7,247	67.60	7.50
Bonds	2,750	25.70	5.40
Cash and Net Current Assets	723	6.70	3.50
<b>Total</b>	<b>10,720</b>	<b>100.0</b>	

The fair value of the schemes assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were:

	Values as at 30 September 2003 £'000	Values as at 30 September 2002 £'000
Value of the Scheme Assets	13,266	10,720
Present Value of the Scheme Liabilities	18,466	12,595
Resulting Deficit	(5,200)	(1,875)
Related deferred tax asset	1,040	375
Net pension liability	(4,160)	(1,500)

# Guernsey Post Limited

## Notes to the financial statements - continued

### 16. Pension Fund - continued

The following amounts would be reflected in the profit and loss account, balance sheet and the statement of total recognised gains and losses on implementation of FRS 17.

#### Balance Sheet presentation

	30 September 2003 £'000	30 September 2002 £'000
Net assets excluding pension liability	22,678	23,498
Pension liability	<u>(4,160)</u>	<u>(1,500)</u>
Net assets including pension liability	£ <u>18,518</u>	£ <u>21,998</u>

#### Reserves note

	30 September 2003 £'000	30 September 2002 £'000
Profit and loss reserve excluding pension liability	292	1,111
Pension reserve	<u>(4,160)</u>	<u>(1,500)</u>
Profit and loss reserve including pension liability	£ <u>(3,868)</u>	£ <u>(389)</u>

#### Analysis of the amount that would be charged to operating profit

	1 October 2002 to 30 September 2003 £'000
Current service cost	754
Past service cost	—
Total operating charge	<u>754</u>

#### Analysis of the amount that would be credited to other finance income

	1 October 2002 to 30 September 2003 £'000
Expected return on pension scheme assets	736
Interest on pension scheme liabilities	<u>(680)</u>
Net return	<u>56</u>

#### Analysis of the amount that would be recognised in a statement of total recognised gains and losses (STRGL)

	1 October 2002 to 30 September 2003 £'000
Actual return less expected return on pension scheme assets	1,234
Experience gains and loss arising on the scheme liabilities	<u>(2,375)</u>
Changes in assumptions underlying the present value of the scheme liabilities	<u>(1,912)</u>
Actuarial loss recognised in the STRGL	<u>(3,053)</u>

# Guernsey Post Limited

## Notes to the financial statements - continued

### 16. Pension Fund - continued

#### Movement in deficit during the year

	1 October 2002 to 30 September 2003 £'000
Deficit in scheme at beginning of the year	(1,875)
Movement in year:	
Current service cost	(754)
Contributions	426
Past service costs	-
Other finance income	56
Actuarial loss	<u>(3,053)</u>
Deficit in scheme at end of the year	<u>(5,200)</u>

#### History of experience gains and losses

	1 October 2002 to 30 September 2003 £'000	%
Difference between the actual and expected return on scheme assets:		
Amount (£)	1,234	
Percentage of scheme assets		9%
Experience gains and losses on scheme liabilities:		
Amount (£)	(2,375)	
Percentage of the present value of the scheme liabilities		(13)%
Total amount recognised in statement of total recognised gains and losses:		
Amount (£)	(3,053)	
Percentage of the present value of the scheme liabilities		(17)%

### 17. Ownership

The company is wholly owned by the States of Guernsey.

# Guernsey Post Limited

## Notes to the financial statements - continued

### 18. Related party transactions

One of the directors, R A Perrot, is also a partner in Ozannes, a local law firm. Amounts paid by the company to Ozannes in respect of legal services during the year ended 31 January 2003 were £58,771 (2002: £16,431).

C P Spencer, a director who resigned on 30 June 2003, is also a shareholder and director of Safedataco.com Limited. Amounts paid to this company in respect of software development and computer consultancy services provided to Guernsey Post Limited during the year ended 30 September 2003 were £72,439 (2002: £13,187).

D T Roberts, a director, is also a director and shareholder of Postal and Logistics Consulting WorldWide Limited. Amounts paid to this company in respect of postal operations consultancy services provided to Guernsey Post Ltd during the year ended 30 September 2003 were £188,298. J Domican, Interim Operations Director employed by Guernsey Post Ltd on a fixed term contract, is also a Director of PLCWW.

Of the company's annual income and expenditure, less than 2% of their respective value is due to transactions with other States entities.

Cash balances held with the States of Guernsey Treasury as at 30 September 2003 were £11,819,897 (2002: £11,879,074).



**GUERNSEY ELECTRICITY LIMITED**

**Report and Financial Statements**

**31 March 2004**

**GUERNSEY ELECTRICITY LIMITED****REPORT AND FINANCIAL STATEMENTS****CONTENTS**

	Page
Directors, officers and professional advisers	3
Report of the directors	4
Corporate governance	6
Statement of directors' responsibilities	8
Independent auditors' report	9
Profit and loss account	10
Balance sheet	11
Cash flow statement	12
Notes to the accounts	13



## **GUERNSEY ELECTRICITY LIMITED**



### **DIRECTORS, OFFICERS AND PROFESSIONAL ADVISERS**

#### **Directors**

Mr K A Gregson (non-executive Chairman)  
 Mr I Watson (managing)  
 Mr I J Limond (finance)  
 Mr S J Morris (engineering)  
 Mr K J Guille (non-executive)  
 Mr J R Shaw (non-executive)  
 Mr R J Tee (non-executive)  
 Advocate I H Beattie (non-executive)

#### **Secretary**

Mr S B Pattimore

#### **Bankers**

Barclays Bank PLC  
 P O Box 41  
 Le Marchant House  
 St Peter Port  
 Guernsey  
 GY1 3BE

#### **Legal advisers**

Ozannes  
 1 Le Marchant Street  
 St Peter Port  
 Guernsey  
 GY1 4HP

#### **Auditors**

KPMG  
 P O Box 235  
 2 Grange Place  
 The Grange  
 St Peter Port  
 Guernsey  
 GY1 4LD

#### **Registered office**

P O Box 4  
 Electricity House  
 North Side  
 Vale  
 Guernsey  
 GY1 3AD

**Company number 38692.**

**GUERNSEY ELECTRICITY LIMITED****REPORT OF THE DIRECTORS****Incorporation**

Guernsey Electricity Limited was incorporated on 24 August 2001.

**Accounts**

The directors present their report and the audited financial statements for the year ended 31 March 2004. These comprise the profit and loss account, balance sheet, cash flow and notes to the accounts set out on pages 13 to 26.

**Principal activities**

The principal activities of the Company are the generation, importation and distribution of electricity and the sale of associated goods and services.

**Financial Performance**

During the year ended 31 March 2004, turnover from electricity sales amounted to £24,461,000 (2003: £23,803,000) which represents an increase of 2.76% (2003: 4.08%). There were no tariff increases to our customers.

Interest earned amounted to £639,000 (2003: £558,000) for the year, and deferred tax of £115,000 (2003: £251,000) has been provided for.

The profit for the year before the proposed dividend amounted to £1,223,000 (2003: £1,001,000). The retained profit after dividend of £942,000 (2003: £771,000) has been transferred to the profit and loss account.

**Dividend**

The directors propose the payment of a dividend of £281,000 (2003: £230,000), being £0.0026 per share (2003: £0.0021).

**Future prospects**

Whilst tariff levels continue unchanged, this year's growth in units sold reflects continuing increased demand from new building projects in the island. The directors are confident that unit growth will continue.

**Customers**

The number of customers as at 31 March 2004 is 28,201 (2003: 27,844).

**GUERNSEY ELECTRICITY LIMITED****REPORT OF THE DIRECTORS (continued)****Units**

Importation through the cable link between Guernsey, Jersey and the European grid provided 81% (2003: 83%) of the island needs in the year ended 31 March 2004 and 19% (2003: 17%) was generated on the island, as shown by the units analysis below:

	<b>2004</b>	<b>2003</b>
Units imported MWh	266,163	264,326
Units generated MWh	63,288	54,065
Total units imported/generated MWh	<u>329,451</u>	<u>318,391</u>

**Average price**

The average price per kWh sold in the year ended 31 March 2004 was 7.98 pence (2003: 8.05 pence).

**Reliability**

The reliability of Guernsey Electricity's supply is measured by minutes lost per customer. Power failures can be caused by a failure of generation plant, a failure of the distribution network or a failure of the cable link. Customers lost no minutes due to generation activity (2003: nil). However, 52.73 minutes were lost in respect of distribution and the cable link (2003: 68.23 minutes).

**Directors and their interests**

The Directors of the Company who served during the year and to date are as detailed on page 3, with the exception of Mr N F Ozanne (executive) who retired on 15 November 2003. The directors have no beneficial interests in the shares of the Company.

**Auditors**

As a result of a restructuring of their business, KPMG have requested that KPMG Channel Islands Limited be appointed as auditors of the company. A resolution for the appointment of KPMG Channel Islands Limited will be proposed at the forthcoming Annual General Meeting.

For and on behalf of the Board of Directors

**Ken Gregson**

Director

**Ian Watson**

Director

## GUERNSEY ELECTRICITY LIMITED



### CORPORATE GOVERNANCE

#### Government change

During the financial year ended 31 March 2004 our existing relationship with the States of Guernsey Advisory & Finance Committee continued throughout the period. However, from May 2004 the States of Guernsey will have been restructured and our future relationship will now be with the new Treasury & Resources Department.

#### Directors

In accordance with The States Trading Companies (Bailiwick of Guernsey) Ordinance, 2001 the non-executive directors are appointed by the States of Guernsey on the nomination of the States of Guernsey Advisory & Finance Committee. The first executive directors were appointed by the Advisory & Finance Committee after consultation with the non-executive directors. Further appointments of executive director are made by the Company's Board of Directors.

The Company is controlled through the Board of Directors, which currently comprises five non-executive, and three executive directors. As the Chairman is mainly responsible for the running of the Board, he has to ensure that all directors receive sufficient relevant information on financial, business and corporate issues prior to meetings. The Managing Director's responsibilities focus on running the business and implementing strategy. All directors are able to take independent professional advice in furtherance of their duties if necessary.

The Board monitors the exposure to key business risks and reviews the strategic direction. It also considers environmental and employee issues. The Board has established a number of standing sub-committees and each operates within defined terms of reference. The principal sub-committees are:

- Audit & Risk
- Land & Property
- Remuneration and Nominations

In addition senior management team meetings are held each fortnight.

#### Directors' remuneration

In accordance with The States Trading Companies (Bailiwick of Guernsey) Ordinance, 2001 the remuneration of the non-executive directors is determined by the States of Guernsey Advisory & Finance Committee. The remuneration of the executive directors is determined by the Company's Remuneration and Nominations Committee, which comprises three non-executive directors.

#### Relations with the shareholder

The Company's issued share capital is wholly owned by the States of Guernsey. The States Trading Companies (Bailiwick of Guernsey) Ordinance, 2001 provided for the States of Guernsey Advisory & Finance Committee to undertake on behalf of the States the role of shareholder. In accordance therewith the share certificates for the whole issued share capital are held equally in the names of the President and Vice-President of the States of Guernsey Advisory & Finance Committee as nominees on behalf of the States of Guernsey. Provision is also in place for the States to give guidance to the Advisory & Finance Committee on the policies it wishes to be pursued in fulfilling this role. Each year the Company submits its strategic plan to the Advisory & Finance Committee.

**GUERNSEY ELECTRICITY LIMITED****CORPORATE GOVERNANCE (continued)****Financial reporting**

The Company has a comprehensive system for reporting the financial performance of the Company and each of its business units. Management and the Board of Directors review these monthly. The financial statements for the accounting period ending on the accounting reference date of 31 March are reviewed and signed on behalf of the Board of Directors, and will be presented to the shareholder at the forthcoming annual general meeting.

**Internal control**

An ongoing process for identifying, evaluating and managing the significant risks faced by the Company is in place. The monitoring of this process is one responsibility of the Audit & Risk Sub-Committee and a system of developing the way in which the Company captures and assesses its risks has been initiated.

**Compliance**

All business units have well established compliance procedures.

**IT systems**

The Company has established controls and procedures over the security of data held on IT systems and has in place comprehensive disaster recovery arrangements. These arrangements are tested regularly and reviewed by an independent consultant.

**Internal audit**

Internal audit has a continuing role in monitoring and reporting on business risks. The internal auditor reports directly to the Audit & Risk Sub-Committee on all such matters.

**Risk management**

The Board of Directors has overall responsibility for identifying, evaluating and managing major business risks facing the Company. The Audit & Risk Sub-Committee provides assistance to the Board in these matters.

**GUERNSEY ELECTRICITY LIMITED****STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period and are in accordance with applicable laws. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with The Companies (Guernsey) Law, 1994, as amended. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



2 Grange Place  
The Grange  
Guernsey, Channel Islands  
GY1 4LD

## **Independent auditors' report to States of Guernsey Advisory and Finance Committee on behalf of the States of Guernsey**

We have audited the financial statements on pages 10 to 26.

This report is made solely to the company's members, as a body, in accordance with section 64 of The Companies (Guernsey) Law, 1994, as amended. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

The directors are responsible for preparing the directors' report and, as described on page 9, the financial statements in accordance with applicable Guernsey law and UK accounting standards. Our responsibilities, as independent auditors, are established in Guernsey by law, the UK Auditing Practices Board and by our profession's ethical guidance.

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 Companies (Guernsey) Law, 1994, as amended. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the other information accompanying the financial statements and consider whether it is consistent with those statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

### **Basis of audit opinion**

We conducted our audit in accordance with UK 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 directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company'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.

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2004 and of its profit for the year then ended and have been properly prepared in accordance with The Companies (Guernsey) Law, 1994, as amended.

**KPMG**

*Chartered Accountants*  
**20 May 2004**



**GUERNSEY ELECTRICITY LIMITED**
**PROFIT AND LOSS ACCOUNT**  
**Year ended 31 March 2004**

	<b>Note</b>	<b>Year ended 31 March 2004 £,000</b>	<b>Year ended 31 March 2003 £,000</b>
<b>TURNOVER</b>	2	26,862	26,616
<b>COST OF SALES</b>		16,481	16,020
<b>GROSS PROFIT</b>		<u>10,381</u>	<u>10,596</u>
<b>NET OPERATING EXPENSES</b>		10,396	9,846
<b>OPERATING (LOSS)/PROFIT</b>	4	<u>(15)</u>	<u>750</u>
Loss on disposal of assets		40	46
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND EXCEPTIONAL ITEM</b>		<u>(55)</u>	<u>704</u>
Interest receivable	5	639	558
Interest payable	5	(10)	(10)
Exceptional item	6	764	-
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>1,338</u>	<u>1,252</u>
Taxation	7	115	251
<b>PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION</b>		<u>1,223</u>	<u>1,001</u>
Dividend	8	281	230
<b>RETAINED PROFIT FOR THE YEAR</b>		<u>942</u>	<u>771</u>
Retained profit brought forward		1,032	261
<b>RETAINED PROFIT CARRIED FORWARD</b>		<u><u>1,974</u></u>	<u><u>1,032</u></u>

All activities derive from continuing operations.

There were no recognised gains or losses for the current financial year other than as stated in the profit and loss account.

## GUERNSEY ELECTRICITY LIMITED


**BALANCE SHEET**  
**31 March 2004**

	<b>Note</b>	<b>2004 £,000</b>	<b>2003 £,000</b>
<b>TANGIBLE FIXED ASSETS</b>	9	95,893	97,118
<b>INVESTMENT</b>	10	200	-
<b>CURRENT ASSETS</b>			
Stocks and work in progress	11	2,724	2,807
Debtors and prepayments	12	4,646	4,800
Balances with States Treasury	13	15,535	12,627
Cash at bank and in hand		60	7
		22,965	20,241
<b>CREDITORS: amounts falling due within one year</b>	14	(5,281)	(5,356)
<b>NET CURRENT ASSETS</b>		17,684	14,885
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		113,777	112,003
<b>CREDITORS: amounts falling due after more than one year</b>	15	(2,163)	(1,446)
<b>PROVISION FOR LIABILITIES AND CHARGES</b>	16	(431)	(316)
<b>NET ASSETS</b>		111,183	110,241
<b>SHARE CAPITAL</b>	17	109,209	109,209
<b>PROFIT AND LOSS ACCOUNT</b>		1,974	1,032
<b>SHAREHOLDER'S FUNDS</b>		111,183	110,241

The financial statements on pages 10 to 26 were approved by the Board of Directors on 19 May 2004.

Signed on behalf of the Board of Directors

**Ken Gregson**  
Director

**Ian Watson**  
Director

## GUERNSEY ELECTRICITY LIMITED


**CASH FLOW STATEMENT**  
 Year ended 31 March 2004

	Note	Year ended 31 March 2004 £,000	Year ended 31 March 2003 £,000
<b>Net cash inflow from operating activities</b>	18	<u>6,130</u>	<u>5,614</u>
<b>Returns on investments and servicing of finance</b>			
Interest received		639	558
Interest paid		<u>(10)</u>	<u>(10)</u>
<b>Net cash inflow from returns on Investments and servicing of finance</b>		<u>629</u>	<u>548</u>
<b>Capital expenditure and financial investment</b>			
Payments to acquire tangible fixed assets		(4,774)	(2,767)
Proceeds on disposal of tangible fixed assets		23	63
Customers' contributions towards capital expenditure		874	865
Purchase of investment		<u>(250)</u>	<u>-</u>
<b>Net cash outflow from capital expenditure and financial investment</b>		<u>(4,127)</u>	<u>(1,839)</u>
Dividend paid		(230)	-
<b>Net cash inflow before use of liquid resources and financing</b>		<u>2,402</u>	<u>4,323</u>
<b>Management of liquid resources</b>			
Net cash movements with States Treasury		(2,908)	(4,472)
Exceptional item	6	<u>764</u>	<u>-</u>
<b>Net cash outflow from management of liquid resources</b>		<u>(2,144)</u>	<u>(4,472)</u>
<b>Increase/(decrease) in cash</b>	19 & 20	<u>258</u>	<u>(149)</u>

Movements in balances with States Treasury and the Exceptional item are deemed liquid resources in accordance with Financial Reporting Standard 1 (as revised).

**GUERNSEY ELECTRICITY LIMITED****NOTES TO THE ACCOUNTS****Year ended 31 March 2004****1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

**Accounting convention**

The financial statements are prepared under the historical cost convention.

**Transfer of undertaking**

The Company was established in accordance with the provisions of the States Trading Companies (Bailiwick of Guernsey) Law 2001 (Commencement) Ordinance and the States Trading Company (Bailiwick of Guernsey) Ordinance 2001 to take over the generation, importation and distribution of electricity previously carried out by the States of Guernsey Electricity Board with effect from 1 February 2002. The transfer value of the assets and liabilities introduced, together with the business undertaken in accordance with the enabling legislation, represents cost to Guernsey Electricity Limited. The directors have reviewed the amounts attributed and are satisfied that fair values have been applied therefore no adjustment arises on any aspect of the transferred undertaking.

**Sales of electricity**

Sales of electricity include the estimated value of unbilled units at the year end. The unbilled units are valued at current tariff rates.

**Interest**

Interest receivable and payable are accounted for on an accruals basis.

**Deferred income**

Premium income receivable in respect of lease arrangements entered into is recognised over the initial period of the lease.

Customers' contributions towards capital expenditure are credited in equal annual amounts to the profit and loss account over the estimated life of the assets to which they relate.

**Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation.

Assets transferred from the States of Guernsey Electricity Board as at 1 February 2002 are being depreciated over their residual estimated useful lives from that date applying the periods noted below.

Depreciation is calculated so as to write off the cost of tangible fixed assets over the period of their estimated useful lives using the straight line method. The estimated life of each class of fixed asset is set out below. Depreciation commences in the year of acquisition or on completion of construction when a full year's depreciation will be charged. Any shortfall of depreciation arising on the disposal or write-off of fixed assets is charged to the disposals account and any proceeds arising from the disposal are credited to that account. Land is not depreciated.

**GUERNSEY ELECTRICITY LIMITED****NOTES TO THE ACCOUNTS**

Year ended 31 March 2004

**1. ACCOUNTING POLICIES (continued)****Tangible fixed assets and depreciation (continued)**

	<b>Estimated life in years</b>
Buildings	20 – 30
Cable Link	25
Plant and machinery - Generation	10 – 25
- Distribution	25
Distribution network comprising:	
Distributors	25
Meters	15
Cyclocontrol receivers	5
Motor vehicles	5
Furniture and equipment	3 – 10
Minor plant	5 – 10

**Investments**

Investments held as fixed assets are stated at cost less provision for any impairment.

**Stocks and work in progress**

Stocks and work in progress are valued at the lower of cost and net realisable value. In respect of goods held for resale a provision is made based on the time elapsed since the goods were purchased. Provision is made for other stocks relating to strategic plant based upon the remaining useful economic life of the assets to which they relate.

**Leases**

Operating lease rentals are charged to profit and loss in equal annual amounts over the lease term.

**Deferred taxation**

Provision for deferred tax is made in full on timing differences which result in an obligation at the balance sheet date to pay tax at a future date, at rates expected to apply when they crystallise based on current tax rates and laws. Deferred tax assets are only recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

**Foreign exchange**

Transactions denominated in foreign currencies are settled at the rates ruling on the settlement day.

**Financial instruments**

The Company enters into forward exchange contracts to mitigate a large percentage of the risk of fluctuations in the currency rate between the Euro and the Pound Sterling in meeting its financial obligations for the import of electricity units from the European grid. Gains and losses on these contracts are deferred and recognised in the profit and loss account only when the delayed transaction has itself been reflected in the Company's account.

The Company does not hold or issue financial instruments for speculative purposes.

**GUERNSEY ELECTRICITY LIMITED****NOTES TO THE ACCOUNTS**

Year ended 31 March 2004

**1. ACCOUNTING POLICIES (continued)****Pension costs**

The Company continues to apply Statement of Standard Accounting Practice 24 ("SSAP 24"). The costs of the defined benefit scheme are charged to the profit and loss account over the period during which the Company benefits from the employees' services. Surpluses or deficiencies are spread over the expected average remaining working lifetime of employees in proportion to their expected payroll costs. The new pension disclosures under Financial Reporting Standard 17 ("FRS 17") are provided under a separate note to these accounts.

**Joint arrangements**

The Channel Islands Electricity Grid Limited is a joint arrangement between the Jersey Electricity Company Limited and Guernsey Electricity Limited. The Company was formed to manage the project and the ongoing operation of the cable link between Guernsey, Jersey and France.

In accordance with Financial Reporting Standard No. 9, "Associates and Joint Ventures", these financial statements include the Company's entitlement to the assets, liabilities, cash flows and the shared items of this joint arrangement where the Company's entitlements are fully determined by contracts with the other party to the joint arrangement.

**2. TURNOVER**

	Year ended 31 March 2004 £,000	Year ended 31 March 2003 £,000
Sales of electricity	24,461	23,803
Other sales	2,401	2,813
	<u>26,862</u>	<u>26,616</u>

All sales of electricity arise from customers in the Island of Guernsey. Other sales are made to customers throughout the Bailiwick of Guernsey.

**3. CABLE LINK**

The Company has an ongoing obligation to its supplier, Electricité de France, to meet the cost of a minimum amount of electricity. This is a revenue commitment which amounts to approximately £1,557,000 per annum based on the tariff applicable at March 2004 (2003: £1,560,000). The Company is also committed to contribute towards the reinforcement of the French network. This liability is being satisfied by a revenue payment of approximately £110,000 per annum over the period of the contract.

The Company is now party to arrangements entered into on 29 November 1999 with the Jersey Electricity Company Limited, entering into a 35 year lease and lease back arrangements in the amount of £70.13 million in respect of the installation and operation of the Interconnector system between France, Jersey and Guernsey. The counterparties in the arrangement are Natwest Offshore Limited and the Royal Bank of Scotland International Limited.

**GUERNSEY ELECTRICITY LIMITED****NOTES TO THE ACCOUNTS****Year ended 31 March 2004****3. CABLE LINK (continued)**

On entering into the arrangements an initial premium of £1.45 million was received which is being amortised over 15 years (the initial period of the lease). At commencement annual receipts and payments under the lease and lease back arrangements both total £1.21m. This figure is set to escalate at 6% per annum over the duration of the lease. The Company has an unconditional right of set-off of all committed lease payments against lease receipts such that there is no risk that net lease payments will be required.

**4. OPERATING PROFIT**

**Operating profit is after  
Charging/(crediting):**

	Year ended 31 March 2004 £,000	Year ended 31 March 2003 £,000
Depreciation (note 9)	5,886	5,665
Investment impairment (note 10)	50	-
Rentals under operating leases	98	42
Auditors' remuneration - audit	15	16
- non-audit services	8	6
Bad debts	20	6
Emoluments - Non-executive directors	44	31
- Executive directors	390	335
Regulatory costs - external	188	197
- internal	130	111
Other operating income	(388)	(288)

**5. INTEREST**

	Year ended 31 March 2004 £,000	Year ended 31 March 2003 £,000
Interest receivable:		
Deposits with banks and States Treasury	558	473
Hire purchase	81	85
	639	558
Interest payable:		
Bank overdraft	4	4
Security deposits	6	6
	10	10



**GUERNSEY ELECTRICITY LIMITED**
**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 2004**
**6. EXCEPTIONAL ITEM**

Of the £5,350,000 that the States of Guernsey Electricity Board had on deposit with the Bank of Credit and Commerce International when it ceased trading on 5 July 1991, £4,881,008 has been recovered. A distribution of £764,375 was received in the current year (2003: £nil).

**7. TAXATION****Current taxation**

No charge for Guernsey Income Tax at 20p in the £ arises due to the adjusted loss for tax purposes for the year.

**Deferred taxation**

Provision of £115,000 (2003: £251,000) for Guernsey Income Tax at 20p in the £ has been made in the profit and loss account due to timing differences arising from capital allowances exceeding depreciation for the period and unrelieved trading loss for tax purposes.

The deferred tax charge in the profit and loss account for the year is:

	Year ended 31 March 2004 £,000	Year ended 31 March 2003 £,000
Timing differences on capital allowances and depreciation	593	2,052
Unrelieved trading losses	(478)	(1,801)
	<u>115</u>	<u>251</u>

**8. DIVIDEND**

	Year ended 31 March 2004 £,000	Year ended 31 March 2003 £,000
Proposed dividend of £0.0026 per share (2003: £0.0021)	<u>281</u>	<u>230</u>

## GUERNSEY ELECTRICITY LIMITED


**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 2004**
**9. TANGIBLE FIXED ASSETS**

	<b>1 April 2003 £,000</b>	<b>Additions £,000</b>	<b>Written off /disposals £,000</b>	<b>31 March 2004 £,000</b>
<b>Cost</b>				
Land and buildings	24,594	1,717	49	26,262
Cable link	28,902	16	-	28,918
Plant and machinery:				
Generation	29,256	131	-	29,387
Distribution	4,949	1,179	15	6,113
Distribution network	14,768	1,083	6	15,845
Motor vehicles, furniture and equipment, minor plant	1,241	601	25	1,817
	<u>103,710</u>	<u>4,727</u>	<u>95</u>	<u>108,342</u>
	<b>1 April 2003 £,000</b>	<b>Charge for the year £,000</b>	<b>Written off /disposals £,000</b>	<b>31 March 2004 £,000</b>
<b>Depreciation</b>				
Land and buildings	1,072	947	6	2,013
Cable link	1,456	1,248	-	2,704
Plant and machinery:				
Generation	2,500	2,193	-	4,693
Distribution	265	271	3	533
Distribution network	943	863	1	1,805
Motor vehicles, furniture and equipment, minor plant	356	364	19	701
	<u>6,592</u>	<u>5,886</u>	<u>29</u>	<u>12,449</u>
<b>Net book value</b>	<u>97,118</u>			<u>95,893</u>

Included above are assets in the course of construction of £2,314,000 (2003: £5,855,000), which are not depreciated.

**10. INVESTMENT**

The company invested £250,000 in Marine Current Turbines Limited as part of its initiatives to keep abreast of the research and development of alternative energy sources. This investment is a minority interest and the holding is less than 5%. The benefits of this investment are spread over more than one year.

**GUERNSEY ELECTRICITY LIMITED****NOTES TO THE ACCOUNTS**

Year ended 31 March 2004

**11. STOCKS AND WORK IN PROGRESS**

	£,000	2004 £,000	£,000	2003 £,000
Fuel stocks		763		711
Purchased goods for resale	280		272	
Provision	<u>13</u>	267	<u>5</u>	267
Other stocks	2,538		2,601	
Provision	<u>927</u>	1,611	<u>824</u>	1,777
Work in progress		83		52
		<u>2,724</u>		<u>2,807</u>

**12. DEBTORS AND PREPAYMENTS**

	2004 £,000	2003 £,000
Estimated value of unbilled units	2,631	2,733
Customer accounts outstanding	1,404	1,448
Other debtors	51	65
Prepayments	<u>560</u>	<u>554</u>
	<u>4,646</u>	<u>4,800</u>

**13. BALANCES WITH STATES TREASURY**

The treasury department of the States of Guernsey is engaged to invest the Company's liquid funds in excess of its daily requirements.

**14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2004 £,000	2003 £,000
Bank overdraft	-	205
Trade creditors	1,414	1,057
Customer payments received in advance	2,495	2,858
Employee taxes and Social Security	233	214
Deferred income	151	115
Accruals and other creditors	707	677
Dividend payable	<u>281</u>	<u>230</u>
	<u>5,281</u>	<u>5,356</u>

**GUERNSEY ELECTRICITY LIMITED****NOTES TO THE ACCOUNTS**

Year ended 31 March 2004

**15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>2004</b> <b>£,000</b>	<b>2003</b> <b>£,000</b>
Deferred income	<u>2,163</u>	<u>1,446</u>

**16. PROVISION FOR LIABILITIES AND CHARGES**

	<b>2004</b> <b>£,000</b>	<b>2003</b> <b>£,000</b>
Deferred taxation:		
Balance at 1 April	316	65
Profit and loss account charge	115	251
Balance at 31 March	<u>431</u>	<u>316</u>
Which comprises of:		
Capital allowances in excess of depreciation	3,020	2,427
Unrelieved trading loss for tax purposes	<u>(2,589)</u>	<u>(2,111)</u>
	<u>431</u>	<u>316</u>

**17. SHARE CAPITAL**

	<b>2004</b> <b>£,000</b>	<b>2003</b> <b>£,000</b>
Authorised		
125,000,000 ordinary shares of £1 each	<u>125,000</u>	<u>125,000</u>
Issued and fully paid		
109,208,844 ordinary shares of £1 each	<u>109,209</u>	<u>109,209</u>

Two shares were issued on formation of the Company and the remaining 109,208,842 shares were issued to equate to the consideration of £109,208,844 for the net assets acquired by the Company from the States of Guernsey with effect from 1 February 2002.

**18. RECONCILIATION OF OPERATING (LOSS)/PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	<b>Year ended</b> <b>31 March</b> <b>2004</b> <b>£,000</b>	<b>Year ended</b> <b>31 March</b> <b>2003</b> <b>£,000</b>
Operating (loss)/profit	(15)	750
Depreciation charge	5,886	5,665
Investment impairment	50	-
Deferred income	(151)	(115)
Decrease/(increase) in stocks and work in progress	83	(339)
Decrease/(increase) in debtors and prepayments	154	(495)
Increase in creditors	123	148
	<u>6,130</u>	<u>5,614</u>

## GUERNSEY ELECTRICITY LIMITED



## NOTES TO THE ACCOUNTS

Year ended 31 March 2004

## 19. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	Year ended 31 March 2004 £,000	Year ended 31 March 2003 £,000
Increase/(decrease) in cash in the year	258	(149)
Cash used to increase liquid resources	2,908	4,472
Change in net funds	3,166	4,323
Net funds at 1 April	12,429	8,106
Net funds at 31 March	15,595	12,429

## 20. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 April 2003 £,000	Cash flows £,000	At 31 March 2004 £,000
<b>Cash</b>			
Cash at bank and in hand	7	53	60
Bank overdraft	(205)	205	-
	(198)	258	60
<b>Balances with States Treasury</b>	12,627	2,908	15,535
	12,429	3,166	15,595

## 21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	Year ended 31 March 2004 £,000	Year ended 31 March 2003 £,000
Shareholder's funds at 1 April brought forward	110,241	109,470
Retained profit for the year	942	771
Shareholder's funds at 31 March	111,183	110,241

**GUERNSEY ELECTRICITY LIMITED****NOTES TO THE ACCOUNTS**

Year ended 31 March 2004

**22. COMMITMENTS**

Capital commitments for which no provision has been made in these financial statements amounted to £2,245,000 as at 31 March 2004 (2003: £4,660,000).

**Operating lease commitments**

Commitments to make payments during the next year in respect of an operating lease are as follows:

	<b>2004</b> <b>£,000</b>	<b>2003</b> <b>£,000</b>
<b>Land and Buildings</b>		
Lease which expires within two to five years	42	42
<b>Furniture and equipment</b>		
Lease which expires within two to five years	<u>56</u>	<u>-</u>

**23. FINANCIAL INSTRUMENTS**

The Company's commitment to forward contracts at the balance sheet date was as follows:

	<b>2004</b> <b>Euros</b> <b>€,000</b>	<b>2003</b> <b>Euros</b> <b>€,000</b>
Forward contracts	<u>11,700</u>	<u>6,100</u>
	<b>£,000</b>	<b>£,000</b>
Contracted prices	<u>8,349</u>	<u>4,175</u>
Closing value at 31 March	<u>7,807</u>	<u>4,212</u>
Unrecognised (losses)/profits	<u>(542)</u>	<u>37</u>

All forward contracts mature within eighteen months of the balance sheet date.

The sterling/euro rate at 31 March 2004 was 1.4987 (2003: 1.4482).

**GUERNSEY ELECTRICITY LIMITED****NOTES TO THE ACCOUNTS****Year ended 31 March 2004****24. PENSION FUND**

The employees of the Company are members of the States of Guernsey Superannuation Fund. This is a defined benefits pension scheme funded by contributions from both employer and employee at rates which are determined on the basis of independent actuarial advice, and which are calculated to spread the expected cost of benefits payable to employees over the period of those employees' expected service lives.

The last triennial actuarial valuation of the Superannuation Fund was carried out as at 31 December 2001.

As the Fund is a multi entity arrangement the States of Guernsey contracted the Fund's qualified independent actuaries to identify the actuarial account for each entity and therefore the value of the pension fund assets and liabilities attributable to this Company. As at 1 February 2002 the actuarial account was valued at £20,711,523, being 115.7% of the actuarial value of the accrued liabilities. The report further recommended the increase of employer's contribution from 8.25% to 8.35% from 1 April 2003 and this has been adopted.

The total amount of superannuation contributions for the year ended 31 March 2004 was £479,000 (2003: £458,000) which were all paid during the year.

The Company recognises the requirements of Financial Reporting Standard 17 ("FRS 17") on Retirement Benefits, and sets out below the disclosures required under the transitional rules:

<b>Financial Assumptions</b>	<b>31 March 2004 % p.a.</b>	<b>31 March 2003 % p.a.</b>	<b>31 March 2002 % p.a.</b>
Discount rate	5.4	5.5	6.2
Inflation	2.9	2.6	2.8
Increases to deferred benefits during deferment	3.0	2.6	2.9
Increases to pensions in payment	3.0	2.7	2.9
Increases to salaries	4.4	4.1	4.3



## GUERNSEY ELECTRICITY LIMITED


**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 2004**
**24. PENSION FUND (continued)****Market value of scheme assets**

	Market value at 31 March 2004		Expected return on assets % p.a.	Market value at 31 March 2003		Expected return on assets % p.a.	Market value at 31 March 2002		Expected return on assets % p.a.
	£,000	%		£,000	%		£,000	%	
Equities	16,901	76.1	7.8	12,761	72.6	7.5	17,095	79.6	8.0
Bonds	4,892	22.0	4.8	4,269	24.4	5.1	2,995	14.7	6.2
Cash and net current assets	426	1.9	4.0	526	3.0	3.5	1,188	5.7	3.5
<b>Market value of the scheme assets</b>	22,219	100.0	6.8	17,466	100.0	6.7	21,278	100.0	7.5
<b>Present value of the scheme liabilities</b>	29,210			24,255			18,353		
<b>Deficit in the scheme</b>	(6,991)			(6,789)			2,925		
<b>Related deferred tax asset (assuming Guernsey Income Tax at 20%)</b>	1,398			1,358			(585)		
	<u>(5,593)</u>			<u>(5,431)</u>			<u>2,340</u>		

The asset and liability values on the FRS 17 basis reflect market conditions at the Company's year-end date and can be expected to vary greatly from year to year, without prejudicing the scheme's long-term ability to provide the required benefits.

**Balance sheet presentation**

	<b>31 March 2004 £,000</b>	<b>31 March 2003 £,000</b>	<b>31 March 2002 £,000</b>
Net assets excluding pension liability	111,183	110,241	109,470
Net pension liability	<u>(5,593)</u>	<u>(5,431)</u>	<u>2,340</u>
Net assets including pension liability	<u>105,590</u>	<u>104,810</u>	<u>111,810</u>

**Reserves note**

	<b>31 March 2004 £,000</b>	<b>31 March 2003 £,000</b>	<b>31 March 2002 £,000</b>
Profit and loss reserve excluding pension liability	1,974	1,032	261
Pension reserve	<u>(5,593)</u>	<u>(5,431)</u>	<u>2,340</u>
Profit and loss reserve including pension liability	<u>(3,619)</u>	<u>(4,399)</u>	<u>2,601</u>

## GUERNSEY ELECTRICITY LIMITED



## NOTES TO THE ACCOUNTS

Year ended 31 March 2004

## 24. PENSION FUND (continued)

## Analysis of the amount chargeable to operating profit

	2004 £,000	2003 £,000
Current service cost	1,045	798
Past service cost	-	-
Total operating charge	<u>1,045</u>	<u>798</u>

## Analysis of the amount chargeable to other finance costs

	2004 £,000	2003 £,000
Expected return on pension scheme assets	1,211	1,623
Interest on pension scheme liabilities	(1,332)	(1,138)
Net (charge)/return	<u>(121)</u>	<u>485</u>

## Analysis of amount that would be recognised in a statement of total recognised gains and losses (STRGL)

	2004 £,000	2003 £,000
Actual return less expected return on pension scheme assets	3,313	(5,726)
Experience gains and losses arising on scheme liabilities	(576)	(1,078)
Changes in assumptions underlying the present value of scheme liabilities	(2,252)	(3,055)
Actuarial gain/(loss) that would be recognised in STRGL	<u>485</u>	<u>(9,859)</u>

## Movement in (deficit)/surplus during the year

	2004 £,000	2003 £,000
(Deficit)/surplus in scheme at beginning of the year	(6,789)	2,925
Movement in year:		
Current service costs	(1,045)	(798)
Contributions	479	458
Past service costs	-	-
Other finance (charge)/income	(121)	485
Actuarial gain/(loss)	485	(9,859)
Deficit in scheme at end of the year	<u>(6,991)</u>	<u>(6,789)</u>

**GUERNSEY ELECTRICITY LIMITED****NOTES TO THE ACCOUNTS**

Year ended 31 March 2004

**24. PENSION FUND (continued)****History of experience gains and losses**

	<b>2004</b>	<b>2003</b>
	<b>£,000</b>	<b>£,000</b>
<b>Difference between the actual and expected return on scheme assets:</b>		
amount (£)	3,313	(5,726)
percentage of scheme assets	15%	(33%)
<b>Experience gains and losses on scheme liabilities:</b>		
amount (£)	(576)	(1,077)
percentage of the present value of the scheme liabilities	(2%)	(4%)
<b>Total amount recognised in statement of total recognised gains and losses:</b>		
amount (£)	485	(9,859)
percentage of the present value of the scheme liabilities	2%	(41%)

**25. STATEMENT OF CONTROL**

The Company is wholly owned and ultimately controlled by the States of Guernsey.

**26. RELATED PARTY TRANSACTIONS**

There are no disclosable related party transactions in this financial year.

Of the Company's annual income and expenditure, less than 20% of their respective value is due to transactions with other States entities.

IN THE STATES OF THE ISLAND OF GUERNSEY

ON THE 29<sup>TH</sup> SEPTEMBER 2004

The States resolved as follows concerning Billet d’Etat No. XIV  
dated 10<sup>th</sup> September, 2004

**HOUSE COMMITTEE**

**PARLIAMENTARY PRIVELEGE**

- I.- Leave was granted to withdraw this Article, at the instance of the Chairman of the House Committee.

**PROJET DE LOI**

entitled

**THE PRIVILEGES AND IMMUNITIES  
(BAILIWICK OF GUERNSEY) LAW, 2004**

- II.- To approve the Projet de Loi entitled “The Privileges and Immunities (Bailiwick of Guernsey) Law, 2004”, and to authorise the Bailiff to present a most humble Petition to Her Majesty in Council praying for Her Royal Sanction thereto.

**PROJET DE LOI**

entitled

**THE PREVENTION OF DISCRIMINATION (ENABLING PROVISIONS)  
(BAILIWICK OF GUERNSEY) LAW, 2004**

- III.- To approve the Projet de Loi entitled “The Prevention of Discrimination (Enabling Provisions) (Bailiwick of Guernsey) Law, 2004”, and to authorise the Bailiff to present a most humble Petition to Her Majesty in Council praying for Her Royal Sanction thereto.

**PROJET DE LOI**

entitled

**THE CRIMINAL JUSTICE (SUPERVISION OF OFFENDERS)  
(BAILIWICK OF GUERNSEY) LAW, 2004**

IV.- Leave was granted to withdraw this Article at the instance of Her Majesty's Procureur.

**PROJET DE LOI**

entitled

**THE INCOME TAX (PENSION AMENDMENTS)  
(GUERNSEY) LAW, 2004**

V.- To approve the Projet de Loi entitled "The Income Tax (Pension Amendments) Guernsey) Law, 2004", and to authorise the Bailiff to present a most humble Petition to Her Majesty in Council praying for Her Royal Sanction thereto.

**PROJET DE LOI**

entitled

**THE FOREIGN TAX (RETENTION ARRANGEMENTS)  
(GUERNSEY AND ALDERNEY) LAW, 2004**

VI.- To approve the Projet de Loi entitled "The Foreign Tax (Retention Arrangements) (Guernsey and Alderney) Law, 2004", and to authorise the Bailiff to present a most humble Petition to Her Majesty in Council praying for Her Royal Sanction thereto.

**PROJET DE LOI**

entitled

**THE COURT OF CHIEF PLEAS (GUERNSEY) LAW, 2004**

VII.- To approve the Projet de Loi entitled "The Court of Chief Pleas (Guernsey) Law, 2004", and to authorise the Bailiff to present a most humble Petition to Her Majesty in Council praying for Her Royal Sanction thereto.

**THE CUSTOMS AND EXCISE (GENERAL PROVISIONS)  
(COMMENCEMENT & AMENDMENT) ORDINANCE, 2004**

VIII.- To approve the draft Ordinance entitled “The Customs and Excise (General Provisions) (Commencement & Amendment) Ordinance, 2004”, and to direct that the same shall have effect as an Ordinance of the States.

**THE PUBLIC HOLIDAYS ORDINANCE, 2004**

IX.- To approve the draft Ordinance entitled “The Public Holidays Ordinance, 2004”, and to direct that the same shall have effect as an Ordinance of the States.

## **TREASURY & RESOURCES DEPARTMENT**

### **TAXATION OF BUSINESS PROFITS**

X.- After consideration of the Report dated 20<sup>th</sup> July, 2004, of the Treasury and Resources Department,:-

1. To approve the change to an actual basis of assessment of business income with effect from 1 January 2006.
2. To approve the provision of transitional arrangements including avoidance provisions as outlined in paragraphs 12 – 15 of that Report.
3. In order that the transitional provisions be effective from the Year of Charge 2005, that the provisions of The Taxes & Duties (Provisional Effect) (Guernsey) Law 1992 should apply.
4. To direct the preparation of such legislation as may be necessary to give effect to their above decisions.

## **HOUSING DEPARTMENT**

### **ALTERATIONS TO THE HOUSING REGISTER**

XI.- After consideration of the Report dated 29<sup>th</sup> July, 2004, of the Housing Department:-

1. To direct that an Ordinance be prepared to enable the Department to inscribe in Part A of the Housing Register by virtue of Section 52 of the Housing (Control of Occupation) (Guernsey) Law 1994, the dwelling formed by the combination of the first floor flat (formerly inscribed under reference A73) and the attic flat at Cote des Vauxlaurens provided that 27 Hauteville is deleted from the Housing Register on the application of its owner.
2. That that Ordinance shall include the provision that the inscription shall, subject to formal application, be made no later than 6 months from the commencement date of the Ordinance or three months after the deletion of the inscription of 27 Hauteville (Reference D400) whichever is the earlier.
3. To direct the preparation of such legislation as may be necessary to give effect to their above decisions.



## **PUBLIC SERVICES DEPARTMENT**

### **LEASE OF LAND TO AIRCRAFT SERVICING (GUERNSEY) LTD**

XII.- After consideration of the Report dated 2<sup>nd</sup> August, 2004, of the Public Services Department:-

To authorise the Public Services Department to lease for a period of 88 years an area of land at the Airport and to permit Aircraft Servicing (Guernsey) Ltd to construct, occupy and operate a private aircraft hangar on the terms set out in that Report.

## **COMMERCE AND EMPLOYMENT DEPARTMENT**

### **SUNDAY TRADING – SALE OF CHRISTMAS DECORATIONS FROM GARDEN CENTRES**

XIII.- After consideration of the Report dated 3<sup>rd</sup> August, 2004, of the Commerce and Employment Department:-

1. That during the months of November, December and January, Christmas decorations and Christmas wrapping paper may be sold at a plant or garden centre on a Sunday without being subject to a floor area limit of 100 square metres.
2. That such a concession shall only apply to those businesses that are in possession of a Category L Sunday trading licence that has effect during the preceding October.
3. The requirement that a garden centre must predominantly offer for sale “*all types of living plants, flowers, fruit, vegetables, seeds and bulbs*” shall not apply during November, December and January, but only in those instances of where the sale of Christmas decorations and Christmas wrapping paper has affected the predominant range.
4. To direct the preparation of such legislation as may be necessary to give effect to their above decisions.

## **HEALTH AND SOCIAL SERVICES DEPARTMENT**

### **MEDICINES (BAILIWICK) LAW, 2004**

XIV.- After consideration of the Report dated 12<sup>th</sup> August, 2004, of the Health and Social Services Department:-

To approve

- (a) the regulation of the manufacturing, supply, import, export, labelling and prescribing of medicines as detailed in paragraph 6.6 of that Report;
  - (b) the appointment of a Chief Inspector and the inspection of any premises where medicines are or may be held as detailed in paragraph 6.4 of that Report;
  - (c) the requirement that each retail pharmacy appoint a Superintendent Pharmacist, as detailed in paragraph 6.5 of that Report;
  - (d) the issuing of licences for the purposes of manufacturing, wholesale dealing, selling or supplying of medicines as detailed in paragraph 6.8 of that Report;
  - (e) the regulation of the promotion of medicines as detailed in paragraph 6.9 of that Report; and
  - (f) the control of substances similar to medicinal products as detailed in paragraph 6.10 of that Report.
2. To direct the preparation of such legislation as may be necessary to give effect to their above decisions.

## **SOCIAL SECURITY DEPARTMENT**

### **BENEFIT AND CONTRIBUTION RATES FOR 2005**

XV.- After consideration of the Report dated 12<sup>th</sup> August, 2004, of the Social Security Department:-

1. That, with effect from 3<sup>rd</sup> January, 2005, the standard rates of social insurance benefits shall be increased to the rates set out in paragraph 22 of that Report.
2. That, with effect from 3<sup>rd</sup> January, 2005, the standard rate of bereavement payment shall be £1,280.
3. That maternity grant shall be increased to £260.00 in respect of confinements which take place on or after 3<sup>rd</sup> January 2005.
4. That the full rate amount of death grant payable in respect of the death of a person on or after 3<sup>rd</sup> January 2005 shall be £403.00.
5. That, with effect from 1<sup>st</sup> January, 2005, for employed and self-employed persons the upper weekly earnings limit, the upper monthly earnings limit and the annual upper earnings limit shall be £660, £2,860 and £34,320 respectively.

6. That, with effect from 1<sup>st</sup> January, 2005, for non-employed persons the upper and lower annual income limits shall be £34,320 and £11,989 respectively.
7. That, with effect from 1<sup>st</sup> January, 2005, the prescription charge per item of pharmaceutical benefit shall be £2.40.
8. That, with effect from 3<sup>rd</sup> January, 2005, the contribution (co-payment) required to be made by the claimant of care benefit, under the long-term care insurance scheme, shall be £133 per week.
9. That, with effect from 3<sup>rd</sup> January, 2005, 'care benefit' shall be a maximum of £560 per week for persons resident in a nursing home or the Guernsey Cheshire Home and a maximum of £301 per week for persons resident in a residential home.
10. That, with effect from 3<sup>rd</sup> January, 2005, 'respite care benefit' shall be a maximum of £693 per week for persons receiving respite care in a nursing home or the Guernsey Cheshire Home and a maximum of £434 per week for persons receiving respite care in a residential home.
11. That, with effect from 7<sup>th</sup> January, 2005, the ordinary maximum rates of public assistance for the purposes of paragraph 10 in the Schedule to the Central Outdoor Assistance Board Regulations, as amended, shall be those set out in sub-paragraphs 83 (b) of that Report.
12. That, with effect from 6<sup>th</sup> January, 2005, the ordinary maximum rates of public assistance for the purposes of paragraph 10 in the Schedule to the Central Outdoor Assistance Board Regulations, as amended, shall be those set out in sub-paragraphs 83 (b) of that Report.
13. That, with effect from 7<sup>th</sup> January, 2005, the limit of the weekly income for the purposes of paragraph 3 of Part 1 of the First Schedule to the Supplementary Benefit (Implementation) Ordinance 1971 shall be:
  - (a) £275 for a person whose requirements are in accordance with paragraph 5 of the Schedule;
  - (b) £380 for a person who is residing in a residential home and whose requirements are in accordance with paragraph 7 of the Schedule;
  - (c) £547 for a person who is residing as a patient in a hospital, nursing home or the Guernsey Cheshire Home, whose requirements are in accordance with paragraph 7 of the Schedule.
14. That, with effect from 6<sup>th</sup> January, 2005, the limit of the weekly income for the purposes of sub-paragraph 2(2) the Schedule to the Central Outdoor Assistance Board Regulations, as amended, shall be £275.

15. That, with effect from 7<sup>th</sup> January, 2005, the amount of the personal allowance payable to persons in residential or nursing homes who are in receipt of supplementary benefit shall be £21 per week.
16. That a supplementary fuel allowance, for supplementary beneficiaries who are householders, of £14.50 per week be paid, from 29 October 2004 to 22 April 2005.
17. That a winter fuel allowance at a maximum of £14.50 per week shall be payable at the discretion of the Relieving Official to a person in receipt of public assistance from 28 October 2004 to 21 April 2005.
18. (a) That, with effect from 4<sup>th</sup> January, 2005, the allowance payable under the Family Allowances (Guernsey) Law, 1950, as amended, shall be £12.25 per week; and  
(b) that, with effect from 4<sup>th</sup> January, 2005, the cost of providing for a child (for the purposes of determining in whose family a child not living with his parents is to be included under the Law), shall be £12.25 per week
19. That, with effect from 7<sup>th</sup> January, 2005, the rates of attendance allowance and invalid care allowance and the annual income limits shall be as set out in paragraph 98.
20. To direct the preparation of such legislation as may be necessary to give effect to their above decisions.

## **HEALTH AND SOCIAL SERVICES DEPARTMENT**

### **SPEECH AND LANGUAGE THERAPY SERVICES**

XVI.- After consideration of the Report dated 25<sup>th</sup> August ,2004, from the Health and Social Services Department:-

To note that Report.

## ***STATUTORY INSTRUMENTS LAID BEFORE THE STATES***

### **THE ELECTORAL ROLL (CLOSURE) (ANNUAL ELECTION OF CONSTABLES AND DOUZENIERS) ORDER, 2004**

In pursuance of the provisions of Article 78 of the Reform (Guernsey) Law, 1948, as amended, the Electoral Roll (Closure) (Annual Election of Constables and Douzeniers) Order, 2004, made by the House Committee on the 7<sup>th</sup> July, 2004, was laid before the States.

**THE SECURITY OF SHIP AND PORT FACILITIES  
(GUERNSEY) ORDER, 2004**

In pursuance of Section 3 (3) of the Security of Ship and Port Facilities (Guernsey) Ordinance, 2004, the Security of Ship and Port Facilities (Guernsey) Order, 2004, made by the Public Services Department on the 30<sup>th</sup> June, 2004, was laid before the States.

**THE INSURANCE BUSINESS (DEFINITION OF LONG TERM BUSINESS)  
(AMENDMENT) REGULATIONS, 2004**

In pursuance of Section 86 of the Insurance Business (Bailiwick of Guernsey) Law, 2002, the Insurance Business (Definition of Long Term Business) (Amendment) Regulations, 2004, made by the Policy Council on the 26<sup>th</sup> July, 2004, were laid before the States.

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