



BILLET D'ÉTAT

WEDNESDAY, 26th JULY, 2006

XIII
2006

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B I L L E T D ' É T A T

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 26th JULY, 2006**, at 9.30am, to consider the items contained in this Billet d'État which have been submitted for debate by the Policy Council.

G. R. ROWLAND
Bailiff and Presiding Officer

The Royal Court House
Guernsey
7th July 2006

PROJET DE LOI

entitled

**THE CRIMINAL JUSTICE (ATTEMPTS, CONSPIRACY AND
JURISDICTION) (BAILIWICK OF GUERNSEY) LAW, 2006**

The States are asked to decide:-

I.- Whether they are of the opinion to approve the Projet de Loi entitled "The Criminal Justice (Attempts, Conspiracy and Jurisdiction) (Bailiwick of Guernsey) Law, 2006" 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 (MISCELLANEOUS PROVISIONS)
(BAILIWICK OF GUERNSEY) LAW, 2006**

The States are asked to decide:-

II.- Whether they are of the opinion to approve the Projet de Loi entitled "The Criminal Justice (Miscellaneous Provisions) (Bailiwick of Guernsey) Law, 2006" 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 FORGERY AND COUNTERFEITING
(BAILIWICK OF GUERNSEY) LAW, 2006**

The States are asked to decide:-

III.- Whether they are of the opinion to approve the Projet de Loi entitled "The Forgery and Counterfeiting (Bailiwick of Guernsey) Law, 2006" 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 SOCIAL INSURANCE (GUERNSEY) (AMENDMENT) LAW, 2006

The States are asked to decide:-

IV.- Whether they are of the opinion to approve the Projet de Loi entitled "The Social Insurance (Guernsey) (Amendment) Law, 2006" 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 VEHICULAR TRAFFIC (CAUSING DEATH BY DRIVING)
(GUERNSEY) (AMENDMENT) LAW, 2006**

The States are asked to decide:-

V.- Whether they are of the opinion to approve the Projet de Loi entitled “The Vehicular Traffic (Causing Death by Driving) (Guernsey) (Amendment) Law, 2006” and to authorise the Bailiff to present a most humble petition to Her Majesty in Council praying for her Royal Sanction thereto.

**THE ENVIRONMENTAL POLLUTION (GUERNSEY) LAW, 2004
(COMMENCEMENT AND DESIGNATION OF WASTE DISPOSAL
AUTHORITY) ORDINANCE, 2006**

The States are asked to decide:-

VI.- Whether they are of the opinion to approve the draft Ordinance entitled “The Environmental Pollution (Guernsey) Law, 2004 (Commencement and Designation of Waste Disposal Authority) Ordinance, 2006” and to direct that the same shall have effect as an Ordinance of the States.

**THE HUMAN RIGHTS (BAILIWICK OF GUERNSEY) LAW, 2000
(COMMENCEMENT) ORDINANCE, 2006**

The States are asked to decide:-

VII.- Whether they are of the opinion to approve the draft Ordinance entitled “The Human Rights (Bailiwick of Guernsey) Law, 2000 (Commencement) Ordinance, 2006” and to direct that the same shall have effect as an Ordinance of the States.

**THE UNIFORM SCALE OF FINES (BAILIWICK OF GUERNSEY)
(AMENDMENT) ORDINANCE, 2006**

The States are asked to decide:-

VIII.- Whether they are of the opinion to approve the draft Ordinance entitled “The Uniform Scale of Fines (Bailiwick of Guernsey) (Amendment) Ordinance, 2006” and to direct that the same shall have effect as an Ordinance of the States.

THE VEHICULAR TRAFFIC (AMENDMENT) ORDINANCE, 2006

The States are asked to decide:-

IX.- Whether they are of the opinion to approve the draft Ordinance entitled “The Vehicular Traffic (Amendment) Ordinance, 2006” and to direct that the same shall have effect as an Ordinance of the States.

PRIAULX LIBRARY

NEW TRUSTEE

The States are asked:-

X.- To elect a Trustee of the Priaulx Library to replace Mr D Le Sueur who has resigned as a Trustee.

(NB Advocates of the Royal Court are not eligible for election)

(The following background is provided for the information of Members of the States:-

The Priaulx Library Trustees are responsible for managing the capital sum which was donated in 1880 by the founder of the Library, Osmond de Beauvoir Priaulx, to provide income to be applied towards the running costs of the Library. The latest reported value of the capital sum was £4,066.

The composition of the body of Trustees was determined by formal agreement (registered at the Greffe) between the States and Osmond de Beauvoir Priaulx. One Trustee is a member of the Priaulx family and the other two are appointed by the States. The term of office of the States-appointed Trustees is not fixed and the agreement provides that on the death or resignation of a States-appointed Trustee the States shall appoint a successor – in September 2005 the States elected Deputy C H Le Pelley as a Trustee on the resignation of the late Mr P L de Garis. The agreement also provides that no Advocate of the Royal Court shall be appointed by the States as a Trustee.

The Priaulx Library Trustess are members of the Priaulx Library Council, which is responsible for managing the Priaulx Library. The Council currently meets every two months on a Tuesday.)

POLICY COUNCIL

THE REGULATION OF CIVIL AVIATION IN THE BAILIWICK AND GUERNSEY AND ALDERNEY AIRPORTS

Executive Summary

Recent and continuing developments in international and European civil aviation law have significantly increased the regulatory burden in respect of civil aviation matters including the licensing of civil airports and this is set to continue. Developments in the competence of the European Union (EU) in the field of aviation also make it necessary for the Bailiwick to begin to legislate for itself in this area.

International civil aviation requirements mean that the responsibilities for operating and regulating (the safety of) airports should be separated. In this respect the UK Department for Transport (DfT) has confirmed that it would have great difficulty in endorsing any proposal that did not achieve this separation. The Law Officers have also advised that the regulation (including licensing) of civil airports should be independent of government which is in accordance with the views of the Department for Transport which has stated that the regulator (of a civil aviation airport) must be “*impartial and autonomous in relation to government*”.

It is recognised that it would be onerous, and in law impossible, for the Royal Court to continue with its role as the Licensing Authority for Guernsey and Alderney airports given the increased regulatory burden, and the possibility of appeals from decisions made with respect to licensing matters. This report therefore examines the requirement for an alternative, independent airport regulator to be appointed which is essential to enable the Bailiwick’s airports to comply with mandatory international requirements. These would still need to be adopted even if the Royal Court had been able and willing to continue in its current role. The report also identifies other airport safety responsibilities that could be undertaken by a ‘Director of Civil Aviation’ and makes recommendations for the introduction of a new regulatory regime.

Whilst the Council has developed proposals that in its view represent the best available solution to the Bailiwick, Council members have concerns about the possible long-term cost implications that might arise although it is accepted that these are unquantifiable and that there is no better alternative to what is being proposed.

In preparing this report consultations have been undertaken with the UK Department for Transport and the Commerce & Employment and Public Services Departments. Consultations have also been held with the authorities in Alderney and Sark. In addition, the advice of the Law Officers has been sought.

Background

Guernsey and Alderney airports are currently licensed to operate by the Royal Court under the terms of the Air Navigation Order 1980, a UK Statutory Instrument which was extended to Guernsey in 1981, which replaced earlier, equivalent, legislation.

Since 1999 the Court, when considering licence applications from the States, as operator of the airports, has taken account of advice, comments and recommendations that are contained in independent audit reports prepared by the Civil Aviation Authority (CAA) at the request of the (now) Public Services Department. Although there is no statutory requirement for these reports they generally identify safety issues that require addressing; comments may also be made, as appropriate, on safety issues that have been previously identified and dealt with by the operator. In the UK, the CAA has the licensing responsibility and therefore the authority to enforce inspections upon the operator of an airfield.

The International Civil Aviation Organisation (ICAO) has now amended the Convention on International Civil Aviation (known as the “Chicago Convention”) which requires all airports with international connections to be certified (“Licensed”) in accordance with annex 14 of the Convention. The licensing criteria specified in the annex include the physical characteristics of the airport and its safe operation, together with the introduction of safety management systems and the undertaking of regular safety audits.

The amendment to the Chicago Convention significantly increases the regulatory burden placed upon National Civil Aviation Authorities which in the case of Guernsey is currently the Royal Court. It is for this reason that the Royal Court should not (and indeed cannot) continue in its current role as it is not resourced to deal with day-to-day airport safety and regulatory issues. Furthermore, the Royal Court must be free to undertake its appellate jurisdiction, that is to say, be the body responsible for determining any appeals against, for example, a decision not to issue an airport operator’s licence, or any conditions attaching.

At the same time the European Union is evolving its legislative competence in the field of aviation and the effect of this will be a reduction in the amount of domestic aviation legislation that the UK retains. It should be noted that aviation legislation in the Bailiwick is, for the most part, an extension of UK legislation by Order in Council, and consequently to address the issues that will inevitably arise as UK domestic legislation is repealed in favour of EU legislation, the Bailiwick should, at the same time as ensuring compliance with the Chicago Convention, begin developing its own legislative framework in the area of aviation.

The constitutional position

The ICAO has advised HM Government “*that from an international perspective, the UK and its Territories are indivisible, and that the UK’s signature on the Chicago Convention (the founding instrument for civil aviation arrangements) also covered its Territories*”.

In accepting this position HM Government has stated that “*while it is clear that there are significant constitutional differences between the status of the Crown Dependencies and the Overseas Territories, there are certain clear analogies of relevance to aviation. The key one is that the UK’s signature on the Convention not only covers the Overseas Territories, but also the Crown Dependencies. Consequently, it is the responsibility of*

the United Kingdom to ensure that the standards of aviation safety regulation achieved in the Crown Dependencies meet international standards”.

However, the UK Department for Transport (DfT) has previously accepted that the Channel Islands have domestic competence to regulate civil aviation affairs. Nevertheless, within the next year or so it is expected that the Bailiwick will need to demonstrate it is making substantial progress towards implementation of the proposed new regulatory framework so that HM Government can confirm to the ICAO that the Bailiwick is moving towards compliance with the Convention’s latest requirements.

The proposal

Against the above-mentioned background it is proposed that political responsibility for ensuring the appropriate licensing of Guernsey and Alderney airports is placed with the Commerce & Employment Department. However, in order to satisfactorily discharge the regulatory responsibilities in a manner that will be acceptable to the International Civil Aviation Organisation, a dedicated and independent “Director of Civil Aviation” will need to be appointed. This achieves the necessary separation of responsibilities for the regulation and operation of the airports with the latter role being performed by the Public Services Department in respect of Guernsey and Alderney airports. It also avoids the requirement to establish another non-governmental ‘Agency’ with its own support team.

The Commerce & Employment Department will be the political ‘sponsor’ for the Director of Civil Aviation who will be a Statutory Official. As sponsor the Commerce and Employment Department will present to the States any changes that are required to the legislative framework as well as a periodic report from the Director and ensure that s/he has adequate resources available.

The Director of Civil Aviation will be a part-time post and the postholder, in accordance with ICAO requirements, will need to be suitably experienced in aviation safety and related matters in order to be considered sufficiently competent to discharge the responsibilities of the post. It is conceivable that an appointment may have to be made from outside of the Island and in those circumstances a housing licence would be required. However, the opportunity for a joint appointment to be made with Jersey will also be carefully explored and Guernsey’s new legislative framework for the regulation of Guernsey and Alderney airports will be drafted in a manner that facilitates such a joint approach.

The proposed new legislative framework will ensure that the Bailiwick meets the requirements of the Chicago Convention and can replace the Air Navigation Order, 1980. An Order in Council will be the most appropriate way forward (as opposed to extending UK legislation) and will preserve and arguably strengthen the Bailiwick’s constitutional position in relation to the licensing of its airports and the overall regulation of its airspace. The Order in Council will also facilitate the introduction of subordinate legislation in relevant areas.

In addition to setting out the duties and responsibilities of the Director of Civil Aviation, the new Law will establish the legal authority and the sanctions available to him/her to ensure compliance with the safety requirements and instructions that are issued to the

operator of the airports. Such requirements and instructions will, of course, need to be proportionate to the scale of activities within the airports.

It will also be important to establish within the legislation an appeals process to the Courts. This will enable the Courts to test for example, decisions of the Director of Civil Aviation not to grant a licence to operate either of the airports, or to attach restrictive conditions to a licence that the Public Services Department considers to be unfair, unreasonable or outside of the authority of the Director of Civil Aviation. The legislation should therefore provide for appeals, i.e. against licensing decisions, to the Royal Court, constituted for this purpose by the Bailiff sitting (if appropriate) with two technical assessors instead of the Jurats.

The new Law will confirm that the Director of Civil Aviation must be solely accountable for the regulation of the airports rather than the Commerce & Employment Department thus fulfilling the requirement for this function to be “*impartial and autonomous in relation to government*”.

The new legislative framework will also enable the Director to seek expert advice and assistance and will, for example, facilitate agreements with bodies such as the Civil Aviation Authority and National Air Traffic Services (NATS) to assist and advise on matters of airport safety, organisation and operation. It is anticipated that these services would be delivered within a framework specified by a Service Level Agreement(s) which would be negotiated periodically with a service provider(s). In reality, the CAA and NATS will be employed to carry out regular safety audits and advise on any necessary remedial work. Such arrangements will minimise the requirement for support staff to be employed by the Director.

It is envisaged that once the postholder has completed any necessary training, s/he may be expected to undertake additional responsibilities including: -

- Issuing permits under, and exemptions from, the requirements of the new and existing legislation.
- International liaison on airport safety and regulatory matters.
- Handling enquiries and complaints from airport users (relating to safety matters) where the airport management had failed to satisfactorily address these.

Other responsibilities which the Director may be required to undertake in the future could include licensing Air Traffic Controllers and auditing technical equipment such as radar and landing systems.

Resource implications

It is envisaged that the appointment of a suitably qualified and/or experienced person to fulfil the responsibilities of this new approach to airport licensing and regulation will need to be made at a fairly senior level and on a part-time basis. Although Statutory Officials are not included within the States’ Staff Number Limitation Policy (SNLP),

the Commerce & Employment Department has agreed to delete a post from its current establishment to compensate for the appointment of this Statutory Official.

Appropriate budgetary provision will be necessary to cover the cost of the Director's salary, training and travel expenses together with the cost of commissioning reports from specialist safety advisors such as the Civil Aviation Authority and National Air Traffic Services. The cost of this new approach to the regulation of the airports, which, if the States agree, is likely to be in place during 2007, is estimated to be in the region of £60,000 per annum. Administrative support services will be provided by the Commerce & Employment Department from within its existing resources.

The Public Services Department has confirmed that budgetary provision of £14300 has been made for 2006 which is expected to meet the costs of commissioning the necessary safety audit reports from the CAA and the process of applying to the Court for operators' licences for both Guernsey and Alderney airports. The increased cost of regulating the airports as set out in this report will need to be met from the airports' existing income streams which may need to be marginally increased. Thus there will be no burden placed upon the States General Revenue Account.

Recommendations

Following consideration of this report the Policy Council recommends the States to agree: -

1. Changes to the Bailiwick of Guernsey's regulatory framework for Civil Aviation and the licensing of Guernsey and Alderney airports and related safety matters as set out in this report.
2. Political responsibility for the new regulatory framework shall rest with the Commerce & Employment Department.
3. Legislation should be prepared to provide the necessary framework for the regulation of Civil Aviation in the Bailiwick of Guernsey and of Guernsey and Alderney airports and to establish the position of Director of Civil Aviation as a Statutory Official as set out above.
4. A Director of Civil Aviation should be appointed as a Statutory Official by the Commerce & Employment Department.

L C Morgan
Chief Minister

5th June 2006

(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 5th June, 2006, of the Policy Council, they are of the opinion:-

1. To approve the changes to the Bailiwick of Guernsey's regulatory framework for Civil Aviation and the licensing of Guernsey and Alderney airports and related safety matters as set out in that Report.
2. That political responsibility for the new regulatory framework shall rest with the Commerce and Employment Department.
3. That legislation shall be enacted in order to provide the necessary framework for the regulation of Civil Aviation in the Bailiwick of Guernsey and of Guernsey and Alderney airports and to establish the position of Director of Civil Aviation as a Statutory Official as set out in that Report.
4. That a Director of Civil Aviation shall be appointed as a Statutory Official by the Commerce and Employment Department.
5. To direct the preparation of such legislation as may be necessary to give effect to their above decisions.

POLICY COUNCIL

EU SAVINGS TAX DIRECTIVE – BILATERAL AGREEMENTS WITH BULGARIA AND ROMANIA

Executive Summary

This report is recommending that a minor technical change should be made to Schedule 1 of the Foreign Tax (Retention Arrangements) (Guernsey and Alderney) Ordinance, 2005. This will involve adding, alongside the names of the current EU Member States, the names of Bulgaria and Romania to the Schedule.

Background

The EU Directive on the Taxation of Savings aims to ensure that savings interest of EU resident individuals is taxed effectively through either the imposition of a retention tax or through automatic exchange of information.

While Guernsey is not within the EU's fiscal territory it has always indicated a willingness to participate in a constructive dialogue about the development of genuine international standards, which must be respected by all jurisdictions. Guernsey therefore responded positively to the EU Tax Package with the aim of protecting the Island's competitiveness, long-term economic interests and international reputation as a key international financial centre.

After wide ranging consultation with the finance industry, in June 2004 the States agreed to implement measures equivalent to those in the EU Savings Tax Directive primarily to secure the Island's continued competitiveness in the provision of financial services. The measures adopted by Guernsey are based on a retention tax on EU resident individual savings income which provides those investors with the choice to opt out of the retention tax by authorising disclosure of information to their home authority. The States also authorised the Chief Minister to sign bilateral agreements with all 25 Member States of the European Union (EU).

Two further countries, Bulgaria and Romania, are now in the final stages of joining the EU and as part of their accession, they have to demonstrate that they are meeting their international obligations. This includes adopting the EU Savings Tax Directive. Bulgaria and Romania's accession plans would be blocked without them putting measures in place to adopt the Directive in time for their accession assessment which is due in October 2006.

In order for Bulgaria and Romania to meet their obligations they will need to sign bilateral agreements with Guernsey in the same form as those already signed between Guernsey and the 25 EU Member States in 2004.

Guernsey's principal legislation – the Foreign Tax (Retention Arrangements) (Guernsey and Alderney) law, 2004 was passed by the States on 29 September 2004. The Chief Minister signed the bilateral savings tax agreements with the EU Member States in November 2004, and in the case of Spain, in February 2005. The Ordinance, implementing the Bilateral Agreements, was passed on 29 June 2005 and brought into effect by a commencement regulation of the Policy Council to coincide with the implementation of the Directive on the 1st July 2005. The Ordinance lists the 25 Member States that Guernsey has signed bilateral agreements with.

The proposal

When Guernsey agreed to participate in the arrangements relating to the Savings Tax Directive it was always accepted that with the inevitable, further expansion of the EU, additional bilateral agreements would need to be put in place. Guernsey's agreement to introduce measures equivalent to those in the EU Savings Directive was founded on the principle of a level playing field so that we would not be put at a disadvantage and in particular that there were no gaps in the coverage of the Directive.

To enable Guernsey to sign bilateral agreements with Bulgaria and Romania a minor technical amendment needs to be made to the existing Ordinance to simply add the names of the two countries to the schedule. On the advice of HM Procureur, the amendment Ordinance will need to be drafted to ensure that the agreements cannot come into force until Romania and Bulgaria are officially accepted as full members of the European Union.

It is anticipated that the two countries will become full members on 1st January 2007 providing they meet all the criteria. The next assessment to ascertain whether both countries have met the obligations laid down by the EU is in October 2006. In order to facilitate this timetable it is recommended that an amendment Ordinance is submitted for consideration at the September States Meeting.

Recommendations

Following consideration of this report the Policy Council recommends the States to agree: -

That an amendment Ordinance is prepared to enable Bulgaria and Romania to be added to Schedule 1 of the Foreign Tax (Retention Arrangements) (Guernsey and Alderney) Ordinance, 2005.

L C Morgan
Chief Minister

19th June 2006

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

The States are asked to decide:-

XII.- Whether, after consideration of the Report dated 19th June, 2006, of the Policy Council, they are of the opinion:-

1. To add Bulgaria and Romania to Schedule 1 of the Foreign Tax (Retention Arrangements) (Guernsey and Alderney) Ordinance, 2005.
2. To direct the preparation of such legislation as may be necessary to give effect to their above decision.

TREASURY AND RESOURCES DEPARTMENT

INTERIM FINANCIAL REPORT

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

1st June 2006

Dear Sir

I enclose a copy of the above Report which I should be grateful if you would lay before the States.

At the June 2006 States Meeting the Policy Council's Report on the Future Economic and Taxation Strategy will be debated. This will, of course, have a significant bearing on future States finances, including the resultant proposals that the Treasury and Resources Department are likely to bring forward in its 2007 Budget.

The 2006 Interim Financial Report has, by necessity, been prepared before the June 2006 debate and is therefore less detailed in some areas than it would otherwise have been. However, the Report still provides a useful financial overview of the States finances.

Yours faithfully

L S Trott
Minister

(NB The Interim Financial Report, which is appended to this Report, is published separately.)

(NB The Policy Council endorses the comments of the Treasury and Resources Department on the demands caused by the present financial climate. As set out on previous occasions there is a clear need to control and prioritise expenditure and that will require some difficult decisions to be made.

The Policy Council supports the Treasury and Resources Department's intention to bring forward tax raising measures in December 2006 as part of the 2007 Budget (and to set aside the extra money raised into Reserves) as it believes that such an approach is necessary and prudent.

It is emphasised that the considerable investment that has been made in recent years in the Island's infrastructure, the generally high level of public services and the buoyant economy all give considerable cause for optimism about the future.

The Policy Council recommends that the States note the Treasury and Resources Department's Interim Financial Report.)

The States are asked to decide:-

XIII.- Whether, after consideration of the Report dated 1st June, 2006, of the Treasury and Resources Department, they are of the opinion:-

To note that Report.

TREASURY AND RESOURCES DEPARTMENT

THE INCOME TAX (GUERNSEY) (EMPLOYEES TAX INSTALMENT SCHEME) (AMENDMENT) REGULATIONS, 2006

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

13th June 2006

Dear Sir

1. Executive Summary

- 1.1. The above Regulations, if approved by the States, will allow the Administrator of Income Tax (“the Administrator”) to obtain remittances of tax, from those employers who employ 80 or more employees, on a monthly basis rather than a quarterly basis, as is presently the position.

2. Background

- 2.1. The Employees Tax Instalment Scheme (“ETI Scheme”) places an obligation on employers to deduct tax from emoluments paid to employees, and to pay over that tax to the Administrator. The ETI Scheme also applies to certain payments made by contractors to labour-only subcontractors as well as to pensions (including payments made under Retirement Annuity Contracts/Trusts). For the purposes of this Report, the expression “employees” covers such subcontractors and pensioners.
- 2.2. Section 81A(4) of The Income Tax (Guernsey) Law, 1975 (“the Law”) authorises the Department to make Regulations enabling the ETI Scheme to be implemented and enforced. Section 81A(5) of the Law provides, however, that Regulations are not to have effect until they are approved by Resolution of the States.
- 2.3. The purpose of this Report is to seek States approval in respect of a change to the existing Regulations which the Department feels is desirable.

3. Detailed Proposals

- 3.1. Under the existing Regulations, governing the operation of the ETI Scheme,

employers are required to submit the tax deducted each quarter by the fifteenth of the month following the end of the quarter (i.e. for the first quarter by 15th April, for the second quarter by 15th July, for the third quarter by 15th October, and for the fourth quarter by 15th January in the following year).

- 3.2. The Department is aware that the Guernsey Social Security Department requires employers with 80 or more employees to submit employees' and employers' social insurance contributions monthly rather than quarterly.
- 3.3. The Administrator has advised the Department that if the requirements of the Guernsey Social Security Department, in relation to social insurance contributions, were replicated in the Regulations relating to the operation of the ETI Scheme this would affect, on average, 76 employers (this includes those States departments that remit tax to the Administrator directly but excludes those where deductions are made by the Treasury and retained by the Treasury).
- 3.4. The advantages of this would be:
 - An increased cash flow to the States of Guernsey because part of the contributions that would otherwise be received only quarterly would be received earlier. The Administrator has estimated that the potential investment return to the States of Guernsey by extending the ETI Scheme in this way would be approximately £135,000 per annum.
 - Protection for the States of Guernsey in the event that one of the island's larger employers ran into financial difficulties (because the arrears of tax deducted under the ETI Scheme should not extend to more than four weeks at any one time, rather than three months that is presently the case). It should be noted that the Law requires the Administrator to give credit for any tax that an employee can show has been deducted from his emoluments, even if the employer fails to pay over that tax, for whatever reason.
- 3.5. Whilst there would be the disadvantage to the employers affected of having to make three remittances to the Administrator, rather than one each quarter, as indicated above, this would affect only approximately 76 of the 3,500 employers currently registered with the Income Tax Office and, as also indicated above, these employers are already subject, at present, to similar arrangements in respect of social insurance contributions.
- 3.6. Under The Income Tax (Guernsey) (Employees Tax Instalment Scheme) (Amendment) Regulations, 2004, the Administrator was given the authority, if he considers that to do so would be in the interests of efficient tax collection, to require tax deducted to be paid to him, by employers, at more frequent intervals than quarterly. The Report considered by the States in relation to those Regulations made it clear, however, that that power was being extended to the Administrator because of the need to protect the island's revenues against employers who have a poor record of compliance with income tax obligations or

where the employer has only a temporary presence in Guernsey. For that reason the Department does not consider it appropriate for the Administrator to use the discretionary power, made available to him in the 2004 Regulations, to place an obligation on those employers having 80 or more employees to remit tax on a monthly basis. The Department considers that such an obligation should be imposed by specific Regulations.

- 3.7. It is important that any employer who is to be affected by the requirement to remit monthly, rather than quarterly, is in no doubt as to his obligations. For that reason the Administrator will notify those employers who are already registered with the Income Tax Office, and who he believes employ 80 or more employees (a "large employer"), that they may be affected by the requirement to remit monthly rather than quarterly.
- 3.8. No additional resource implications arise, in the Income Tax Office, as a consequence of these proposals.
- 3.9. Any "large employer" who failed to comply with the Regulations when required to do so would be subject to a late payment surcharge, under section 199 of the Law, in the same way as if they had failed to comply with the requirement to remit any other amount by the due date. In addition, if the employer fails to submit any documentation timeously, he may be chargeable to a penalty under section 193A(1) of the Law.

4. **Conclusions**

- 4.1. A copy of the Guernsey Statutory Instrument, to be cited as The Income Tax (Guernsey) (Employees Tax Instalment Scheme) (Amendment) Regulations, 2006, is attached to this Report, and its provisions require "large employers" to remit tax deducted from employees on a monthly, rather than a quarterly, basis with effect from 15th February 2007 (that is the last remittance to be made by "large employers", on a quarterly basis, will be the remittance due to be made on 15th January 2007 in respect of the fourth quarter (October, November and December) of 2006). Tax deducted by "large employers" during the month of January 2007 would be due to be remitted to the Administrator by 15th February 2007. In addition, the Regulations provide that employers who are not "large employers" may remit monthly if they wish.

5. **Recommendation**

- 5.1. The Department recommends the States to approve the Regulations as made.

Yours faithfully

L Trott
Minister

GUERNSEY STATUTORY INSTRUMENT2006 No. 24

**The Income Tax (Guernsey)
(Employees Tax Instalment Scheme)
(Amendment) Regulations, 2006**

*Made**13th June, 2006**Approved by the States**, 2006**Coming into operation**1st January, 2007*

THE TREASURY AND RESOURCES DEPARTMENT, in exercise of the powers conferred upon it by section 81A(4) of the Income Tax (Guernsey) Law, 1975^a, as amended, and all other powers enabling it in that behalf, hereby makes the following regulations:-

Amendment of 2001 regulations.

1. The Income Tax (Guernsey) (Employees Tax Instalment Scheme) Regulations, 2001^b are amended as follows.

2. In regulation 10(1) for "Every" substitute "Subject to the provisions of paragraph (1A), every".

^a Ordres en Conseil Vol. XXV, p. 124; Vol. XXVI, pp. 146, 200 and 292; Vol. XXVII, pp. 84, 118, 200, 333 and 565; Vol. XXVIII, pp. 184, 278, 353 and 409; Vol. XXIX, p. 214; Vol. XXXI, pp. 406 and 473; Vol. XXXII, p. 307; No. IV of 1991; No. VI of 1992; No's. IV and VIII of 1993; No. XXV of 1994; No's. III and VII of 1995; No. V of 1996; No's. IV and XXII of 1997; No's. II and VI of 1999; No. IV of 2000; No's. VI and XVII of 2001; No. VII of 2002; No's. IV, XVIII and XXVI of 2003; No's. XII and XVI of 2004; and No's. V and VI of 2005.

^b G.S.I. No. 40 of 2001; and No. 1 of 2005.

3. After regulation 10(1) insert the following paragraph -

"(1A) Every employer who in any month is a large employer shall -

- (a) not later than the 15th day after the final day of that month, pay to the Administrator the amount of tax deducted by him from the emoluments of his employees during that month, and
- (b) not later than the 15th day of the months of April, July, October and January in each year, send to the Administrator a list of employees from whose emoluments such tax has been deducted during the March quarter, June quarter, September quarter and December quarter respectively and the tax deduction form for the relevant quarter relating to each of his employees, whether or not any tax has been deducted, or was deductible, from the emoluments of such employee."

4. In regulation 10(2) after "paragraph (1)" insert "or (1A)(b)".

5. In regulation 10(3) after "paragraph (1)" insert "or (1A)(a)".

6. In regulation 11(4) after "regulation 10(1)" insert "or 10(1A)(b)".

7. In regulation 15 after the definition of "ETI exemption certificate holder's payment list" insert the following definition -

""large employer" is -

- (a) one employing 80 persons or more at any time in any month, and
- (b) any other employer who gives notice to the Administrator that he wishes to be treated as a large employer for the purposes of these regulations,".

Citation and commencement.

8. These Regulations may be cited as the Income Tax (Guernsey) (Employees Tax Instalment Scheme) (Amendment) Regulations, 2006 and shall come into force on the 1st January, 2007.

Dated this 13th June, 2006

DEPUTY L.S. TROTT
Minister of the Treasury and Resources Department
For and on behalf of the Department

EXPLANATORY NOTE

(This note is not part of the regulations)

These regulations amend the Income Tax (Guernsey) (Employees Tax Instalment Scheme) Regulations, 2001 by requiring "large employers" (that is, employers with 80 employees or more) to pay the amounts of tax deducted by them from their employees' emoluments under the ETI scheme at monthly, rather than quarterly, intervals.

(NB The Policy Council supports the proposal.)

The States are asked to decide:-

XIV.- Whether, after consideration of the Report dated 13th June, 2006, of the Treasury and Resources Department, they are of the opinion:-

In pursuance of the provisions of subsection (5) of section 81A of the Income Tax (Guernsey) Law, 1975, as amended, to approve the Regulations entitled “The Income Tax (Guernsey) (Employees Tax Instalment Scheme) (Amendment) Regulations, 2006” made by the Treasury and Resources Department on 13th June, 2006.

PUBLIC SERVICES DEPARTMENT**INTERNATIONAL CONVENTION ON LIABILITY AND COMPENSATION FOR
DAMAGE IN CONNECTION WITH THE CARRIAGE OF HAZARDOUS AND
NOXIOUS SUBSTANCES BY SEA 1996 (THE HNS CONVENTION)**

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

10th May 2006

Dear Sir

Executive Summary

The Public Services Department wishes to extend the above Convention (which is included as Schedule 5 in the Merchant Shipping (Bailiwick of Guernsey) Law 2002) to the Bailiwick and is requesting the States to approve the preparation of the necessary legislation. The purpose of the Hazardous and Noxious Substances (HNS) Convention is to provide adequate, prompt and effective compensation for loss or damage to persons, property and the environment arising from the carriage of hazardous and noxious substances by sea. The HNS Convention covers both pollution damage and damage caused by other risks, e.g. fire and explosion. Compensation is based on 'the polluter pays' principle, providing similar cover to that already in place for pollution by persistent oils. It is understood that the volumes of hazardous and noxious substances transported to and from the Bailiwick are such that they fall below the minimum quantities required to trigger funding in the event of a claim under the convention. In short, this delivers effective compensation at no cost to the Bailiwick.

The States of Alderney Policy and Finance Committee and Sark's Harbours Committee have considered the proposals and have agreed that the Convention should be extended to Alderney and Sark respectively.

Introduction

The Public Services Department, in line with the Policy adopted by its predecessor the Board of Administration, wishes to be able to give effect to the above Convention once it has been ratified by the United Kingdom.

Signatories to the Convention will:

- (a) Recognise the dangers posed by the world-wide carriage by sea of hazardous and noxious substances.
- (b) Realise the need to ensure that adequate, prompt and effective compensation is available to persons who suffer damage caused by incidents in connection with the carriage by sea of such substances.
- (c) Realise the desire to adopt uniform International Rules and Procedures for determining questions of liability and compensation in respect of such damage.
- (d) Consider that the economic consequences of damage caused by the carriage by sea of hazardous and noxious substances should be shared by the shipping industry and the cargo interests involved.

To achieve this aim, it will be necessary by commencement ordinance to enact that part of the Merchant Shipping (Bailiwick of Guernsey) Law 2002 which will facilitate, by further ordinance, enactment of Schedule 5.

Scope

The Convention defines damage as including loss of life or personal injury; loss of or damage to property outside the ship; loss or damage by contamination of the environment; and the costs of preventative measures and further loss or damage caused by them. The regime established by the Convention is largely modelled on the existing tiered response arrangements in respect of pollution damage caused by spills of persistent oil from tankers.

The Convention extends the compensation regime to include damage caused by other oils; other liquid substances defined as noxious or dangerous; liquefied gases (such as LNG and LPG), liquid substances with a flashpoint not exceeding 60°C; dangerous, hazardous and harmful materials and substances carried in packaged form; and solid bulk materials defined as possessing chemical hazards.

Under the HNS Convention the ship owner is liable for the loss or damage up to a certain amount, which is covered by insurance (1st tier). A compensation fund (the HNS Fund) will provide additional compensation when the victims do not obtain full compensation from the ship owner or his insurer (2nd tier). The HNS Fund will be funded by those companies and other entities which receive hazardous and noxious substances after sea transport in a Member State in excess of the thresholds laid down in the Convention.

Comment

A substantial number of ships pass Bailiwick waters each and every day of the year. Their cargoes are increasing in size and complexity, with a corresponding risk profile. Whilst major accidents are fortunately rare, the consequence can be potentially catastrophic. The International Community, through IMO (the International Maritime Organization) has recognised the need to provide an appropriate compensation

mechanism to protect innocent parties affected by such incidents. It is important, therefore, to take advantage and arm the Bailiwick to the fullest extent possible in protection of the Bailiwick amenities and environment.

Recommendation

The Public Services Department recommends the States to direct the preparation of legislation, once the HNS Convention has been ratified by the United Kingdom, to give it effect in the Bailiwick, thereby providing access to compensation in respect of loss or damage to persons, property and the environment arising from the carriage of hazardous and noxious substances by sea.

Yours faithfully

William M Bell
Minister

(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:-

XV.- Whether, after consideration of the Report dated 10th May, 2006, of the Public Services Department, they are of the opinion:-

1. To give effect in the Bailiwick of Guernsey to the International Convention on Liability and Compensation for Damage in connection with the Carriage of Hazardous and Noxious Substances by Sea, 1996, following its ratification by the United Kingdom, thereby providing access to compensation in respect of loss or damage to persons, property and the environment arising from the carriage of hazardous and noxious substances by sea.
2. To direct the preparation of such legislation as may be necessary to give effect to their above decision.

HEALTH AND SOCIAL SERVICES DEPARTMENT

NURSING HOMES AND RESIDENTIAL HOMES – CHARGES FOR REGISTRATION AND INSPECTION

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

15th May 2006

Dear Sir

Charges for Registration and Inspection of Independent Care Homes

1. SUMMARY

At the States meeting on 14th December 2005, the Health and Social Services Department agreed to accept the cash limits proposed by the Treasury for 2006.

As part of ongoing financial review, the Health and Social Services Department is now seeking support from the States to raise additional income through increasing existing charges and the introduction of charges for the inspection and registration of independent care homes. This is referred to in the States report submitted in respect of charges for A&E, Pathology and Radiology services. A separate report has also been submitted in respect of charges for treatment following a motorised vehicle accident.

2. BACKGROUND

The Nursing Homes and Residential Homes (Guernsey) Legislation, 1976 is the regulatory system for the independent health and social care sector in Guernsey. This legislation gives the Health and Social Services Department responsibility for registration, inspection, complaints investigation and enforcement within the independent sector. The services covered are:

- Nursing Homes;
- Residential Homes;
- Maternity Homes.

The Health and Social Services Department employs a Registration and Inspection Officer who is responsible for registering and inspecting the homes in accordance with the requirements of the legislation.

The central purpose of the regulation of care is the protection of people using care services, particularly vulnerable adults. This regulatory framework helps to ensure that standards are at an appropriate level throughout the independent health and social care sector by applying approved standards of care through inspection.

Work is in progress to update the legislation and future legislation is likely to include nursing agencies and domiciliary care agencies, in addition to the services already covered. Under the provisions of the law, the States have powers to set fees for regulatory services. These fees are set out in secondary legislation.

There are four nursing homes, twelve residential homes and four dual registered (both nursing and residential beds) homes in Guernsey, providing a total of 372 residential beds and 162 nursing beds in the independent sector.

Under local legislation, a registration fee is charged in respect of a new home setting up or upon a change of ownership. In effect, this happens only very occasionally. In 2005, there were no new registrations. The Health and Social Services Department's income from regulatory work for the private health care sector in 2004/05 was £1.00. The estimated cost of regulation and inspection work in 2006 will be in excess of £50,000, whilst the estimated fee income is between £1 and £5.

Other jurisdictions charge providers for the registration and inspection functions. For example:

- Jersey charges for provider and manager registrations in care homes. These are one off fees in respect of each new registration. Jersey also charges annual fees at a flat rate per home.
- England charges for provider and manager registration and also for variations to registration. These are one off fees. In addition, England charges an annual flat rate fee per home and per approved place.
- The Scottish Commission for the Regulation of Care has its own regulatory fee structure, which also has one-off and annual fees.

These charges are detailed in Table 1 of the appendix to this report.

The Health and Social Services Department also registers and inspects various other services provided on a private basis, such as day nurseries and childminders. Consideration will also be given to whether charges should be

made for these services in order to cover the Department's costs. If this is pursued, it will need to be done in a way which does not adversely affect the economy by removing the benefits of parents to be part of the workforce.

3. PROPOSAL

It is proposed that a charge be made to the providers of residential and nursing homes, which will offset the costs of the registration and inspection service. The proposal is to restructure the current scale of fees and, in time, achieve full cost recovery. The fees would initially be set at a rate of 50% of the full cost for the first year, rising to 75% for the second year and 100% in the third year thus achieving full cost recovery.

This proposal seeks to restructure the present system by increasing the current fees and introducing fees for services for which there is currently no charge by means of an annual renewal of registration fee per home and an annual fee per place in each home. No charge is proposed for variations to the register, as in England. To charge for variations could be counter productive as it could discourage service providers from making improvements. Phased introduction would require providers to pay more for regulation but would assist service providers by not immediately seeking full cost recovery. The impact of recovery of the costs would be equivalent to £1.95 per bed per week, which may be passed on to the consumer. This could be either the patients/residents or the long-term care insurance scheme, which is administered by the Social Security Department. The main beneficiaries of the regulatory system, however are residents and carers who benefit from the high standard of services generated by regulation. The regulatory framework and inspection methodology ensures that all providers are subject to the same inspection process. It is essential to maintain these advantages for service users and this can only be done if the inspectorate is properly funded to carry out its functions effectively. As service users are the beneficiaries of the service, it seems reasonable that the costs are funded through the payments they make, either directly to the home or in the form of contributions to the long-term care insurance scheme.

The Health and Social Services Department has agreed that care homes that are funded primarily by charitable means be exempt from charges for registration and inspection. Les Bours Hospice and the Guernsey Cheshire Home fall into this category and will not, therefore, be charged for this service. Excluding these two homes from charges reduces the bed numbers indicated in section 2, above, by 17. The projected income amounts to £51,930 per annum.

Any other care homes that fall into this category will be considered by the Health and Social Services Department for exemption or reduction of fees, subject to the approval of a satisfactory case.

Details of the proposed charges and projected income are shown in Tables 2 and 3 of the appendices to this report.

4. CONSULTATION

The Health and Social Services Department has consulted with the care home providers and the Social Security Department on the proposals. The comments received are summarised as follows.

A number of the respondents to the consultation accept that the Health and Social Services Department needs to recover costs involved in inspection and registration. They also note that by charging, the Health and Social Services Department will come into line with practice in the UK.

The Guernsey Care Homes Association, which responded on behalf of a number of its members, highlighted the following concerns and questions:

The Association questioned the rationale behind the proposals, and asked for a clearer explanation.

An explanation of the role and function of the Registration and Inspection Unit was requested.

The Association referred to the original ordinance from 1977 stating that the fees outlined in the consultation document were not intended as a revenue-raising instrument.

The Association asked for the opportunity to discuss these proposals further.

A meeting was subsequently held with representatives of the care homes, at which the above topics were discussed.

The majority of those who responded were generally opposed to the imposition of charges for registration and inspection, and indicated that they would pass on the charges to the customer and/or the Social Security Department.

The Social Security Department has also recognised that the costs may find their way through to the expenditure of the Long Term Care Insurance Scheme but provided that the transferred costs are not inflated that Department is not concerned about that eventuality and supports the Health and Social Services Department's proposals to cover its costs from the charges proposed.

Copies of the responses to the consultation exercise can be found in the appendices to this report.

5. ALTERNATIVES

Two other options were available to the Health and Social Services Department; the first being to retain the level of fees and structure as currently set out in the legislation.

Under this option, independent care home providers would continue to pay only for the registration of a home at the set rate of £1.00 and would not have to pay any other regulatory fees. There would be no benefits for the Health and Social Services Department in terms of extra income generated. The regulatory process would continue to be funded, as at present, from the Department's revenue budget allocation. Without an increase in regulatory fee income, there is a possibility that services to care providers and users would have to be reduced in order for the Health and Social Service Department to manage within its revenue budget. Income would remain at between £1 and £5 per annum.

This option would mean no additional costs to care providers. There would be no guarantee, however, that the care homes would not increase their fees to users.

The second option would be to restructure the current fee system, based on a modified English system and achieve full cost recovery immediately.

This option would seek to achieve full cost recovery. The benefits to the HSSD would be that the costs would be fully funded from a source other than the revenue budget allocation immediately.

However, moving to full cost recovery in one step could be burdensome to all providers, particularly smaller ones who may need time to assess the impact on their own charges.

6. RECOMMENDATIONS

The Health and Social Services Department recommends:

- i) that charges be made to the providers of residential and nursing homes;
- ii) that charges be set at a rate of 50% of the full cost of the registration and inspection service, for the first year of charge, and these charges would be increased incrementally until full cost recovery is achieved;
- iii) that the Health and Social Services Department be authorised to adjust charges in future years to ensure that costs continue to be covered;
- iv) that the Health and Social Services Department be authorised, at its discretion, to reduce or waive charges where the provider does not charge for services and/or is a not for profit organisation and/or relies

totally on charitable funding.

- v) that Les Bourgs Hospice and the Guernsey Cheshire Home be exempt from charges

Yours faithfully

P J Roffey
Minister

Appendix

Table 1 –

Current Situation - Regulatory Fees For Care Homes 2006

	Provider Registration	Manager Registration	Minor Variation	Variation Requiring Visit	Annual renewal fee per home	Annual fee per place
Guernsey	£1.00	-	-	-	-	-
Jersey	£149.00 (reviewed by RPI)	£63.50	-	-	£76.00	-
England	£1,901.00	£518	£86.00	£950.00	£259.00	£86.00
Scotland	£3,907.00	-	£328.00	£328.00	£328.00	-

NB. Wales dispensed with charges as they were largely funded by payments from the same service, ie. the Welsh Assembly, so the money was just being circulated to no real effect. The same does not apply in Guernsey, as the general revenue budget does not directly fund the care homes.

Table 2 –

Phased implementation for regulatory fees for care homes (with full cost recovery shown in year 3).

	Provider Registration (Occasional)	Manager Registration (Occasional)	Annual Renewal Fee Per Home	Annual Fee Per Place
Year 1 (50%)	£1,500	£300	£150	£45
Year 2 (75%)	£2,250	£450	£225	£67.50
Year 3 (100% - full cost recovery) Thereafter + RPI	£3,000	£600	£300	£90

Table 3 –**Income from regulatory fees showing a phased approach.**

	Annual Fee Per Place (517 Places)	Annual Renewal Fee Per Home (18 Care Homes)	Total Annual Fees
Year 1	(£45 per place) £23,265	(£150 per home) £2,700	£25,965
Year 2	(£67.50 per place) £34,898	(£225 per home) £4,050	£38,948
Year 3	(£90 per place) £46,530	(£300 per home) £5,400	£51,930

Subject: Registration and Inspection of Nursing and Residential Homes

Dear Minister

Thank you for your letter of the 28th of March on the above topic. This response is being written on behalf of Guernsey Care Association. The committee of the Guernsey Care Association met on the 4th of April to respond to the proposed changes to the Registration and Inspection of Nursing and Residential Homes.

The Association wishes to highlight a number of concerns with the proposed changes. Firstly, the amount of time allowed for consultation, just over two weeks is insufficient. We would ask that this is extended to a period of three months. Secondly, we would welcome a clear explanation of the rationale behind the increase in fees. Is this purely to raise additional revenue for Health and Social Services? How is it proposed that the additional revenue collected will actually be spent? It would be useful in this context to have a full explanation of the role and function of the Registration and Inspection Unit.

The Association would also point out that your initial communication states that you are bringing Guernsey into line with other parts of the British Isles, we note however that the charges you are proposing to introduce have recently been abolished in North Wales due to widespread concerns about the possible affects on patient/resident welfare. Perhaps you could explain Guernsey's decision to move in the opposite direction?

It may also be useful to refer to the original Guernsey ordinance from 1977 (The Nursing Homes and Residential Homes Law 1976). The fees outlined in the document were not intended as a revenue raising instrument.

At the moment we are consistently challenged to raise the existing high standards of care, improve staff training and meet health and safety requirements by Health and Social Services. This inevitably has a financial impact on the homes themselves. An additional financial impact such as the one proposed will inevitably impact on our ability to deliver care improvements in the above areas. The Association is keen to avoid a situation where homes simply cannot function on a commercial basis within the proposed regulatory framework.

The committee would welcome a detailed response to the concerns we have raised. When we have received this response we feel it is essential that our concerns are raised in person. We therefore propose that a representative sub-committee meets with the Minister as soon as possible to discuss the potential impact of the proposed changes.

Thank you in anticipation of your response.

The committee of Guernsey Care Association

Please respond to all Care Home providers

METHODIST HOMES FOR THE AGED (Guernsey) LTD

Registered Office: Fair Villa, Route de L'Eglise Catel GUERNSEY GY5 7DL

Tel 01481 257206 FAX 01481 251706 e-mail: gu3uoq@cwgsy.net

Deputy P.J. Roffey
Health and Social Services Minister
Corporate services Headquarters
Le Vauquiedor
St Andrew's
GY6 8TW

10th April 2006

Dear Mr Roffey

Registration and inspection of Nursing and Residential Homes

Thank you for your letter dated 28th March but only received last week so we have not been able to consider its contents as a Board.

Our initial response is that the charges outlined in your letter are wholly too high and can only be passed on to the residents in our care many of whom are already being supported by Social Services.

Could not some economies be made on what seems to be becoming an over regulated area? Is it possible that the inspectorate could be simplified or/and combined or shared with another department of Health without being detrimental to the objective.

As you will know Methodist Homes is a non profit making concern and I hope that your third paragraph regarding waiver will be extended to us.

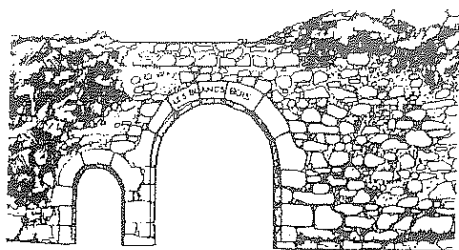
We hope that these few remarks will be helpful.

Yours sincerely



Paul P Le Boutillier
Chairman

Members of the Board of Directors: P.P. Le Boutillier (Chairman) M.R.W. Baker. (Secretary) J.A. Reddall (Treasurer)
M. H. Le Boutillier, R. Hewins, D.H. Falla, MBE, Revd D. Hart M.A. BA ed (Methodist Circuit Superintendent)
R.J. Harbottle, Mrs P. Garland



LES BLANCS BOIS RESIDENTIAL CARE HOMES LTD.

LES BLANCS BOIS, RUE COHU, CASTEL, GUERNSEY.
TELEPHONE: 01481 252747

Deputy P Roffey
Corporate Services
Le Vauquiedor
St Andrew GY6 8TW

Your Ref: sk

12th April 2006

Dear Deputy Roffey,

Re: Registration and Inspection of Nursing and Residential Homes

Further to your letter dated 28th March 2006, I would like to make these few comments on behalf of Les Blancs Bois Care Home.

1. The provider and manager Registration does seem to be excessive. However at this present time would not affect us.
2. The Annual Renewal and Annual fee per place would affect us.
Les Blancs Bois Care Home is unique, I believe, to the Island in the way we operate. We have 5 suites of rooms, occupied by Residents who have purchased a long lease from the previous occupier, (in the region of £250,000) A service charge is paid to the Care Home which is a Non Profit Making Co, who in turn keep this charge as low as is possible, bearing in mind the large sum of money that has been paid out by the lease holders.

We have a Residential Home Licence for up to 10 persons, and have to conform to certain criteria, however, I am sure you are aware that we operate in a totally unique way, in comparison to other care homes. Each Resident owning their own apartments and live as independently as possible.

Although we have a licence for up to 10, we have never had more than 1 person occupying a suite of rooms. (a total of 5 at any one time, and for the last 15 months only 4) I would therefore, ask that Les Blancs Bois be:

- 1 Exempt from the proposed charges, or
- 2 just pay an annual Registration Fee.
- 3 pay an annual Fee per Occupier , (not per place granted on the licence) ie. For a maximum of 5 persons.

I trust you will look upon this request favourably,

Yours sincerely

G M Rowe
Director

RUE A L'OR ST PETER PORT GUERNSEY GY1 1QG
TEL: 01481 722667 FAX: 01481 715540



HIGHFIELD
CARE HOME

7th April 2006

Dear Mr Roffey

Registration and Inspection of Nursing Homes

Thank you for your letter of the 28th March 2006 proposing an increase in fees.

I wish to make the following points:-

1. All residents are funded in some way by the States and therefore this increase will be paid from States Funds
2. The Welsh Assembly has decided to cease this financial merry go round and to fund the Inspection Service thereby reducing costs of administration
3. Increased fees if imposed would add to providers costs in addition to other requirements such as Quality Standards, Staff Training, Health and Safety and Incineration Charges
4. If only one Registration 'event' took place in 2005 your proposal would not cover your costs
5. The concept of covering Registration and Inspection costs is wrong in principal
6. This proposal will necessarily impact on the Social Services Budget
7. The impact on costs of such Regulatory Charges will necessarily affect the availability of beds at the Long Term Care Benefit Rate.

The Guernsey Care Homes Association will be replying on behalf of the Independent Care Home sector of which we are a member.

Yours sincerely,

Martin P Joyce



Patron: Her Majesty The Queen
Founder: Group Captain Lord Cheshire VC OM DSO DFC

GUERNSEY CHESHIRE HOME

SHORNCLIFFE ROHAIS ST. PETER PORT GUERNSEY GY1 1FB Tel: (01481) 720578 Fax: (01481) 716327

Local Patron: Lady Dorey

P.J.Roffey, Esq.,
Health and Social Services Minister.
Health and Social Services
Corporate Services,
Corporate Headquarters,
Le Vauquiedor,
St. Andrews,
Guernsey. GY6 8TW.

31st March 2006

Dear Mr. Roffey,

Registration and Inspection of Nursing and Residential Homes

Thank you for your letter dated 28th March 2006 regarding the above-mentioned matter. We accept that you need to recover the costs involved, particularly in the financial climate that we find ourselves. However, we trust that you will understand that the present situation is not conducive to fund raising and will consider us for a reduction in or the waiving of the proposed fees.

Yours sincerely

R.W.Brache, MBE
Chairman

*Blanchelande Park Nursing and Residential Home**Le Rocher Road, St Martins, Guernsey GY4 6EN*

Telephone 01481 232000

Fax 01481 232081

email: adminbpark@cwgsy.net

Mr P J Roffey
Health & Social Services
Corporate Headquarters
Le Vauquiedor
St Andrews
GY6 8TW

10 April 2006

Dear Mr Roffey

I am writing in response to your letter dated 28 March 2006 addressed to Mrs Cozens.

My first comment is to state that you have given very short notice for response to your letter. Can you please tell me when you intend taking the proposals for the change in fee structure to the States for approval?

As a business, the need to cover costs for the Registration and Inspection of Nursing and Residential Homes is understandable. However, your letter gives very little information about how you have reached the proposed charges. It would be useful to have the cost of providing the Registration and Inspection of the Homes defined.

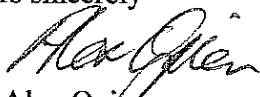
One of the concerns raised from these proposed increases is the introduction of a fee of £90 per annum directly related to each resident. Our own financial budgets cannot absorb such a charge as an overhead, which means they would need to be passed onto the residents themselves. Since this is imposed by a State Department, it constitutes nothing less than a tax on the elderly, which is in our opinion unacceptable in principle.

The problem of the lack of beds for the elderly, both for long and short-term care, is frequently being voiced. It is not only a problem of providing beds but also the staff to care for them. As I am sure you are aware, it is very difficult to recruit and retain staff in the caring profession and we have to ensure that they are given adequate training in all elements of care, including Health & Safety. The cost of this rests fully with the Home, and any additional burden will cause great concern for many establishments.

I think the above matter is of such importance that it would justify a meeting between yourself and the managers of Care Homes to discuss issue, which may arise with the implementation of the change in the fee structure.

I look forward to hearing from you in due course.

Yours sincerely



Mrs Alex Ogier
Company Administrator



SOCIAL SECURITY

A STATES OF GUERNSEY GOVERNMENT DEPARTMENT

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Deputy P J Roffey
Minister
Health and Social Services Department
Le Vauquiedor
St Martins
Guernsey
GY4 6UU

Our Ref: ML

Your Ref:

Date: 11 April 2006

Dear Deputy Roffey

Registration and inspection of nursing and residential homes

Thank you for your letter of 28 March 2006, which was considered by the Social Security Department at its meeting on 5 April 2006.

The Social Security Department considers it inevitable that the proposed registration and inspection fees will find their way through to the expenditure of the Long-term Care Insurance scheme as the home owners increase their bed charges to cover the additional cost. However, the aggregate fees, which you estimate will amount to around £50,000 per annum, is small in context of Long-term Care Insurance scheme and would only justify modest increases in the bed charges.

The Social Security Department is keen to see frequent and robust inspection of all care homes in order to safeguard the residents who are among the most vulnerable members of our community. That being so, and noting that it is the intention of the Health and Social Services Department only to cover its costs of registration and inspection and not to generate additional income, the Social Security Department will support the proposal.

Yours sincerely

Mary Lowe
Minister

Gardenia Lodge Limited

Gardenia Lodge, Rue du Batée, Vale, Guernsey, GY3 5NR

Home : (01481) 248819 Fax : (01481) 240681

Mrs P Best Mobile : 07781 108383

Deputy P J Roffey
Health and Social Services Minister
Corporate headquarters
Le Vauquiedor
St Andrews
Guernsey GY6 8TW

April 18th 2006

Your ref : sk

Dear Deputy Roffey

RE: Proposed increase to registration & inspection fees

I must apologise for not responding sooner to your letter of the 28th March 2006 concerning the proposed increase of registration fees but it was received just before going on annual leave.

Obviously, the telephone lines between the Homes have been humming but this response may well be the only one you receive from an individual as I was unable to attend the meeting of the Guernsey Care Managers who I know have written to you following the meeting and I also have a slightly different view. As expected anything related to expenditure creates a massive reaction – something that makes me a sometimes reluctant participant in the association.

I do not have a problem with increased fees but I think that the structure may need a little more thought. As a simple example – do you charge for registered beds or occupancy? If registered beds then the Housing Department's Homes will suffer as I am always lead to believe that they run under capacity because they have a lot of rooms registered as doubles but use them more frequently as singles. My home would ask for a reduction as we have two double rooms registered that would no longer meet the requirements.

My biggest issue is with the Inspection unit role as a whole. It is my understanding that a proportion of the Inspectors time over the last year, and therefore the £50,000 expenditure, has been spent in updating the proposed new regulations – the same work was done several years back when I sat on a review panel doing precisely that. We were told that the Law Officers were finalising the document, but it appears that this was not the case. We still do not have any tool for the Inspector to use when best practise is not in place.

I have always considered the unit as a useful tool to managing my home, not the view held by many others. If I am unsure then I always ask my regulatory body - for that service I am willing to pay. But I feel that as a home which complies I do not use many of the unit's resources - there are Homes who require far more input usually because of size but also because of bad management. When an Inspector finds fault with a home what happens? What are the consequences? Should this not be an area where fines are used - I feel that standards would be met far quicker if there was a financial penalty for those who disregard good practice? If you are a good home or a bad home you will pay the same.

I have raised the issue of bad practise with the Inspector, and she has stated that she has to provide evidence, when was the last night inspection done? There are massive differences in the way that many homes are staffed, again an area where some homes feel let down by the inspectorate.

I was a little frustrated when I had to apply to the Board when I bought Gardenia Lodge as I had been checked 6 years before when I purchased Chateau des Tielles. Registration of the provider makes me question how some of the individuals already registered are allowed to continue in this area. Hopefully a large fee will allow the unit to investigate proposed owners fully and thus protect the homes from some of the management strategies in practice today.

The current Inspector has made large inroads into the formalisation of the inspection and I thank her for the progress so far.

As you may be able to ascertain from my letter I do have many views, as always, too many to mention in this letter. I have requested that I be allowed to join the meeting requested with you by the association so that I may put forward any constructive points relative to a small residential home.

Yours truly,

Mrs P A Best
Director



Chateau Du Village

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Email: chateauduvillage@cwgsy.net

Health & Social Services Minister
Corporate Headquarters
Le Vauquiedor
St Andrews GY6 8TW

21st April 06

Charges for Registration and Inspection of Independent Care Homes.

Dear Minister Roffey,

I am aware that the Guernsey Care Association is to lobby you on a united front on the above topic, however I felt compelled to write in an effort to defend our own corner.

In the main I think you will find the Home Owners to be a realistic group with it being an intrinsic quality to genuinely wish to improve the Home environment and quality of care. I don't believe the Inspectorate has met opposition over the new criteria, even though items such as anti-scald devices involve considerable cost, rolling change for the better is essential. We welcome the new standards for NVQ and again take on board the costs for training, providing assessors, and Staff cover while training. If only Housing would throw us a life-line to make a better point to it all.

During the three years that we have owned the Chateau we have altered the main staircase to easy rise, installed a state of the art phone system to each room, upgraded the Nurse Call System, created a paved garden and hope next to glass in our courtyard for further amenity area.

All of the above expenses do nothing to increase our income, but give us all the satisfaction of the improvement. It is quite natural therefore to feel that to pay Charges for Registration is giving the money away that we could otherwise continue to put to such good use.

If the Island feels we should be Registered and Inspected then the Island as a whole should pay for the facility, much the same as the Island pays for Education not just those people with children. In the UK, if Wales is to be the leader, these charges are now being scrapped as "an unacceptable tax on older people".

Yours sincerely,



Nick Trott Director.

(NB The Policy Council supports the proposals.)

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

The States are asked to decide:-

XVI.- Whether, after consideration of the Report dated 15th May, 2006, of the Health and Social Services Department, they are of the opinion:-

1. That charges be made to the providers of residential and nursing homes.
2. That charges be set at a rate of 50% of the full cost of the registration and inspection service, for the first year of charge, and these charges shall be increased incrementally until full cost recovery is achieved.
3. To authorise the Health and Social Services Department to adjust charges in future years to ensure that costs continue to be covered.
4. To authorise the Health and Social Services Department, at its discretion, to reduce or waive charges where the provider does not charge for services and/or is a not for profit organisation and/or relies totally on charitable funding.
5. That Les Bourgs Hospice and the Guernsey Cheshire Home be exempt from charges.

HEALTH AND SOCIAL SERVICES DEPARTMENT

IMPLEMENTING CHARGES FOR MOTORISED VEHICLE ACCIDENTS

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

24th May 2006

Dear Sir

Charges for Motorised Vehicle Accident Victims

Executive Summary

The Health and Social Services Department has been considering how to reduce its expenditure and increase its income in order to manage with the approved revenue budget for 2006 and minimise the amount of funding required in future years. Separate States reports have been submitted in respect of charges for Accident and Emergency, Pathology and Radiology Services and for registration and inspection of private businesses, such as nursing and residential homes.

The Health and Social Services Department considers that charging patients who receive treatment for motorised vehicle related accidents should now be introduced where the costs of such treatment can be claimed via a motor vehicle insurance policy or through the judicial system.

The term “Motorised Vehicle” includes any motorised means of transportation with a few exceptions for which vehicles where insurance cover is not required.

Comprehensive Insurance Cover

For those who are covered by fully comprehensive insurance, the patients will be charged and issued an invoice to send to the insurance company to pay. However, in the accompanying information, the insurance company will be able to ask for invoices to be amended to be charged directly to the company.

Third Party Insurance Cover

For those who are covered by third party insurance, where medical cover only allows for immediate and necessary treatment provided through the Accident and Emergency

Department and full treatment for any third parties involved, the patient will be charged and issued an invoice to send to the insurance company to pay. However, in the accompanying information, the insurance company will be able to ask for invoices to be amended to be charged directly to the company.

Non Insured

If, however, a motorised vehicle insurance policy is not in existence, then the Health and Social Services Department will charge the patient's debt record (not issue an invoice), assess the liability and seek to recover the charges from the offending party, directly, through the courts for both the offending individual and any other victims.

Exceptional circumstances

It is also envisaged that, on occasions, the Health and Social Services Department will need to cancel charges where claims cannot be pursued owing to the liability being irrecoverable, for example due to fatalities.

To allow the Health and Social Services Department to implement such a scheme from January 2007, agreement is sought to change two previous States resolutions and make a number of additional resolutions.

Introduction

The States have previously debated the issue of introducing charges for patients attending Health and Social Services Department facilities for treatment following a road traffic accident (November 1983 and May 1986 Billets d'Etat). On each occasion, States resolutions were passed that allowed the then Board of Health to introduce charges for patient stays as an inpatient and to levy charges in respect of Pathology and Radiology Services. To date, a charge for these services has not been introduced.

Extracts from the States Resolution on the Health and Social Services Department charging for treatment following Road Traffic Accidents.

The States of Guernsey, (Billet d'Etat XXI, November, 1983), resolved:-

III ---After consideration of the report dated the 14th October, 1983, of the States Board of Health:--

- 3) To authorise the States Board of Health to make a charge for hospital accommodation in the general wards of the Princess Elizabeth Hospital to the following categories of persons:-
 - (b) persons who receive treatment following a road traffic accident where the fees could be recovered under the terms of a motor insurance policy.

In Billet d'Etat XI, May, 1986, a further resolution was passed to remedy an oversight in the initial policy letter of October 1983 and a subsequent resolution in November of the same year. This further resolution gave authorisation to pursue charges for Pathology and Radiology, where such charges related to a person who received treatment following a road traffic accident where the fees could be recovered under the terms of a motor insurance policy.

Background

It is very apparent that the majority of the work involved in the treatment of victims of road traffic accidents (RTAs) and other motorised vehicle accidents (MVAs) occurs in the Accident and Emergency Department, with subsequent health treatments and checks occurring in the outpatient clinics.

In 2005, 273 cases, resulting from RTA's, were seen at the Accident and Emergency Department. Of these, 34 patients were admitted for a total of 91 days collectively. Some of these were in intensive care, which incurs a higher cost and, on rare occasions, patients have needed to be flown to the UK for treatment, increasing the Department's Reciprocal Health costs with the United Kingdom.

The NHS utilises a simple tariff system, accepted by the insurance providers in the UK, who also provide such cover for Guernsey residents through local brokers. This states, for 2006, on the Department of Health, Policy and Guidance, Organisation Policy – Finance and Planning web site:

“Road Traffic (NHS Charges) Act 1999: Annual amendment in the tariff and ceiling of charges on 1 April 2006

The tariff and ceiling of charges for the recovery of NHS costs following road traffic accidents will increase on 1 April 2006 to take account of Hospital and Community Health Services (HCHS) inflation.

The flat rate charge for treatment without admission will increase from £483 to £505, the daily rate charge for treatment with admission will increase from £593 to £620 and the ceiling of charges will increase from £35,500 to £37,100.”

The Association of British Insurers has accepted the above NHS rates in 2006, following agreement, in 2002, that the level of charges could increase annually by the HCHS inflation rate.

Financial implications to Victims

Implementing such a policy has no direct effect on individual policyholders, unless insurance premia rise, but this should not be the case, as it is understood that such cover should already be built into motor vehicle insurance policies. Policyholders should experience no additional financial impact, apart from the need to pay the excess on claims, unless they have inadequate insurance currently. This is not another tax, as the public already pay motor insurance premia, yet rarely claim against them.

The policy to be adopted by the Health and Social Services Department would be flexible to account for those cases where circumstances are judged to be unfair on the victims or the victims are unable to claim, as in the case of fatalities.

Inter departmental communications would be vital in cases where non insured victims have a liability and in those cases where liabilities need to be recovered through the courts.

Financial Implications for the Health and Social Services Department

The introduction of such a scheme would involve re-organisation of the Department's internal processing activities. However, no additional costs in raising charges should be incurred.

It is difficult to ascertain the cost of treating victims of MVAs, as the actual expenditure presently incurred is not separated from other expenditure within the Department's accounts and the Department does not have the resources or facilities to collect such information.

The Health and Social Services Department has concluded that the cost of providing the services as an overall sum per attendance and/or per day, depending on the length of the patient care episode, is probably not significantly different from that of the NHS. The Health and Social Services Department would, therefore, wish to adopt the rates applied by the NHS.

As indicated above, a review of 2005 Accident and Emergency attendances highlighted that 273 attendances occurred in 2005 as a result of RTA's, of which 34 victims were admitted to hospital as inpatients, resulting in a total of 91 days in hospital.

Using the NHS rates applicable from 1st April 2006, the potential income from 2005 Accident and Emergency attendances for patients who did not go on to be admitted, would have amounted to about £120,000 and from those who were admitted, about £56,000, giving a total of around £176,000.

The above takes no account of any charges for follow up outpatient appointments that may be needed or of the fact that the NHS rate for Accident and Emergency will include the medical costs, which are paid for by the patient in Guernsey and Alderney.

As mentioned previously, a States Report is also being submitted which proposes introducing charges for Accident and Emergency, Radiology and Pathology services. If these are approved, the charges made in respect of MVAs would be deemed to include these and there would be no additional charge to the patient.

Consultation

The Health and Social Services Department has consulted with local motor vehicle

insurance brokers, the Home Department, the Social Security Department, the Medical Specialist Group, the Primary Care Company Limited, the Guernsey Dental Association, the British Medical Association and Marsh, the States' insurance advisers.

The responses from the insurance brokers indicate that the premia paid are likely to increase if the payments made by the insurers increase as a result of the introduction of charges. This view is supported by the Social Security Department, the Home Department and the British Medical Association. There is some agreement from the insurance brokers on the principles of introducing charges and a request that tariffs be agreed with the insurance companies transacting business in Guernsey. It was noted that the majority of road traffic accidents involve younger drivers, who are likely to carry policy excesses of between £500 and £1,500.

The proposals are supported by the Medical Specialist Group and the Guernsey Dental Association and the Primary Care Company Limited supports charging for in-patient services. However the Primary Care Company Limited and the British Medical Association express concerns about charges for Accident and Emergency services.

The Home Department expresses concerns about the amount of administration work that will be required and that accepting the principles of charging for treatment following a motor vehicle accident may lead to the introduction of charges for the treatment of other injuries, the cost of which would be covered by insurers.

The Health and Social Services Department has considered these comments and accepts that there may be an increase in insurance premia if charges are introduced. However, the Department does not consider that this should stop charges being introduced, as the effect on the individual motorist of a slightly higher premium, which would probably still be lower than those paid in the UK, is going to be less than the effect of the Department having insufficient funds to maintain the provision of essential health and social services.

Similarly, the Department does not accept the arguments of the Primary Care Company Limited that charges should not be introduced for treatment in the Accident and Emergency Department. The fact that the doctor already makes a charge to patients who are treated there does not affect the fact that the Health and Social Services Department has to fund the premises, the nursing and other support staff, as well as making a payment to have a doctor on duty at all times. It is, however, accepted that the amount which should be charged may need to be adjusted, as the cost of treatment by the doctor in an Accident and Emergency Department in the UK would be included in the total sum charged. This point is also well made by the British Medical Association.

The Department, therefore, considers that the charges should be negotiated with the local insurers and be no more than the UK rates, which will allow for reductions where appropriate.

With reference to the administrative work, charges are already made for a number of services provided by the Health and Social Services Department, so the infrastructure to do this already exists. It would be able to take on the relatively small additional

numbers (some 200 – 300 per annum) that would result from these proposals.

It is not the Department's intention to seek expansion of the principle to other treatment which would be covered by insurance and this has not happened in the UK.

Conclusions

The Health and Social Services Department has identified an opportunity to charge for services provided that is practised in the United Kingdom and has been agreed there by the Association of British Insurers.

Recommendations

The Health and Social Services Department recommends that the States:

1. amend the States Resolution (Billet d'Etat XXI, November, 1983) Section 2, item 3, (b) from-

“persons who receive treatment following a road traffic accident where the fees could be recovered under the terms of a motor insurance policy.”

to

“persons who receive treatment following a motor vehicle accident where the fees could be recovered under the terms of a motor insurance policy or where the person is not insured, through the courts.”

2. amend the States Resolution (Billet d'Etat XI, May, 1986) page 529, Section 4, (c) from

“charges may be made for such examinations to persons who receive treatment following a road traffic accident where the fees could be recovered under the terms of a motor insurance policy”

to

“charges may be made for such examinations to persons who receive treatment following a motor vehicle accident where the fees could be recovered under the terms of a motor insurance policy or where the person is not insured, through the courts.”

3. authorise the Health and Social Services Department to make a charge for the use of the Accident and Emergency and Outpatient Department facilities to:-

- a. Persons who receive treatment following a motor vehicle accident where the fees can be recovered under the terms of a motor vehicle insurance

policy or where the person is not insured, through the courts.

4. authorise the Health and Social Services Department to determine, and annually review, a scale of charges for treatment of people following a motor vehicle accident, in consultation with the insurance companies, these charges being no higher than those in the NHS scale of charges;
5. approve that the resolutions apply to all motorised vehicle users, as determined by the Health and Social Services Department and are not purely related to Road Traffic Accidents.

Yours faithfully

P J Roffey
Minister



Clegg Gifford
Lloyd's Broker

Mr P J Roffey
Health & Social Services Minister
Corporate Headquarters, Le Vauquiedor
St Andrews, Guernsey
GY6 8TW

KR/slm
27th April 2006

Dear Mr Roffey

CHARGES FOR VICTIMS OF MOTORISED VEHICLE ACCIDENTS

Thank you for your letter dated 21st April 2006 enclosing the proposed changes to the charges made following motor accidents.

As you will be aware, we are an insurance brokers, and therefore not directly responsible for the imposing of premium rates and settlement of claims.

I can however confirm that the insurers with whom we deal would be fully aware of the current U.K. practices and I would not envisage any major problems with the implementation of such a scheme.

I do however note the comments on page 3 regarding financial implications to victims, and I disagree with the comments made. In my opinion, the premiums charged would be affected for both U.K. Insurance Companies dealing here in Guernsey, and also, with those special schemes offered through certain intermediaries. The rates imposed by insurers are based on claims costs locally, and we generally benefit from rates which are much discounted compared to U.K. standard rates. Implementation of these charges would clearly have an effect and impact on claims costs, and therefore, in my view premiums would certainly rise.

I would also comment that in my experience the majority of RTA's involve younger drivers, who are likely to carry policy excesses between £500 and £1,000, but this would relate to the entire claim.

Finally, I would comment that as happens in the U.K. any tariffs should be agreed in advance by Insurance Companies transacting business here in Guernsey to ensure that all parties concerned are aware of the changes.

I hope that my comments are of assistance to you, and I would be more than happy to comment further should you feel this necessary.

Yours sincerely

**KARL RICHARDS ACII
MANAGING DIRECTOR
CLEGG GIFFORD**

The logo for Islands Insurance features the word "islands" in a large, lowercase, sans-serif font, with "insurance" in a smaller, lowercase, sans-serif font directly beneath it. A faint, stylized circular graphic is visible in the background behind the text.

P J Roffey
Health and Social Services Minister
Health and Social Services
Corporate Headquarters
Le Vauquiedor
St Andrews
Guernsey
GY6 8TW

Your Ref:
Our Ref:

12th May 2006

Dear Mr Roffey

Charges for Victims of Motorised Accidents

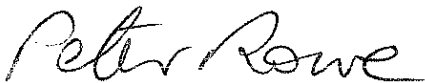
Thank you for your letter dated 21st April 006. We have studied the draft report and broadly agree with the principle of making the guilty party pay, either directly or via their insurance.

However, as insurance brokers who operate a delegated authority on behalf of insurers we would firstly like to comment on page 3 "**Financial implications to Victims**".

This paragraph suggests that insurance premia should not rise as a result of the implementation of the policy as cover is already built into motor vehicle insurance policies. In our experience this comment misses the point that motor insurance premiums generally reflect claims experience. The implementation of the policy will result in an increase in claims cost to insurers and may therefore result in a price increase.

Secondly, we would like to comment on page 4 in relation to this paragraph in respect of situations where it is not clear who is responsible for an accident. Often responsibility for an accident is disputed by the insurers acting for the various parties involved and may only be resolved by lengthy "out of court" negotiation or ultimately court action. This process is often distressing those involved in such accidents.

Yours sincerely
THE ISLANDS' INSURANCE BROKERS LIMITED

A handwritten signature in black ink, appearing to read "Peter Rowe".

Peter Rowe
Director

The Islands' Insurance Brokers Limited, Lancaster Court, Forest Lane, St Peter Port, Guernsey GY1 1WJ
Telephone: 01481 710731 • Facsimile: 01481 712223

The Islands' Insurance Brokers Ltd is licenced by the Guernsey Financial Services Commission



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Deputy P J Roffey
Minister
Health and Social Services Department
Le Vauquiedor
St Martins
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GY4 6UU

Our Ref: ML

Your Ref:

Date: 11 May 2006

Dear Deputy Roffey

Charges for victims of motorised vehicle accidents

Thank you for your letter of 21 April 2006, with attached draft States report which was considered by the Social Security Department on 3 May 2006.

The Social Security Department believes that the draft report overlooks the fact that motor insurance premiums in Guernsey are discounted by comparison with those for UK motorists. There are understood to be several reasons for this, including the fact that no compensation recoveries are currently pursued in respect of either health service or social security benefit expenditures.

The social security angle was investigated in 2003, when the Department's Chief Officer visited the Compensation Recovery Unit in the Newcastle area. The project was shelved, however, when the Department came to understand the implication for local motor insurance premiums. As premiums are priced on a cost-plus basis, they could be expected to rise to cover fully the claims experience and the mark-up for profit.

The Department does not consider it possible to comment further on the draft States Report until the Health and Social Services Department has discussed with the insurance industry the likely impact on motor insurance premiums and that information has been included in the report.

Yours sincerely

Mary Lowe
Minister

NOT PROTECTIVELY MARKED



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Deputy P Roffey
Minister
Health and Social Services Department
Princess Elizabeth Hospital
Le Vauquiedor
St Andrews
Guernsey

11 May 2006

Dear Deputy Roffey

Charges for Victims of Motorised Vehicle Accidents

Thank you for your letter dated 21 April 2006 (enclosing a draft States Report) seeking the Home Department's views on your proposals to introduce charges for victims of motorised vehicle accidents.

This matter was considered at the Department's Board meeting held on 8 May 2006.

First of all, the Home Department fully appreciates the considerable financial constraints currently facing all States Departments, not least those providing front-line services to the public such as the Health and Social Services Department. As you quite rightly point out, it is incumbent on all of us to look at both expenditure and income generation for the foreseeable future.

The issue of introducing charges for the treatment of victims of motorised vehicle accidents was discussed in some depth during our meeting. Overall, Members felt there could be considerable difficulties associated with introducing the sort of scheme that you have outlined.

Unfortunately, there will always be a minority of motorists who do not have any form of motor insurance cover; the likelihood is that the financial burden for covering this will eventually fall on others to meet. Where motorists are covered it was felt that reclaiming medical costs through commercial insurers could in practice take considerable time to achieve, with no guarantee that claims would in any event prove successful. This could especially prove to be the case where different insurers were involved or where disputes or disagreement between the parties had occurred.

The fear is that insurers may take the opportunity to greatly increase their policy charges. The overarching responsibility must be to ensure that the victims of road traffic accidents are given quick and effective medical assistance which is based solely on need; this ought to be centrally funded in order to provide a form of "safety net" for everyone in the community. Our

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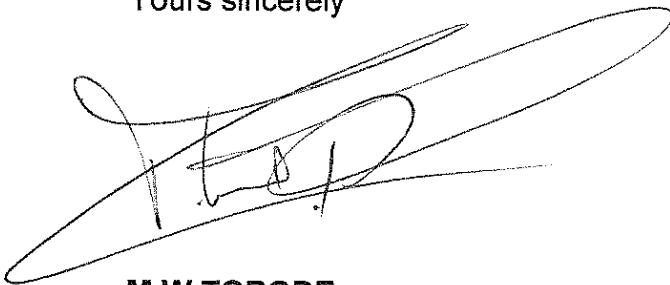
worry is that introducing a scheme of the type you have outlined may prove bureaucratic and unwieldy, creating unnecessary layers of administrative work associated with calculating medical charges; instigating Court proceedings; carrying out investigations etc. These types of work can often prove extremely time consuming where personal injuries result from the negligence of other road users who subsequently fail to cooperate in admitting liability. The Home Department's understanding is that the St John Ambulance and Rescue Service already make charges for attending the scene of road traffic accidents and is concerned about how financial arrangements might be affected in the future, not least because the Service is funded partly by private subscription and partly through a grant from the States. Introducing any new funding arrangement to cover the costs of accident care and treatment is likely to provide unnecessary complications.

Members also expressed concern that approving a new form of charging for medical services might eventually result in similar measures being adopted in other areas, such as charging for the treatment of injuries sustained by employees at work and the subsequent recovery of cost from insurers. The Home Department would be extremely reluctant to see any situation develop in which outside payment was necessary in order to sustain what is considered a vital and fundamental support service, even should this type of arrangement ultimately be adopted in other jurisdictions.

The Home Department is of the firm view that further research would be necessary before this matter could be considered by the States. Full consultations would need to be carried out with insurers, not least to establish precisely what the new administrative arrangements, charges and forms of cover were likely to be.

I should be grateful if you would arrange to append a copy of this letter to your States Report, should you decide to proceed with your proposals.

Yours sincerely

A handwritten signature in black ink, appearing to read 'M W Torode', with a large, sweeping flourish extending from the end of the signature.

M W TORODE
Minister
Home Department

NOT PROTECTIVELY MARKED

Queens Road

THE MEDICAL PRACTICE

Our ref: RWB/ai

16 May 2006

PRIVATE AND CONFIDENTIAL

Mr P J Roffey
Health & Social Services Minister
Health & Social Services Dept
Le Vauquiedor
St Martins
GY6 8TW

Dear Mr Roffey

Charges for Victims of Motor Vehicle Accidents

Thank you for giving Primary Care the opportunity to express our views on the possibility of the Health and Social Services Department charging for victims of motor vehicle accidents in Guernsey.

We discussed this issue today at a Primary Care Committee Meeting and for easy reference I will list the major points that were highlighted by us today:-

1. Quite a lot of motor vehicle accident related injuries to patients are minor in nature and attendance at A&E is often encouraged by friends, relatives or the emergency rescue services and ambulance staff. These patients would be hit with a large bill from the HSSD, which indeed may be reclaimed from their motor vehicle insurance or indeed that of any other party involved in the accident. The process of claiming back this money themselves may deter patient attendances or, indeed, it may be deemed easier if the patient claims the injury was sustained some other way to avoid hassle and paperwork.
2. Present A&E attenders fee for visitors amounts to about £80. You are proposing a differential charge of over six times that amount, which could be regarded as morally wrong and prejudicial.
3. We envisage you having difficulties collecting this money and policing the collection and payment of these monies.
4. When is a motor vehicle accident not a motor vehicle accident? There will be grey areas, which may reflect on your anticipated potential income of £176,000.

.../contd.

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Queens Road

THE MEDICAL PRACTICE

Mr P J Roffey

-2-

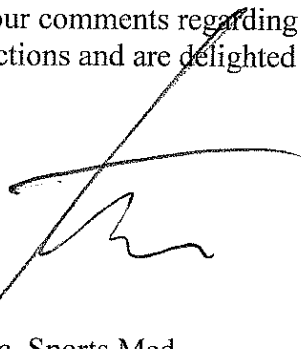
15 May 2006

5. Comment was passed about different insurance companies providing alternative cover and different levels of excess payable by the patient. This may create a differential in the amount of money that the patient pays for essentially the same service.
6. We anticipate knowing whose insurance company to claim the money from being fraught with complications.
7. There will undoubtedly be confusion in the patient's mind as to why they were charged £500 for an attendance to the A&E department and on top of that would be required to pay the doctor's fee which may vary according to the time of day. The NHS rate for A&E includes medical costs, which of course are paid by the patient in Guernsey and Alderney, and so to follow precisely the NHS rate could be seen as an overcharge.
8. We would support the charging of these patient for those admitted to hospital as there are very clearly defined time periods, care plans and expenses associated with hospital admissions. This also takes the charging confusion away from the acute A&E Department.

I hope these comments are of interest and should you wish elaboration or further discussion please don't hesitate to contact me.

We appreciate your comments regarding the acceptability to include an Appendix to the States Report. We have no objections and are delighted to be of some assistance.

Yours sincerely



Dr Bill Barker
MB, BS, DA, Msc, Sports Med

Not to be disclosed to third parties without the consent of the writer except as required by Law

**British Medical Association
Guernsey and Alderney Division**

c/o Rohais Health Centre, St Peter Port, Guernsey GY1 1FF
Telephone: 01481 723322 Fax: 01481 725200



05 May 2006

Our ref: CM/sjw

Mr Peter Roffey
Health & Social Services Minister
Health & Social Services Department
Administration Office
Corporate Headquarters
Le Vauquiedor
St Martins
GY4 6UU

Dear Mr Roffey

Re: Charges for Victims of Motorised Vehicle Accidents

Thank you for your letter regarding the proposal to introduce charges for victims of motorised vehicle accidents. Whilst in principle it would seem a good idea to charge the insurance companies for the medical costs involved in motor vehicle accidents, there are several points which need to be taken into consideration.

- 1 The charging of a standard flat rate by the HSSD makes no allowance for the cost of medical care which needs to be borne by the patient and his/her insurance company. Whilst in the NHS, a flat rate charge would cover the medical care in its entirety, patients attending the A&E department will need to recover the cost of their medical care from their insurance company, and if the HSSD had claimed all this allowance, the patient would inevitably be left out of pocket. We would therefore suggest that the flat rate charge without admission made by the HSSD should be reduced by £100.00 giving some leeway for medical expenses to be claimed.
- 2 Patients attending the A&E department as a result of this kind of accident often require the services of St John Ambulance. Whilst many patients may be covered by their contribution to the St John Ambulance, some are not and they would normally expect to recover this from their insurance company. Once again, if the flat rate from the HSSD has used up all this allowance, patients will once more be out of pocket. This needs to be taken into consideration.

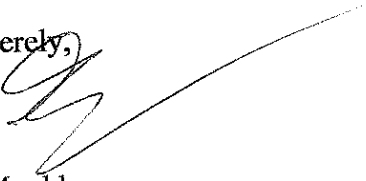
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- 3 The charges to insurance companies for minor injuries would appear to be disproportionate. In the scenario where the patient has a minor injury but is taken to the A&E department by St John Ambulance and then charged the full flat rate, charges of up to £700.00 could be levied for a minor injury. This would seem to be inappropriate and cause significant adverse publicity. To avoid this being the case, we would suggest that only significant injuries are charged and these can be identified by their being admitted to hospital. We would suggest that a flat rate charge for treatment without admission may otherwise be inappropriate.
- 4 We would dispute the fact that insurance premiums would not be increased as a result of this. Many people have local insurance and the premiums to date have been reduced compared to the mainland for a number of reasons. As soon as it becomes common policy to charge all motorised vehicle accident victims, insurance premiums are certain to increase.

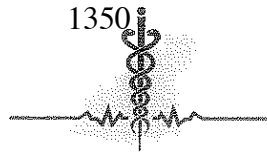
We are fully aware of the requirement for the HSSD to make savings, but would suggest that with the alterations suggested, the public will be receiving a better deal.

I would be most grateful if this letter could be included as an appendix to the States report.

Yours sincerely,



Dr Chris Monkhouse
President
BMA Guernsey Branch



THE MEDICAL SPECIALIST GROUP

Minister, Health and Social Services Department
Duchess of Kent
Le Vauquiedor
St Andrews

8 May 2006
MGN/GDY/jlp

Dear Peter

Re: Charges for Victims of Motorised Vehicle Accidents.

Thank you for your letter of 21 April 2006 and the attached proposal.

The MSG Management Board discussed this proposal of recovering monies through insurance policies on 3 May 2006, which we support. The Board's only concern was that patients entitled to free treatment under the Secondary Healthcare Insurance scheme should not be disadvantaged, we are keen to maintain free secondary healthcare.

Yours sincerely

G D Yarwood
Chairman, Medical Specialist Group



Dr. Nav Khaira
 MSc. (Hons.) MClinDent(U.Lond.) BDS(U.Lond.) MRD RCS(Eng.) MFDS RCPS (Glasg.)
 MSurgDent RCS (Eng.) LDS RCS (Eng.)
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Dr. Jane Fraser
 BDS (U.Lond.)

Dr. Christine Curran
 BDS (Q.U.B.)

27th April 2006
 Our Ref: NK/MD3

Deputy Peter Roffey
 Corporate Headquarters
 Duchess of Kent House
 Le Vauquiedor
 St Andrews
 GY6 8TW

Dear Deputy Roffey

Re: Charges for motorised vehicle accident victims

Thank you for the letter and document dated 21st of April 2006. Having now read the document throughout the system for the proposals in the said document seems to be fair.

From the information provided I can see that this system would be appropriate to implement as long as this is solely related to payments being made by the insurance companies if the victims are insured. I understand that if, for what ever reason their insurance company refuses to pay for charges set by HSSD, that these funds will not be recovered from the individual unless that person is not insured. If the above is the case then we whole heartedly support the proposals set in a document implementing charges for motorised vehicle accidents.

With regards to dentistry I imagine if a dentist is called out to a victim of MVA's that they can also submit account to the relevant insurance company as such individuals may be attended in A & E. I am not sure whether you can clarify this, but it is a point that needs to be made on behalf of the Guernsey Dental Association.

Kind regards

Dr Nav Khaira

(NB By a majority, the Policy Council supports the proposals.)

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

The States are asked to decide:-

XVII.- Whether, after consideration of the Report dated 24th May, 2006 of the Health and Social Services Department, they are of the opinion:-

1. To amend the States Resolution (Billet d'Etat XXI, November, 1983) Section 2, item 3, (b) from-

“persons who receive treatment following a road traffic accident where the fees could be recovered under the terms of a motor insurance policy.”

to

“persons who receive treatment following a motor vehicle accident where the fees could be recovered under the terms of a motor insurance policy or where the person is not insured, through the courts.”

2. To amend the States Resolution (Billet d'Etat XI, May, 1986) page 529, Section 4, (c) from

“charges may be made for such examinations to persons who receive treatment following a road traffic accident where the fees could be recovered under the terms of a motor insurance policy.”

to

“charges may be made for such examinations to persons who receive treatment following a motor vehicle accident where the fees could be recovered under the terms of a motor insurance policy or where the person is not insured, through the courts.”

3. To authorise the Health and Social Services Department to make a charge for the use of the Accident and Emergency and Outpatient Department facilities to:-

- a. Persons who receive treatment following a motor vehicle accident where the fees can be recovered under the terms of a motor vehicle insurance policy or where the person is not insured, through the courts.

4. To authorise the Health and Social Services Department to determine, and annually review, a scale of charges for treatment of people following a motor

vehicle accident, in consultation with the insurance companies, these charges being no higher than those in the NHS scale of charges.

5. That the resolutions apply to all motorised vehicle users, as determined by the Health and Social Services Department and are not purely related to Road Traffic Accidents.

COMMERCE AND EMPLOYMENT DEPARTMENT

PROMOTING COMPETITION AND PREVENTING MARKET ABUSE

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

26th May 2006

Dear Sir

Executive Summary

The Commerce and Employment Department has noted the benefits to the Island of its free market economy and has nevertheless identified that interference in that economy can be justified to improve competitiveness, prevent or rectify a market failure and provide protection against unscrupulous activities or practices. It therefore recommends to the States:

1. The introduction of enabling legislation with powers to enact Ordinances designed to promote competition and prevent market abuse, by controlling:
 - the abuse of a dominant market position;
 - anti-competitive behaviour; and
 - mergers and acquisitions
2. That priority be given to the enacting of Ordinances in respect of abuse of a dominant market position and anti-competitive behaviour but, in line with the recommendation of the Competition Working Party, consideration of whether or not to enact an Ordinance in respect of mergers and acquisitions should be deferred until the opportunity has been taken to assess the position within the Island and the experience with the equivalent legislation in Jersey.
3. The States themselves should have the responsibility for deciding by Resolution those areas of the economy where investigations should take place, with the consequence that appropriate sanctions might be imposed by the statutory official mentioned at 4 below.
4. The powers under the new legislation will be exercised by a statutory official, (to be called the “Director General of Competition”). An annual financial limit

of £300,000 should be placed on the activities of the official, such allocation to be ringfenced for the purposes of administering competition legislation and voted separately by the States.

5. Consideration should be given as to whether areas of the Island's economy, in particular the energy market, and specifically gas and the importation of bulk fuels should be brought within the remit of the Regulation of Utilities law, 2001, or whether it would be more appropriate for it to be subject to the first formal investigation under the new competition legislation.
6. The enabling legislation mentioned in 1 above should also make provision for the enactment of Ordinances relating to Fair Trading but the approach to be taken on this issue should be subject to a consultation process and a further report to the States.

1. Introduction

On the 18th May 2005 the Commerce and Employment Department advised States members that it had established a Competition Working Party to consider issues related to competition policy. In December 2005 the Working Party submitted a report to the Commerce and Employment Department and a copy of this Report is attached as Appendix 1.

The Commerce and Employment Department is grateful for the work undertaken by the Working Party and is aware that the conclusions reached as to the merits of introducing comprehensive competition legislation were not unanimous. It considers nevertheless that the research, analysis and conclusions reached provide a firm foundation on which to progress this matter.

In particular, the Commerce and Employment Department concurs with the majority view of the Working Party that legislation should be enacted in the form of Enabling Legislation which will give the States powers to approve Ordinances which relate to competition issues, and so recommends in this Report.

The Department concurs with the views of the Working Party that there is currently not an immediate case for controlling mergers and acquisitions and that priority should be given to abuse of a dominant market position and anti competitive behaviour.

The Commerce and Employment Department considers however that, rather than waiting until a "significant threat of detriment to the consumer" is identified as recommended by the Working Party, Ordinances to give effect to powers to address the major issues of anti-competitive behaviour and abuse of a dominant market position should be enacted as a priority and should come into force as soon as possible after the enactment of the enabling legislation.

Prior to drawing up this Report, the Commerce and Employment Department invited feedback on its intentions in a Briefing Paper circulated to States' members, and to

persons and organisations that had been consulted by the Competition Working Party. The Briefing Paper was also published on the States' website. A total of 19 responses were received, the majority (14) of which were in general support of the Department's approach, although in some cases concern was expressed at the estimated costs of administering the legislation. However, the opinion was also expressed by two correspondents that the introduction of competition legislation in Guernsey could not be justified, at least at the present time, and could in its effect be restrictive to business. Others felt unable to comment because of a conflict of interest, or commented only on certain aspects related to the proposals, or on operational issues related to the implementation of the legislation. The Department has noted that the majority of the responses supported the approach it is taking and did not identify in the comments received any justification for changing that approach.

2. The Promotion of Competition and the Control of Market Abuse

The Working Party Report discussed a range of mechanisms applied in other jurisdictions to promote competition and common abuses of the market.

In essence a common standard has been developed internationally for the components of competition legislation. This is reflected in Articles 81 and 82 of the Treaty establishing the European Community, and is the basis of the legislation that has been enacted throughout the European Union, including the United Kingdom, and more recently in Jersey. The same principles also apply to a model Competition Law that has been prepared by the Commonwealth Secretariat with particular reference to smaller Commonwealth administrations, many of which are small market economies with similar characteristics to Guernsey.

Competition legislation deals principally with the following issues:

2.1 Anti-competitive behaviour

In many instances the market will naturally produce a number of suppliers, and there is a potential for such suppliers to make arrangements among themselves which have the object or effect of significantly hindering competition to the detriment of the consumer and more broadly of the economy in general. In extreme examples arrangements can constitute a formal cartel which acts primarily only to protect its own interests. Contemporary legislation in other jurisdictions (e.g. the EU, UK and Jersey) refers to the following anti-competitive practices:

- (a) Directly or indirectly fixing purchasing or selling prices or any other trading conditions;
- (b) Limiting or controlling production, markets, technical development, or investment;
- (c) Sharing markets or sources of supply;

- (d) Applying dissimilar conditions to equivalent transactions with other trading parties, thereby placing them at a competitive disadvantage;
- (e) Making the conclusion of contracts subject to acceptance by the other parties of supplementary obligations which, by their nature or according to commercial usage, have no connection with the subject of such contracts.

However, not all arrangements that appear to be anti-competitive are necessarily to the detriment of the consumer, and some can even be in the public interest through, for example, improving the production or distribution of goods or promoting technological or economic progress.

Equally, arrangements may affect such a small proportion of the market or businesses of such a small size that there is no reasonable justification for action being taken.

The Commerce and Employment Department is of the view that there is a clear justification for legislation to be enacted to address arrangements that constitute anti-competitive behaviour.

However, it will be essential that the legislation recognises that there will be cases where an arrangement can be identified as being in the public interest, or for the benefit of consumers, and where it is not reasonable for investigative and other resources to be allocated to a particular issue, given the likely benefit to the community that would result from any action taken.

2.2 Abuse of a dominant market position

For some types of business, the level of infrastructure costs is such that there are unlikely to be more than two or three major suppliers of a particular product or service. This may result in one particular supplier, either deliberately or by accident, finding itself in a dominant position and able to act independently and outside the normal market constraints.

For the consumer this may result for example in unjustifiably high prices, or other unfair trading conditions, which enable the dominant player to earn abnormal profits or alternatively, the dominant player charging unjustifiably low prices to force competitors out of the market, thereby reinforcing its dominant position and its ability to raise prices in the future.

It must however be emphasised that it is not the dominant market position itself which is at fault, but the danger of abuse of that position. Contemporary legislation refers to the following:

- (a) Directly or indirectly imposing unfair purchase or selling prices or other unfair trading conditions.
- (b) Limiting production, markets or technical development to the prejudice of consumers;

- (c) Applying dissimilar conditions to equivalent transactions with other trading parties and thereby placing them at a competitive disadvantage.
- (d) Making the conclusion of contracts subject to acceptance by the other parties of supplementary obligations that have no connection with the subject of the contracts.

The Commerce and Employment Department believes that circumstances may arise or be identified within the Island, whereby there is a significant risk of undertakings that enjoy a dominant position, abusing that position, and that there is a clear justification for legislation to be enacted to address abuse of a dominant market position.

2.3 Mergers and Acquisitions

Clearly, if measures are in place that prevent an undertaking achieving by merger or acquisition a dominant position, then abuse of such a position becomes much less likely in the economy as a whole. However, Articles 81 and 82 of the Treaty establishing the European Community do not deal specifically with the control of mergers and acquisitions, and the UK legislation treats it as a separate issue to anti-competitive behaviour and abuse of a dominant market position.

Jersey has, however, included the control of mergers and acquisitions as a third category in its competition legislation and has set in place a system of applications to, and approvals by, the Jersey Competition Regulatory Authority before mergers and acquisitions above a threshold (which is directed by the States by Order on the recommendation of the Economic Development Committee) can take place.

The Commerce and Employment Department is of the view that the need for, and the benefits of, a system of prior authorisation of mergers and acquisitions within a small island economy such as Guernsey are not at this stage proved, and in addition the system of application and approval could prove onerous in terms of administration and hinder normal business activity. As already stated, in its view it is abuse of a dominant market position that is important and not the dominant position as such.

The Department does not believe that the control of mergers and acquisitions can be justified in the Island at the present time but does believe that provision should be made to enable such control to be introduced in future if circumstances warrant it. It will therefore monitor the position in the Island and in Jersey and in the future will bring forward an Ordinance in respect of mergers and acquisitions if it is of the opinion that such an Ordinance is necessary.

3. Measures to Address Abuse of Dominant Market Position and Anti-Competitive Behaviour

It is to be hoped that instances where sanctions have to be applied will be rare and that the mere existence of statutory powers will encourage businesses to think twice before they indulge in the abuse of a dominant market position or anti competitive behaviour. It is also to be hoped that in instances where an investigation is undertaken, such

practices are modified before the imposition of sanctions has to be considered. Nonetheless, provision has to be made for instances where an individual or business refuses to modify behaviour.

Indeed, the Commerce and Employment Department considers that measures to address the abuse of a dominant market position or anti competitive behaviour will not be effective unless they are underpinned by statutory powers which give authority to investigate such issues and to impose sanctions when abuse of a dominant market position or anti competitive behaviour is proven.

In particular, it will be essential that clear and effective procedures and lines of communication are established with respect to the responsibility for, and administration of, the legislation, dealing with the following areas:

- **Who should exercise the statutory powers?**
- **What powers should be included in the legislation?**
- **How should those powers be administered?**
- **How will the costs of exercising the powers be controlled?**

3.1 Who Should Exercise the Statutory Powers?

The Competition Working Party favoured the creation of a Competition Commission that could include the Office of Utilities Regulation. In effect, in Jersey both areas of responsibility come within the remit of the same Regulatory Authority.

In Guernsey, regulated utilities are subject to two elements of legislation:

- (i) A specific **Sector Law** requires that the provision of utility services (currently postal, electricity and telecoms services) can only be undertaken under a licence granted by the Director General of Utility Regulation.
- (ii) **The Regulation of Utilities Law, 2001** (the 2001 Regulation Law) established the office of the Director General of Utility Regulation and conferred that office's general functions in relation to the regulation of utilities, such as the power to issue licences in accordance with the relevant sector Laws and the duty to ensure minimum standards of service and price controls.

The Director General of Utility Regulation acts under policy directions from the States which currently require him to promote competition in the telecoms market but which maintain significant areas of monopoly in the postal and electricity markets.

Notwithstanding the word "utilities" in the title, there is no reason in principle why the provisions of the 2001 Regulation Law cannot be extended to the provision of other services. However, the requirement for licensing and ongoing intervention in business

activities puts this type of regulation at the most costly, onerous and interventionist end of the spectrum of mechanisms to promote competition.

The Commerce and Employment Department considers therefore that while there may be a limited number of other activities that might justify the introduction of a new sector specific Law and inclusion in the 2001 Regulation Law it does not consider that the 2001 Regulation Law and the statutory powers that the Law confers on the Director General of Utility Regulation provide an appropriate mechanism to promote competition and prevent market abuse across general business activities.

It sees practical and legal difficulties in incorporating the existing statutory powers of the Director General of Utility Regulation, and his staff at the Office of Utility Regulation in a Competition Commission as suggested by the Working Party.

The new legislation to promote competition and prevent market abuse proposed in this report will therefore need to be separate from the 2001 Regulation of Utilities Law.

The Department does however consider that the expertise and experience of the staff of the Director General of Regulation, known collectively as the Office of Utility Regulation, could be invaluable in assisting in the exercise of the new statutory powers, on going monitoring and undertaking informal investigations of potential areas of market failure. What may be practical is the combining of resources into a single office to provide economies of scale that would reduce costs both in the exercise of existing regulatory responsibilities and in the exercise of the new statutory powers.

The Commerce and Employment Department is proposing therefore that the exercise of the statutory powers should be undertaken by an independent statutory official (the Director General of Competition).

3.2 What Powers should be included in the legislation?

Having consulted the Law Officers, the Commerce and Employment Department has been advised that the appropriate legislative structure would be enabling legislation with appropriate powers to enable the specific provisions contained in the implementing Ordinances to be targeted towards particular areas of concern.

In summary, the Commerce and Employment Department is proposing that the legislation should provide for the granting of statutory powers to:

- **Compel individuals or businesses to provide information or documents relevant to an investigation and make it an offence to withhold or provide incorrect information.**

It is essential that the Director General of Competition has sufficient authority to conduct investigations and to require the provision of information and documents, including those that are stored on computers, and to make copies of such documents. The provision of information could normally be required through the serving of a

written notice, as can a power to enter premises. However, in situations where there is suspicion that documents may be falsified or destroyed, there should also be specific powers to enter premises by warrant and to search premises and retain documents that appear to be relevant to the investigation. Clearly there is a need for penalties for those who fail to co-operate with the investigation or obstruct it in some way.

- **Publish reports on the results of investigations which may “name and shame” individuals or businesses.**

In the Department’s view, the legislation should contain specific authority for the Director General of Competition to publish the results of investigations and name the parties involved. This should not only provide a further deterrent in circumstances where infringements of the provisions of the law are deliberate, but also provide a safeguard in circumstances where following an investigation no wrongdoing has been found.

- **Make recommendations, issue directions, and where appropriate impose enforcement orders and/or financial penalties or fines when appreciable abuse of a dominant market position or anti competitive behaviour is proven.**

Assuming that the finding was that there had been, or continues to be, a breach of the provisions of the legislation, it is essential that the Director General of Competition has the appropriate specific powers available to address the wide differences in the nature and severity of the situations likely to be encountered. These can include powers to, for example:

- Make recommendations regarding future conduct in order to promote competition.
- Issue directions requiring, for example, the arrangement found to be anti-competitive to be terminated or modified, or particular forms of conduct in respect of a dominant position to be stopped or modified.
- Issue an enforcement order, backed up by a Court Order, where the nature of the circumstances warrant such a procedure.

In addition, in cases where it is found that the breach of the legislation was committed intentionally, negligently or recklessly, there would also be powers to impose a financial penalty up to a statutory maximum of 10% of turnover during the period of the breach.

Other powers should include the possibility of interim directions and enforcement orders which can be issued while the investigation is still proceeding.

3.3 How should those powers be administered?

In the view of the Commerce and Employment Department, it is the States themselves who should dictate what abuses of a dominant market position and anti competitive behaviour should be investigated.

This would be along similar principles to what are termed under the UK Competition Act of 1998 as “super complaints”, which relate to a market as a whole and not primarily the specific behaviour of individual businesses.

The areas of investigation would be dictated by the States by Resolution but the carrying out of the investigation, compilation and publishing of a report on the investigation and the imposition of any sanctions would be undertaken by the Director General of Competition.

The passing of a Resolution would be on the recommendation of the Commerce and Employment Department, as the Department within whose mandate such matters fall, and who will also be responsible for monitoring potential areas of market failures.

Should circumstances warrant it, a Requête could be brought to the States directing the Department to bring forward recommendations to investigate particular activities.

It is envisaged that investigations would normally follow a number of stages:

Initial Concern

The Commerce and Employment Department becomes, or is made, aware, that there are certain trading practices in the Island which may come within the definition of being anti-competitive or an abuse of a dominant market position. This may be as a result of specific actions taken by certain undertakings, from specific proposals put forward, or from complaints that have been received, possibly over a period of time, through the Department’s offices.

It should be noted however that it is not envisaged that the statutory powers will be exercised to investigate complaints of a minor nature against individual businesses. This would entail a dilution of effort into a potentially limitless number of minor complaints and it is envisaged that most of these can be addressed by Ordinances covering Fair Trading consumer legislation, to which reference is made later in this Report.

Prima Facie investigation

Having established that there is an area of initial concern, the Department would direct the Director General of Competition to commission any further preliminary investigations that it felt was appropriate with a view to assembling sufficient and appropriate information in order to be in a position to recommend to the Department whether or not there was sufficient prima facie evidence to make recommendations to the States.

In exceptional circumstances the Department could bring forward proposals for the instigation of a statutory investigation without any such informal investigation.

States' Report and Resolutions

If after the preliminary investigation the Department considered that there were grounds for believing that there had been abuse of a dominant market position or anti competitive practices, it would then prepare a States' Report which contained the following information in order to assist the States in taking a decision:

- The prima facie evidence that an abuse of a dominant market position or anti competitive practices are taking place;
- The estimated costs and timescale for undertaking the investigations; and
- The current commitment to previously commissioned reviews.

Statutory Investigation and Decision

On the passing of the States' Resolution, the Director General of Competition would begin his official investigation into the situation using the powers at his disposal as specified under the legislation referred to above. Before reaching his conclusion the Director General would need to follow a number of prescribed procedures which ensured the transparency of the investigation, for example allowing a person under investigation to make representations before coming to a final decision.

Enforcement

If the Director General of Competition found that there had been abuse of a dominant market position or anti competitive practices, he would have at his disposal the system of publication of reports, making of recommendations, and issuing of directions and enforcement orders, as well as financial penalties along the lines described above. The legislation would also of course need to make provision for appeals to the Court against the appropriate provisions.

3.4 How will the costs of exercising the powers be controlled?

The Commerce and Employment Department considers that the States should be able to limit the amount of resources expended on the exercise of the statutory powers. **It believes that expenditure on the exercise of the statutory powers should in principle be limited to no more than £300,000 per annum including the costs of staffing and undertaking informal investigations of potential areas of market failure. This limit should only be exceeded in unforeseen circumstances or by special Resolution of the States.**

It recommends that this sum should be included in the Commerce and Employment Department's budget but "ringfenced" and granted by the States as a separate allocation. It believes that this system has two advantages:

- (i) It enables a more transparent control of the costs of administering the competition legislation.
- (ii) It emphasises the independence of the Director General of Competition vis-à-vis the Commerce and Employment Department

Unlike as can be the case in Jersey, there would be no cost to the businesses subject to investigation other than those internal costs related to the provision of information.

The Commerce and Employment Department will have the responsibility of determining the appropriate staffing arrangements, and the remuneration levels for the Director General of Competition and any staff.

4. Relationships with other Regulations

4.1 Other Jurisdictions

As certain competition issues may have ramifications outside the Island, it is recommended that appropriate provisions are included in the legislation to facilitate the exchange of information and joint investigation with statutory competition authorities in other jurisdictions.

4.2 Fair Trading Practices

In other territories, including the UK, there is often a close relationship between competition regulation and fair-trading.

In March 2000 the States approved a policy letter from the Board of Industry setting out proposals for Fair Trading practices. The States approved the drafting of legislation:

- Addressing the rights and obligations between parties with respect to the sale and supply of goods and services;
- Setting out criteria when to render contract terms unfair, and limiting the effect that such terms could have upon the contract;
- Clarifying the consequences resulting from a misrepresentation occurring in the formation of a contract;
- Providing a procedure for the disposal of uncollected goods left for repair, cleaning etc.

In all these areas the current customary law of the island is occasionally uncertain, due partly to the lack of appropriate legislation and the Board's proposals sought to remedy

this situation and also to bring matters up to date in order to deal with current trading activities and practices. Generally, the enforcement of rights and obligations under new legislation would be left to the civil courts.

When the Board placed the 2000 Policy Letter before the States the issue of competition law had not been considered in any detail, but the Commerce and Employment Department, having now worked on competition matters, is aware that there is a synergy between Fair Trading practices and competition legislation.

It has also become clear that States' priorities at the time that the proposals were raised may have changed, and that the nature of business and the controls that are now required may also have changed, particularly with the advent of the internet and e-commerce, and that a relationship with a competition law was not envisaged when these proposals were first drawn up.

Accordingly, the Department is reviewing its Fair Trading proposals to ensure that they will meet the requirements of the 21st century and dovetail with any competition legislation approved by the States.

In view of the close relationship between the two areas of interest, the Law Officers have advised that it would be feasible for the enabling legislation in relation to competition also to make provision for the regulation of Fair Trading, and to include powers to introduce Ordinances related to Fair Trading as well as competition issues.

The Commerce and Employment Department concurs with this approach and will be bringing out a further consultation paper in relation to Ordinances on Fair Trading once the enabling legislation has been approved by the States.

5. Timing and Initial Work Streams

The Commerce and Employment Department is aware that there is substantial support amongst States members for enacting the type of legislation proposed in this report as soon as possible so as to provide an immediate deterrent against anti-competitive behaviour or abuse of a dominant market position. It may also be that the statutory powers will need to be available to address any unwarranted profiteering from changes to duty levels arising from the Future Economic and Taxation Strategy.

To this end the Commerce and Employment Department has requested the Policy Council to give the preparation of the necessary legislation A priority. The intention is that as soon as the Primary Legislation has received Royal Assent the States will be approached with proposals for the passing of: a Commencement Ordinance, Ordinances incorporating specific measures to control anti-competitive arrangements and abuse of a dominant market position along with proposals for the appointment of a Director General of Competition.

The Competition Working Party suggested that priority should be given to investigating "fuel, the retail of essential commodities, construction, and some professional services".

As is commented above the Commerce and Employment Department considers that there may be a limited number of activities in the Island that equate to the function of “utilities”, and which might justify the introduction of a sector specific Law and inclusion in the 2001 Regulation Law, these being energy, specifically gas and the importation of bulk fuels.

In addition, there may well also be potential examples of market failures and abuse in general business activities that might be formally investigated when new statutory powers relating to competition are introduced.

The Commerce and Employment Department would envisage that, on the basis that the States approve the broad approach set out in this Report, resources would be allocated to undertaking informal investigations to identify if there are areas of the Island’s economy, in particular the energy market, and specifically gas and the importation of bulk fuels, where:

- full regulation under sector specific laws and the 2001 Regulation law might be appropriate;
- there might be a case for initiating the process of investigation under the provisions of the competition legislation once the relevant Ordinances have been enacted.

It is anticipated that these initial workstreams would be undertaken at the same time as the preparation of enabling legislation envisaged by this report and referred to in recommendation 1 below. The Department will include in the proposals for the appointment of a Director General of Competition appropriate recommendations on the outcome of these initial workstreams.

6. Conclusion

The Commerce and Employment Department has reviewed the situation with regard to potential market abuse against its broader responsibilities related to the Island’s economy, and has also taken into account the conclusions of the Competition Working Party, the views of States’ members, and the operation of the legislation which exists in other jurisdictions.

It believes that there is a case to introduce legislation that gives the States powers to control market abuse, including a prohibition on anti-competitive behaviour and abuse of a dominant market position with provision made to address mergers and acquisitions and Fair Trading in the future. However, it is essential that these powers are exercised in such a way that the costs of administering the legislation can be strictly controlled, that intervention in business activity in the Island is kept to the minimum, and that the legislation is targeted towards the sectors of the Island’s economy which are of the greatest strategic importance to the economy as whole.

The Department believes that the proposals as set out in this Report, if approved, will achieve the above objectives.

7. Recommendations

The Commerce and Employment Department recommends therefore:

1. That enabling legislation should be enacted to give the States powers to enact Ordinances which would incorporate measures to promote competition in the Island's economy in respect of abuse of a dominant market position, anti competitive behaviour, mergers and acquisitions and Fair Trading on the lines set out in this Report.
2. That when the new enabling legislation has been enacted Ordinances should be laid before the States as soon as possible incorporating specific measures to control:
 - (a) Anti-competitive arrangements by undertakings;
 - (b) Abuse of a dominant market position by undertakings;
3. That the legislation should include the following provisions:
 - (a) A requirement for a Resolution of the States for an investigation to be carried out into a specified market sector;
 - (b) Powers to investigate the circumstances of the operation of any such market sector;
 - (c) Powers to publish the results of such investigations and to make recommendations and give directions;.
 - (d) Appropriate penalties and powers of enforcement and appeals in respect thereof.
 - (e) Such other provisions as are necessary for the purpose of giving effect to this Report.
4. That a Statutory Official known as the Director General of Competition should be established in order to undertake such statutory reviews of specific market sectors as directed by the States.
5. That the administration costs and all expenses, including staff and associated costs, of the Director General of Competition should be met by a separate vote of the States, initially of a maximum of £300,000 per annum, such sum to be negotiated annually and allocated on a ringfenced basis to the budget of the Commerce and Employment Department.

6. To note that informal investigations will be undertaken into areas of the Island's economy, in particular the energy market, and specifically gas and the importation of bulk fuels, with a view to deciding on the appropriateness of either bringing them within the remit of the Regulation of Utilities Law, 2001, or of making them subject to a formal investigation under the legislation proposed in this Report.

Yours faithfully

Stuart Falla
Minister

Appendix

COMMERCE AND EMPLOYMENT

COMPETITION WORKING PARTY**Final Report****Introduction**

On the 30th April 2005, C.I. Traders Limited announced that it had acquired the Safeway stores in Guernsey and in Jersey from a Guernsey subsidiary of Wm. Morrison Supermarkets PLC. The effective date of the sale and acquisition was close of business on 30th April 2005.

Given that C.I. Traders was already a major player in the food retail market in both Guernsey and Jersey, this acquisition raised significant public and political concern in both islands that the company was acquiring a dominant position in the sector, which could reduce competition for the consumer and result in increased prices.

Concern in Jersey focused on the fact that the sale went through on the day before the Competition (Jersey) Law 2005, (in particular the Section on Mergers and Acquisitions), came into force while in Guernsey concern was expressed that the Island had no similar legislation, and neither had any proposals for such legislation ever been laid before the States for consideration.

The Commerce and Employment Department had stated in its “Building Confidence” policy document which was published in April 2005 that while it recognised that the Island needed a competition policy, it did not “favour the development of a comprehensive competition law of the type in place elsewhere”.

Against this background, a number of States’ members began to prepare a Requête, which, if approved, would have directed the Commerce and Employment Department to bring forward within six months proposals to ensure competition within the Bailiwick of Guernsey.

However, following consideration of the issues by the Commerce and Employment Department, this proposal was dropped, and on the 18th May 2005 a letter was written to all States’ members informing them of the establishment of the Competition Working Party.

Mandate, Membership and Work of the Competition Working Party

As communicated to States' members, the Commerce and Employment Department appointed the Competition Working Party to assist it in the following tasks:

- To examine the need to control competition generally, and, in particular, those areas where the absence of control can potentially have the greatest strategic impact;
- To examine the case for a comprehensive competition law;
- In particular, to examine the approach taken by the Jersey authorities and consider its appropriateness to Guernsey;
- To evaluate alternative approaches to controlling competition adopted elsewhere and, in particular, to consider the appropriateness of a model competition regime recommended by the Commonwealth Secretariat to Commonwealth countries.
- To consider any alternative approaches to the issue including the development of existing legislation.

The membership of the Working Party was established as being:

Deputy L R Gallienne, Chairman
 Deputy C S McNulty Bauer
 Mr R Bisson
 Advocate S Brehaut
 Mrs A Webster

The Working Party met on a total of 9 occasions, and also visited Jersey for consultation purposes. A delegation also visited the Isle of Man.

A full list of consultees is attached as Appendix 1.

In addition, the Working Party reviewed substantial documentation on competition policies and legislation in other jurisdictions. The major references used by the Working Party, together with web addresses for further research, are attached as Appendix 2.

Commerce and Employment Department Policies

In its *Building Confidence* document the Commerce and Employment Department stated that its policy towards competition was as follows:

*“The Department does not favour the development of a comprehensive **competition law** of the type in place elsewhere. The scale of the Island is such that the cost of implementing and administering such legislation is likely to be*

out of proportion to the benefits it could deliver and will send the wrong message to businesses to the detriment of the Island's economic success.

*However, the Department does recognise that the Island needs a **competition policy** that draws on a number of tools to enhance and stimulate “fair” competition and restricts anti-competitive practices or abuse of market dominance. At a basic level the Department can undertake and publish the results of informal reviews of practices and pricing policies, at another level the existing Consumer Protection legislation might be extended and ultimately the remit of the Office of Utility Regulation could be extended beyond electricity supply, for instance, to the full energy market.”*

The position was further explained in the letter to States' members setting up the Competition Working Party, which stated that the Department in defining this policy was mindful “*to balance any competition regime and attendant regulation/legislation that was essential to make it work with the cost and effectiveness of any such process*”.

In the *Economic Statement* published in October 2005, the Department states that it wishes to avoid interference or intervention in business activities unless it is essential to:

- Enhance the competitiveness of the Island;
- Prevent or rectify a market failure;
- Provide protection against unscrupulous activities or practices.

Competition and the Free Market Economy

From the outset the Working Party established through its research that competition is seen as being an essential tool for the successful operation of a free market economy. It permits the operation of the “invisible hand” which, at least in theory, allocates resources within such an economy for optimal benefit in both economic and social terms. As described by Adam Smith (1723-1790) the Scottish philosopher and economist in *The Wealth of Nations*, a founding text book of the market economy:

“In general, if any branch of trade, or any division of labour, be advantageous to the public, the freer and more general the competition, it will always be the more so”

The free market economy, with provision to encourage competition, has in recent years been seen to be the principal way to promote not just national but also world-wide prosperity, both through the liberalisation of international trade through a reduction in restrictions and tariffs, but also through the privatisation or commercialisation of former State-controlled monopolies, particularly in infrastructure and utilities.

It is seen as essential component of the development of the European Union, where Articles 81 and 82 of the Treaty of Accession provide a framework for competition legislation that has come to be used as a model in a number of jurisdictions. In addition,

the Commonwealth Secretariat has also produced a model law (with specific reference to encouraging the introduction of competition legislation in smaller Commonwealth jurisdictions), the introduction to which states the following philosophy:

“The main objective of competition policy and law is to preserve and promote competition as a means of ensuring the efficient allocation of resources in an economy. This should result in lower prices and adequate supplies for consumers and, it is hoped, faster growth and a more equitable distribution of income. By lowering barriers to the entry of new firms into an industry, competition policy helps to create an enabling environment for entrepreneurial development, an essential prerequisite for a vibrant economy”.

The United Kingdom government states the view that *“Vigorous competition between firms is the lifeblood of truly effective markets. Competition helps consumers get a good deal and drives innovation and productivity”.*

In Jersey, the reasons given for the introduction of legislation were of a similar nature, but more specific:

“The starting point has been the need to endeavour to bear down on inflation. With strong competition, businesses must work hard to win and keep customers. As a result, competition bears down on prices and drives up quality and choice”, and:

“Competition law also protects consumers. In markets where there is little competition – and this is a potentially significant consideration because of diseconomies of scale in a small island – it is easier for firms to seek to treat customers unfairly, because customers lack choice”.

The Competition Working Party has noted and does not dispute the advantages of competition in economic terms. Its priority has been to examine the need or otherwise for competition legislation to support a broader policy to promote competition within the Island’s economy.

Competition and Small Economies

Firstly, while the economical and social benefits of competition can be identified for an economy or a community as a whole, the same may not be true for individual suppliers or businesses within that community. Adam Smith himself foresaw this difficulty, when he remarks in *The Wealth of Nations* that:

“People of the same trade seldom meet together even for merriment and diversion, but the conversation end in a conspiracy against the public or some contrivance to raise prices.”

While that wording may seem exaggerated in today’s terms, without legislation there are opportunities for suppliers to engage in potentially anti-competitive behaviour, for

example by agreeing prices or sharing markets, or for businesses in a dominant position to act independently of the interests of either the customer or other businesses, by, for example, raising prices without justification or artificially lowering prices to force competitors out of the market.

Secondly, there is usually a mismatch in “power” between the supplier and the consumer, especially in the information that would be necessary for the consumer to make a fully informed choice. This means that unless steps are taken to reinforce the power of the consumer through competition, his ability to exercise choice can be severely impaired.

The above is not to argue that in itself competition in the market will maximise the public good in every case and in all circumstances. Other economic issues also need to be taken into account, such as economies of scale (which, for example, are particularly relevant to infrastructure and utilities) and technological innovation, the benefits of which can also be passed on to the consumer. In any economy or community there is a need to achieve an appropriate balance between all the relevant factors, including that of the costs of regulation, if the benefit to the public is to be maximised. This is particularly important for a small “micro-economy” such as Guernsey, where the per capita costs of regulation will almost certainly be higher than in a larger jurisdiction.

At an early stage the Working Party noted that Malta, which as a full EU member has enacted full EU-based competition legislation, had studied closely the parameters relevant to the administration of full competition legislation in a small economy.

Further, in her book, *Competition Policy for Small Market Economies*, Dr Michal S Gal has considered this question further, stating that “*small economies need a competition policy that is specifically tailored to their markets*”. It is of course not possible in this document to summarise all of the issues raised in the book, but the following are some of the more immediately relevant comments:

“One may question the justification for a competition policy in small economies, especially in very small ones” (on account of cost)

“At the same time, however, the benefits that competition policy may offer to small economies are much greater, relatively, than those to be gained in larger, less concentrated markets” (because of the necessarily smaller number of suppliers)

“Finding the balance between productive efficiency and competitive conditions in small economies is challenging”.

“The costs of improper design and application of competition laws might be higher in both the short and long run”.

“To reduce enforcement costs, the competition authorities of small economies should choose their cases cautiously so as to ensure that the benefits . . . justify the costs”

Contents of Competition Legislation

As already stated, the recently introduced competition legislation in Jersey and the recommendations of the Commonwealth Secretariat follow an international standard that is also expressed in the Articles of the EU Treaty of Accession. There are a number of advantages to enacting legislation which is similar to that in place elsewhere, not least in reducing the costs and inconvenience for businesses to which the legislation applies, and in providing a case history of examples which can act as guidance in the administration of the law. However, there is also a need for legislation and its implementation to be adapted to the circumstances of the community that it serves.

The recently enacted Jersey legislation can be accepted as a suitable model for consideration. However, it has only recently been implemented and in reality it is difficult to measure the advantages and benefits.

The **Jersey legislation** makes provision for the following features:

Prohibition of anti-competitive arrangements

Under this section of the law, an undertaking must not make an arrangement with one or more other undertakings that has the object or effect of hindering to an appreciable extent competition in the supply of goods or services in Jersey or any part of Jersey. Such arrangements can include those whose object or effect is to:

- (a) directly or indirectly fix purchase or selling prices or any other trading conditions;
- (b) limit or control production, markets, technical development, or investment;
- (c) share markets or sources of supply;
- (d) apply dissimilar conditions to equivalent transactions with other trading parties, thereby placing them at a competitive disadvantage;
- (e) make the conclusion of contracts subject to acceptance by the other parties of supplementary obligations which, by their nature according to commercial usage, have no connection with the subject of such contracts.

Under the legislation, the Jersey Competition Regulation Authority, which is responsible for its administration, can grant exemptions, provided that it is satisfied, inter alia, that the arrangements are likely to:

- (a) improve production or distribution of goods or services, or to promote technical or economic progress in the production or distribution of goods or services;
- (b) provide consumers of those goods or services a fair share of any resulting benefit.

Such exemptions can be in the form of “block exemptions”, for example in respect of particular categories of agreement, or of small undertakings below a specified size.

Abuse of a dominant position

This section of the law prohibits any abuse by one or more undertakings of a dominant position in trade for any goods or services. An abuse of a dominant position may consist in:

- (a) Directly or indirectly imposing unfair purchase or selling prices or other unfair trading conditions;
- (b) Limiting production, markets or technical development to the prejudice of consumers;
- (c) Applying dissimilar conditions to equivalent transactions with other trading parties and thereby placing them at a competitive disadvantage;
- (d) Making the conclusion of contracts subject to acceptance by the other parties of supplementary obligations that by their nature according to commercial usage have no connection with the subject of the contracts.

Abuse may also result from a failure to do something. The only exemptions that can be granted concern matters of public policy for reasons that are both exceptional and compelling.

Mergers and Acquisitions

This section of the legislation makes the provision that the approval of the JCRA is required before executing a merger or acquisition of a type prescribed by Order issued by the Economic Development Committee. The Order which has been issued requires a merger to be approved by the JCRA before being executed in three situations:

- Where it results in a share of supply or purchase of 25% or more being achieved, or increased.
- Where one party has a share of supply or purchase of 25% or more, and the other has a “vertical” relationship with that party (for example, as a supplier to or customer of that party).

- Where one party has a share of supply or purchase of 40% or more (this is designed for “conglomerate” mergers, for example between a telecommunications and an electricity supplier).

Other sections of the legislation deal with powers of investigation, enforcement, restrictions on the disclosure of information, evidence, and provisions in respect of proceedings.

The **Isle of Man legislation** follows significantly different principles and has been framed as a development of fair-trading legislation, administered by the Office of Fair Trading. There are several differences between the Isle of Man legislation and that of Jersey in that:

- a. The legislation in the Isle of Man makes provision with regard to anti-competitive behaviour and abuse of a dominant position, but makes no requirements with respect to the prior authorisation of mergers and acquisitions.
- b. No separate body has been established to administer competition issues, although the Office of Fair-Trading is itself a statutory body within the government structure. Specific competition complaints can, where necessary, be referred to a Commission that will have been specifically established to consider the issue.
- c. Specific provisions in the legislation permit the Office of Fair Trading to accept written assurances, and there is also a requirement in the legislation for the results of any investigation to be made public.

The administration of competition legislation in the Isle of Man benefits from the Office of Fair-Trading’s broad experience of consumer issues, although it must be said that, from the information received it would appear that the Isle of Man has not (yet) had to face issues of the same nature as either Jersey or Guernsey.

Representatives of the Working Party were also informed that if the Isle of Man were starting from scratch today, legislation similar to that in force in Jersey and the UK would be likely to be taken as the model, but adapted to meet the Isle of Man’s specific circumstances.

Issues related to Competition Legislation and its Administration

As referred to earlier, competition policy and regulation can be seen to have two separate aims:

- a. Within the context of broader economic policy to promote efficiency within the economy, thereby maximising the benefits obtained from the free market in both economic and social terms.

- b. Within the context of consumer affairs, to provide protection to the consumer against unfair business activities or practices, and increase consumer choice.

These two separate aims clearly imply different policy objectives, and methods and procedures in the administration of the legislation. If the first objective is the major priority, as was the case when the decision was taken to enact the legislation in Jersey, then this implies that the legislation has to be administered in a **proactive** manner, as the desired benefits will only be achieved if the whole of the economy operates in a more competitive manner, within a more effective “competition culture”. This particular objective has also been a strong feature of economic development policy in the UK.

If, however, the main objective is the immediate protection of the consumer from unreasonable behaviour on the part of business interests, then this only requires a **reactive** approach to deal with problems as they are identified or as they occur. To date this has generally been the approach adopted in the Isle of Man, and it was a specific problem related to the protection of the consumer in Guernsey that raised concerns within the Island, and led to the setting up of the Competition Working Party.

There are major cost implications related to the above two approaches, not only for government but also for the businesses to which the legislation applies. For example, in Jersey the grant from the States to the JCRA for 2005 has amounted to some £480,000, and a system of fees that have to be met by businesses has been put in place to pay for investigations into proposals for mergers and acquisitions, so that, for example the fee for a preliminary investigation is £5,000, and for a more in-depth investigation is £15,000. In addition, businesses can expect to incur significant additional costs in terms of resources, as well as in respect of professional advice from advocates and accountants on competition issues including compliance with the law. Specific procedures have to be put in place for businesses to follow, increasing administration and in some circumstances delaying the decision-making process.

There can also be broader community costs, if for example the free market is unnecessarily restricted through burdensome administration, and if consumer choice is limited because such administration discourages new business start-ups and diversification.

The costs of a reactive approach might generally be expected to be less, but it is difficult to predict the exact costs in advance as they will depend on demand. Partly because of the way in which the Isle of Man’s Office of Fair-Trading has developed, the costs notionally attributed to competition policy are significantly less than Jersey, but make no allowance for additional requirements. For example, in October 2005, and in response to increasing prices, the Isle of Man launched an inquiry into the energy sector which is expected to last six months and will require the employment of consultants. The costs of this inquiry will clearly be substantial.

In coming to its conclusions the Competition Working Party has taken into account the above issues, as well as the information it has received from its research and has established the following principles:

- a. That as a first priority particular attention must be paid as to whether the potential benefits of any legislation can be justified given the possibly significant costs and overall resource implications.
- b. That any recommendations must be designed to meet the Island's particular needs and the circumstances of its economy, rather than being a recommendation to introduce legislation as a matter of principle.
- c. That any recommendations should seek to meet the concerns that led to the Working Party being established in the first place.

Other Methods of Promoting Competition within the Economy

In addition to legislation there are other actions that can be taken to promote competition within the economy and in particular to remove barriers which can prevent competition occurring.

The following are some examples:

1. The encouragement of the work of independent organisations such as consumer councils which investigate and report on particular issues in order to further the consumer's interests.
2. The publication of price and other information, obtained, for example through surveys, or by a "mystery shopper".
3. The development of websites, on which the public can post information about prices and other consumer issues.
4. The publication of codes of practice and guidance notes to businesses which give information about and encourage competitive behaviour. However, the Working Party did feel that while such codes of practice would be useful, their effectiveness might be limited if they were not backed by legislation which "had teeth".
5. The reduction of barriers to the setting up of new businesses which would compete in the market, as well as to business growth and diversification, for example by:
 - a. Reducing the level of "red-tape" in the setting-up and operation of businesses

- b. Making sure that there are sufficient business premises available at a reasonable price
- c. Ensuring that there are enough trained and skilled staff available to service the needs of new businesses

The Working Party is of the view that actions along the above lines should form an important element of the Commerce and Employment Department's competition policy. However, such actions do not necessarily obviate the need for some legislation to be enacted to form a framework within which such actions are taken and in order to deal with specific circumstances and threats.

Review of Competition Working Party "Mandate"

At its establishment, the Working Party was asked to examine a number of issues. These are listed below, together with the Working Party's own comments:

To examine the need for control from competition generally, and, in particular, those areas where the absence of control can potentially have the greatest strategic impact;

In general terms the Working Party understands the need for an effective competition policy and sees the potential advantages of legislation, provided that both the legislation itself and its administration are closely adapted to Guernsey's specific economic and social circumstances. In terms of specific sectors, the Working Party does not consider itself to have the appropriate expertise to come to a definitive assessment, but as matter of policy priority should be given to those sectors which are of the greatest strategic importance to the economy, particularly in terms of the "knock-on" effect of the prices charged. Priorities for examination are therefore likely to include sectors such as energy (including fuel), the retail of essential commodities, construction, and some professional services.

To examine the case for a comprehensive competition law;

On account of the likely costs, the Working Party is not convinced at present that the implementation of a comprehensive competition law can be justified. Costs at a level similar to that predicted in Jersey could only be justified if competition legislation is deemed to be an essential plank of a broader economic policy. To date no comprehensive case for a policy of that nature has been made for Guernsey.

Nevertheless the Working Party does understand the strong arguments that have been put forward for the need for greater consumer protection against anti-competitive behaviour (including "cartels") and abuse by suppliers of goods or services in a dominant position, such as may result from a merger or acquisition. Mergers and acquisitions also reduce the number of suppliers of goods and services in any given market.

In particular, to examine the approach taken by the Jersey authorities and consider its appropriateness to Guernsey;

At its visit to Jersey the point was made strongly to the Working Party that these were very early days in terms of the Jersey legislation and there would be a definite advantage for Guernsey to wait and see how the Jersey legislation had “bedded in” before coming to a definitive decision. As has been outlined above, the operation of competition policy and legislation needs to be closely adapted to the economy that it serves and this is particularly true for small jurisdictions. Given the similarities between the two islands there would be a definite advantage in Guernsey learning from the Jersey experience before deciding on its own requirements. For example, it could be some time before it is clear whether or not the economic objectives of the Jersey legislation have been achieved.

To evaluate alternative approaches to controlling competition adopted elsewhere and, in particular, to consider the appropriateness of a model competition regime recommended by the UK government to commonwealth countries.

According to the results of its researches, almost all legislation which has been recently introduced has followed the outline proposed by both the EU and the Commonwealth Secretariat in including the three areas of control: anti-competitive behaviour, abuse of a dominant position, and mergers and acquisitions. It would be possible, as is the current system in both the Isle of Man and Jamaica, not to include in the legislation any requirements related to mergers and acquisitions. In addition, the administration of mergers and acquisitions legislation, which requires of necessity a system of prior investigation and authorisation, is likely to be both costly and bureaucratic.

To consider any alternative approaches to the issue including the development of existing legislation.

Having taken legal advice, the Working Party is of the view that the appropriate way forward would be to frame competition legislation designed specifically for that purpose rather than attempt to build on current legislation that has been enacted for different reasons. However, it is aware that certain aspects of Utilities Regulation may be relevant to competition legislation and could be taken into account. The option of incorporating competition law within broader Fair-trading legislation, as currently exists in the Isle of Man is not available as Guernsey has no Fair-trading legislation in place.

Conclusion

The Competition Working Party has found its investigation of competition issues and their relevance to both the economy and community of Guernsey to be both stimulating and diverse. It believes the following are the most salient points that it wishes to take into account:

- The importance of competition within the economy in general, while recognising that this is generated through supply and demand and not purely because of competition legislation.
- The significant costs of administering competition legislation of any complexity, particularly in per capita terms in a small island
- The vulnerability of the Island to large undertakings achieving a dominant position in the Island, and possible abuse of that position which could result in a market environment in which customers have few or no options in terms of supply.
- The need for competition policy and legislation to be adapted to the needs and conditions of the local economy
- The strong case that has been made for Guernsey to await the results of the experience of Jersey before coming to a decision on its own requirements.

Having taken these aspects in particular into account, the Competition Working Party concludes as follows:

1. Given the potential costs involved, it is not convinced that there is a case on balance at present for the enactment of fully comprehensive competition legislation in Guernsey.
2. It nevertheless recognises the potential threat, and consequences for the consumer, of anti-competitive behaviour and/or abuse of a dominant position within the Island.
3. There is a requirement for legal provisions to be put in place to provide powers, as a first option, to investigate alleged circumstances and cases of anti-competitive behaviour or abuse, particularly if they are considered to be of strategic importance to Island.
4. In terms of the broader issues related to competition within the local economy, the results of the enactment of comprehensive competition legislation in Jersey should be assessed at the appropriate time, with a view to considering at that time whether similar legislation should be enacted in Guernsey.

Recommendations

The Competition Working Party therefore recommends that:

- A. Comprehensive competition legislation should **not** be implemented in Guernsey at the present time.

- B. Primary legislation should however be put in place so that appropriate measures can be implemented by Ordinance if in the foreseeable future there should be a significant threat of detriment to the consumer through anti-competitive behaviour or abuse of a dominant position.
- C. Legislation should also be enacted to give full powers to a “Competition Commission” that could include the Office of Utility Regulation, to investigate matters of concern regarding competition, upon referral of such matters by the Commerce and Employment Department. Such legislation should also give powers to report on such matters and to publish the contents of such reports.
- D. The Commerce and Employment Department should give an undertaking to the States that it will report back to the States within three years on the experience of comprehensive competition legislation in Jersey, including further consideration as to whether similar legislation should be enacted in Guernsey.

Appendix 1

List of Consultees

Guernsey

Chris Hurley
 John Curran, Office of Utility Regulation
 Kate Raleigh, Citizen's Advice Bureau
 Robert Moore, Guernsey International Business Association
 Peter Budwin, Confederation of Guernsey Industry
 Tony Gallienne, Institute of Directors
 Emily Wakeford and Sue Payne, Women's Institute
 Mark Trenchard, Vernon Etherington, and Simon Howitt, Chamber of Commerce

Jersey

Kevin Keen, Chamber of Commerce
 Bill Brown, Charles Webb, and Janet Whiteside, Jersey Competition Regulation Authority
 Deputy Alan Breckon and Melanie Woodhouse, Jersey Consumer Council
 Deputy Gerald Voisin, President, Economic Development Committee
 Wayne Gallichan, Economic Development Committee
 Andrew Lewis, Institute of Directors

Members also attended a talk given on Competition Legislation in Jersey, given by Senator Philip Ozouf at La Vilette Hotel on the 9th June, 2005

Isle of Man

Ken Kinrade and Kirsty Leece, Office of Fair Trading
 Quintin Gill MHK, Chairman, Office of Fair Trading
 Barbara O'Hanlon, Chamber of Commerce

Appendix 2

Principal Documents and Related Websites

Local Reports

Chris Hurley, Competition in Guernsey (May 2005)
Competition Policy in Guernsey – Report by the Guernsey Office of Utility Regulation

External Reports and Publications

“A World Class Competition Regime” – UK DTI White Paper
A Competition Law for Jersey (States of Jersey, January 2002)
Competition Law – Progress Report (States of Jersey, September 2002)
Lino Briguglio and Eugene Buttigieg, Competition Constraints in Small Jurisdictions
Dr. M S Gal – Competition Policy for Small Market Economies (Harvard University Press, (2003)

Legislation

EU Treaty of Accession
The UK Competition Act 1998
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Isle of Man Fair Trading Act 1996
Revised Model Bill on Competition – Commonwealth Secretariat (September 2005)

Websites

Articles 81 and 82 of the Treaty Establishing the European Community
<http://europa.eu.int/eur-lex/en/treaties/selected/livre218.html>

A World Class Competition Regime
<http://www.archive.official-documents.co.uk/document/cm52/5233/5233.htm>

A Competition Law for Jersey
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<http://www.statesassembly.gov.je/documents/reports/12156-44474.htm>

Competition Constraints in Small Jurisdictions:
<http://www.oecd.org/dataoecd/57/8/2486833.pdf>

United Kingdom Competition Act 1998
<http://www.opsi.gov.uk/acts/acts1998/19980041.htm>

Competition (Jersey) Law 2005
http://www.jcra.je/pdf/Competition%20Jersey_%20Law%20200-%20as%20adopted%20by%20States%2023%20June%85.pdf

- (NB By a majority, the Policy Council supports the proposals. Members have reservations regarding the need to create a new regulatory body and will liaise with the Commerce and Employment Department as it prepares its proposals for the appointment of a Director-General of Competition.)
- (NB The Treasury and Resources Department refers Members of the States to the following statement included in its letter of comment dated 31st January, 2006 to the Environment Department's Report on Road Transport Strategy (Billet d'État VII of 29th March, 2006)

“The Department is firmly of the opinion that any significant increase in fuel duties must be accompanied with the introduction of an effective competition policy.”)

The States are asked to decide:-

XVIII.- Whether, after consideration of the Report dated 26th May, 2006, of the Commerce and Employment Department, they are of the opinion:-

1. To enact enabling legislation to give the States powers to enact Ordinances which would incorporate measures to promote competition in the Island's economy in respect of abuse of a dominant market position, anti competitive behaviour, mergers and acquisitions and Fair Trading on the lines set out in this Report.
2. That when the new enabling legislation has been enacted Ordinances shall be laid before the States as soon as possible incorporating specific measures to control:
 - (a) Anti-competitive arrangements by undertakings;
 - (b) Abuse of a dominant market position by undertakings;
3. That the legislation shall include the following provisions:
 - (a) A requirement for a Resolution of the States for an investigation to be carried out into a specified market sector;
 - (b) Powers to investigate the circumstances of the operation of any such market sector;
 - (c) Powers to publish the results of such investigations and to make recommendations and give directions;.
 - (d) Appropriate penalties and powers of enforcement and appeals in respect thereof.

- (e) Such other provisions as are necessary for the purpose of giving effect to that Report.
- 4. That a Statutory Official known as the Director General of Competition shall be established in order to undertake such statutory reviews of specific market sectors as directed by the States.
- 5. That the administration costs and all expenses, including staff and associated costs, of the Director General of Competition shall be met by a separate vote of the States, initially of a maximum of £300,000 per annum, such sum to be negotiated annually and allocated on a ringfenced basis to the budget of the Commerce and Employment Department.
- 6. To note that informal investigations will be undertaken into areas of the Island's economy, in particular the energy market, and specifically gas and the importation of bulk fuels, with a view to deciding on the appropriateness of either bringing them within the remit of the Regulation of Utilities Law, 2001, or of making them subject to a formal investigation under the legislation proposed in this Report.
- 7. To direct the preparation of such legislation as may be necessary to give effect to their above decisions.

COMMERCE AND EMPLOYMENT DEPARTMENT

AMENDMENTS TO FINANCIAL SERVICES LEGISLATION

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

14th June 2006

Dear Sir

1. **Executive Summary**

Securing the future of the Bailiwick as a successful centre for financial services will depend in part on the ability to constantly adapt legislation in order to remain globally competitive and respond to emerging standards of regulation.

The four pieces of legislation which underpin financial services are each embodied in a Projet de Loi, with the result that even relatively minor amendments cannot be made without a long and cumbersome process. Accordingly, this report recommends the enactment of a single Projet de Loi which will enable the States to amend the following finance sector legislation by way of Ordinance:

- The Financial Services Commission (Bailiwick of Guernsey) Law, 1987;
- The Banking Supervision (Bailiwick of Guernsey) Law, 1994;
- The Regulation of Fiduciaries, Administration Business and Company Directors, etc. (Bailiwick of Guernsey) Law, 2000;
- The Protection of Investors (Bailiwick of Guernsey) Law, 1986.

2. **Background**

The Department, together with the Guernsey Financial Services Commission, constantly monitors global developments in regulatory legislation in order to ensure that:

- Guernsey institutions and businesses are enabled to operate competitively; and
- Guernsey remains established as a premier financial services jurisdiction with legislation reflecting emerging standards and practices to counter money laundering, financial crime and terrorist financing.

As a consequence of this monitoring, coupled with consultation with the industry, the Department is able to consider legislative initiatives designed to increase the level of business attracted to the Island, facilitate the introduction of new projects and enhance the industry's competitiveness abroad.

The ability to amend legislation and respond promptly and appropriately for Guernsey's benefit is an integral part of achieving continued success within the finance sector. However, in the case of the four pieces of regulatory legislation set out above, the fact that they are each embodied in a separate *Projet de Loi*, makes the process of change cumbersome and time consuming. Accordingly, following recommendations from H M Procureur, the Department believes that it will be beneficial for the States to be in a position to amend, by Ordinance, such legislation in order to ensure that the Bailiwick's regulatory regime reflects appropriate and promptly domestic and international developments.

In this respect, the financial services sector acknowledges that continued engagement and participation with international regulatory bodies is crucial to the development of their industry. Part of the engagement process demands the ability to adapt quickly to developments in the global market in which the industry operates to maintain our reputation as a leading financial services centre.

3. Proposed amendments

The legislation identified above contains no provisions which enable the States generally to amend them respectively by Ordinance, though limited aspects of them may be so amended. Therefore, the only method by which they can be amended is by a further *Projet de Loi*, which has proved time-consuming, and is further complicated by the necessity of obtaining an Order in Council, through the Privy Council which only meets on a few occasions each year. This process has, in some cases, taken up to a year, which the Department believes could be detrimental to Guernsey if it were necessary or expedient that an amending *Projet de Loi* be enacted as a matter of urgency, particularly in response to developing international compliance standards.

Relevantly, the International Monetary Fund (IMF) is expected to conduct its second assessment of Guernsey in 2008. It is anticipated that for this assessment to be positive (and such an assessment is crucial to Guernsey maintaining its position in the premier league of finance centres), there will require to be progressed an extensive legislative programme. For example, new laws will be required to ensure compliance with the Third European Money Laundering Directive. The Department considers that the proposed enabling legislation will allow the States to respond more rapidly to the anticipated requirements of that review, and to other reviews or assessments as they may occur.

The Department proposes that the enabling legislation will apply throughout the Bailiwick, but before any amending Ordinance were to be proposed to the States, the

Department would consult with the Policy and Finance Committee of the States of Alderney and the General Purposes and Finance Committee of the Chief Pleas in Sark.

4. Consultation

Consultation has taken place with representatives of the financial services industry through the Financial Services Group and H M Procureur and the Guernsey Financial Services Commission. The authorities in Alderney and Sark have also been consulted. There is widespread support for this approach.

5. Staffing and Financial Implications

The proposals contained in this report will have no direct financial impact upon the Department and will be administered with existing staff.

6. Recommendations

The Department fully endorses the proposed amendments and believes that they are necessary for the improvement and development of the financial services sector in the Bailiwick.

Yours faithfully

Stuart Falla
Minister

(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:-

XIX.- Whether, after consideration of the Report dated 14th June, 2006, of the Commerce and Employment Department, they are of the opinion:-

1. To enact legislation to enable the finance sector legislation identified in that Report to be amended by Ordinance.
2. To direct the preparation of such legislation as may be necessary to give effect to their above decision.

HOME DEPARTMENT

DATA PROTECTION COMMISSIONER

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

26th May 2006

Dear Sir

1. Executive Summary

The Home Department is recommending that the Data Protection Commissioner, Dr Peter Harris, should be appointed for a second term of office commencing on 1 October 2006.

2. Background

Section 6(2) of the Data Protection (Bailiwick of Guernsey) Law, 2001 provides that the Data Protection Commissioner shall be appointed by the States on the nomination of the [Advisory and Finance] Committee.

The Machinery of Government (Transfer of Functions) (Guernsey) Ordinance, 2003 transferred the Committee's responsibilities under the Data Protection Law to the Home Department.

3. Proposal

At its meeting on the 25 July 2001 the States, on the nomination of the Advisory and Finance Committee, appointed Dr P R Harris as Data Protection Commissioner with effect from 1 October 2001.

Dr Harris was born in Guernsey in 1946 and was educated at Elizabeth College and Exeter College Oxford, obtaining his PhD from Keele University in 1972. He joined the Guernsey Civil Service in 1988 and held the position of Manager of Information Services from then until his appointment as Data Protection Commissioner.

The Home Department has met with Dr Harris concerning the completion of his first term of office which ends on 30 September 2006 and is pleased to recommend that he be appointed for a second term of office as Data Protection Commissioner which would

run for a further period of 5 years. If the States accept this recommendation, the Department will take appropriate steps to ensure a successor is appointed well before the end of his second term to ensure a smooth transition.

4. Recommendation

The Department recommends the States:-

Pursuant to Section 6 (2) of the Data Protection (Bailiwick of Guernsey) Law, 2001 to reappoint Dr P R Harris as Data Protection Commissioner with effect from 1 October 2006.

Yours faithfully

M W Torode
Minister

(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:-

XX.- Whether, after consideration of the Report dated 26th May, 2006, of the Home Department, they are of the opinion:-

In pursuance of the provisions of section 6 (2) of the Data Protection (Bailiwick of Guernsey) Law, 2001 to reappoint Dr P R Harris to the office of Data Protection Commissioner with effect from 1st October, 2006.

HOME DEPARTMENT

FRENCH NUCLEAR POWER FACILITIES – PROPOSED DEVELOPMENT OF THE FLAMANVILLE NUCLEAR POWER STATION

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

26th May 2006

Dear Sir

1. Executive Summary

The purpose of this report is to provide background information for States Members on the proposed development plans relating to the Flamanville Nuclear Power Station, in order that The States can decide whether or not they wish to formally object to the French authorities regarding the proposed development plans.

2. Background

There are two French nuclear facilities that may have an impact on the Bailiwick - the Cap de la Hague nuclear reprocessing facility and the Flamanville nuclear power station. The Cap de la Hague site is a large, complex industrial facility and covers an area of 1.2 square miles. The site, which performs a similar function to that of Sellafield in the UK, reprocesses spent nuclear fuel. The purpose of the plant is to recover the unused uranium and plutonium used in the process to generate electricity in order to recycle them. Following a decision by the Atomic Energy Commission in 1959, construction commenced at the site in 1960. The first plant, (the UP2 plant) was built to reprocess fuel from natural uranium graphite-moderated reactors and this was supplemented in 1974 with the provision of a High Level Oxide (HLO) plant for reprocessing light water reactor fuels. Both plants began service in 1978 - forming the UP2 400 plant, which had an annual fuel reprocessing capacity of 400 tons. In 1978, responsibility for the site transferred to COGEMA and in 1981 the company was authorised to set up the UP3 and UP2 800 plants, for the reprocessing of fuel from Light Water Reactors (LWRs) and the STE3 plant for the purification of effluents from these plants, before release into the sea. The site reprocesses spent fuel from both French and foreign clients' operations.

In the 2001, 'Nuclear Safety in France' report, published by the Surete Nucleaire et la Radioprotection, the following figures were given for the materials processed at the Cap

de la Hague plant:

- (a) UP3 - 217.1 tons
- (b) UP2 800 - 733.5 tons
- (c) Up2 400 - 0 ton
- (d) Spent fuel elements off-loaded to the spent fuel pits - 1,050.5 tons

Spent nuclear fuel is transported to the plant by road and rail. Most of the spent fuel which comes from France and Europe arrives via rail at the Valognes terminal and is then transported by road the final 40km to the site. Casks from Japan arrive at Cherbourg and then travel via rail to the Valognes terminal. Concern has been raised by various organisations, including Greenpeace, regarding the security of road and rail movement; however, these claims are dismissed by the French Nuclear industry. The spent fuel is contained in casks which although only carrying 6 tons of fuel, weigh 110 tons. The casks are designed to stop radiation, prevent leaks and allow the fuel to continue cooling. The casks must be able to resist an 800°C fire for half an hour and survive a drop of 9m onto an un-deformable platform. The most spectacular test was carried out in the UK in 1984, when a cask was laid across a railway track and a 200 tonne train was driven into it at 100mph. The train was a write-off, but the cask was merely scratched. This test was conducted at the direction of the industry and whilst demonstrating that the casks are secure, there are still doubts amongst environmental campaigners that the test was too controlled and did not cater for other eventualities.

On arrival at the site, the spent fuel is unloaded from its packaging. This is done remotely, using cranes. There are two methods of unloading, dry or wet. Wet unloading, as the name implies, is carried out whilst the fuel is kept under-water and this water can be boronated to suppress nuclear reactions. Dry unloading involves the spent fuel being unloaded out of water. After unloading, the fuel is stored in a pool for three years. The water is continually cooled and filtered in a closed-circuit system. The site has four large storage pools, with a capacity of approximately 14,000 metric tons. The spent fuel consists of rods, with the nuclear pellets inside, and after three years in storage, the nuclear materials are separated from the cladding. The rods are sheared into 35mm sections and are dropped into a rotating dissolver, filled with nitric acid. The dissolved nuclear material is then transferred to a chemical separation facility where solvents extract the uranium, plutonium and fission products. The sheared rod sections are compacted to reduce the volume of waste produced. The recovered uranium can be re-used in nuclear fuel, the plutonium is transformed into oxide and used in MOX fuel (93% depleted uranium and 7% plutonium).

The reprocessing plant produces liquid and gaseous wastes. The liquid effluent results from the washing, rinsing and decontamination solutions, which are recycled. Any remaining water has low radioactivity and is discharged into the sea after being monitored. The discharge complies with authorisations established by the French Ministry of Health. Discharges include Tritium H-3, Strontium-90, Technetium - 99,

Antimony - 125 and Caesium - 137. The gaseous effluent is trapped and washed to remove radioactive gases. Again, in compliance with Ministry of Health regulations, the gases are monitored before being discharged into the atmosphere. Discharges include Krypton-85, Tritium, Carbon-14 and Iodine-129. In relation to solid residues, the fission products are vitrified into stainless steel containers and placed in interim storage on site. Long term storage facilities are elsewhere in France.

Environmental monitoring is carried out in France, UK and in Guernsey; in France this monitoring is carried out by the French Office for Protection against Ionising Radiations, The Departmental Analysis Laboratory of the Manche and by Areva (COGEMA). On-line monitoring is done on all gaseous and liquid discharges, rainwater and sewage systems. The food chain is monitored, with some 23,000 samples taken annually from the land, sea and atmosphere, with approximately 80,000 analyses carried out. In the UK analysis is carried out by the Centre for Environment, Fisheries and Agriculture Science (CEFAS) on behalf of the States Environment Department and the results are published annually in the CEFAS 'Radioactivity in Food & the Environment (RIFE)' publication. The NRPB results for 2003 stated, in summary, that 'the concentrations of artificial radionuclide in the marine environment of the Channel Islands and the effects of discharges from local sources therefore continued to be of negligible radiological significance' and 'A survey on the Channel Islands confirmed that doses due to discharges from the French reprocessing plant at Cap de la Hague and other local sources was less than 1% of the (annual) limit (of 1mSv)'. In Guernsey, a number of monitoring programmes are conducted, including; marine aquatic monitoring, beach monitoring, milk and food & agriculture monitoring. The cost of these monitoring programmes is approximately £12,000 per annum. Furthermore, through the 'Guernsey Environmental & Radiological Monitoring System', background radiation levels are constantly recorded at an annual cost of approximately £10, 000 per annum.

France is one of the signatory countries to the Kyoto Protocol to the United Nations Framework Convention on Climate Change (1992). All signatories undertook to reduce their greenhouse gas emissions in order to limit average global warming to 2°C by 2100. Gas-fired, oil-fired and coal-fired power plants emit a considerable amount of greenhouse gas. Generating 1kWh of electricity results in the following amounts of gas being released into the atmosphere:

- (a) 754 – 1124g of CO₂ generated by a coal-fired plant
- (b) 545 – 900g of CO₂ generated by an oil-fired plant
- (c) 388 – 688g of CO₂ generated by a gas-fired plant
- (d) 60 – 150g of CO₂ generated by a photovoltaic solar facility
- (e) 11 – 22g of CO₂ generated by a nuclear power plant, hydroelectric plant or wind turbine

Flamanville nuclear power station has been in operation since the mid 1960s and currently comprises of two Pressurised Water Reactors (PWRs), with each unit capable of generating 1300MW of electricity. There are 193 fuel assemblies inside each of the cores of the Flamanville PWRs. Each fuel assembly contains 289 fuel rods containing fuel pellets of Uranium Oxide. The cooling pond used to store fuel assemblies when they are not required (whether they are new or made up of 'spent fuel') are not located in the reactor building. As a result of the nuclear reactions involved the efficiency of the fuel rods deteriorates, causing the rods to become 'spent'. Overall, nuclear fuel rods last about 3 years, although there may be a requirement to re-shuffle the fuel assemblies inside the reactor more often than that to maintain optimal output. The fuel uses Uranium Oxide (UO₂) pellets. This is a stable ceramic that can be heated almost to its melting point of 2,878°C without serious mechanical deterioration and does not react with water to any significant level.

Nuclear fuel in the PWR consists of pellets which are contained in zircaloy tubes, which prevents any contact between the fuel and the primary circuit water. The primary circuit and secondary circuit only exchange heat in the steam generator – physically the two systems are kept separate. Thus to get into the sea via the cooling water, fuel would have to breach the zircaloy tube that holds the pellets together, and there would have to be a leak between the primary and secondary system in the steam generator with a further leak in the condenser. Other design safety aspects include:

- (a) A leak in the primary high-pressure system would be contained within the reactor building.
- (b) The reactor core itself sits in a large steel 'bucket', therefore, if there was a large leak (and a lot of primary circuit cooling water were to be lost), the reactor core would still be left sitting in a large container full of water – it would boil this off in due course – but in the meantime there would be more time to act to power down the reactor core, by stopping the nuclear reactions. Removal of the water via evaporation would, in its own right, also slow the nuclear reactions due to the role it plays as a 'moderator'.
- (c) The reactor building and turbine hall are physically separate, so that a problem in one building is less likely to affect the other.
- (d) The Reactor Building has two functions (1) containment and (2) protection of the reactor.

CONTAINMENT – a matter of protecting the public and the environment against radioactive products which could be dispersed within the Reactor Building if an accident were to occur. The building is constructed to withstand the sorts of maximum internal pressures that could arise in accident conditions and to minimize leaks under these circumstances.

PROTECTION this is a matter of protecting the reactor against external hazards. According to the industry, the proposed reactor should reduce the risk of

accident by ten and its double casing will be able to withstand the impact of a commercial airliner flown by terrorists.

- (e) The 1,300MW PWR containment consists of two walls, an inner wall made of pre-stressed concrete and an outer wall of reinforced concrete.
- (f) To ensure the building is leak-tight, the cavity between the two walls is held at a slight vacuum, so that both inward and outward leaks from the two walls are collected by the ventilation system.

3. French Proposals

The proposed development/expansion plans of the Flamanville nuclear power facility centres around the construction of a third PWR, with administrative procedures taking place during 2005/6, before construction starts in 2007. The reactor should be in operation by 2012. The reactor will be the first of a so-called "third generation" of nuclear power stations intended to take over from France's existing stock of 19 plants - including 58 reactors, starting in 2020. France currently produces more than 75% of its electricity from "second generation" nuclear installations. The PWR has better safety systems, is more competitive, reduces the amount of waste produced and lowers the exposition of nuclear workers to radioactivity.

Flamanville has been chosen by EDF as their preferred location for a number of reasons; they own the land upon which the third reactor would be built and the site is already prepared, the site is located on the coast which simplifies construction/cooling supply as there is no need for cooling towers to be constructed and the Region is generally keen for the development due to economic factors with 2000 construction jobs resulting and 300 permanent jobs at the facility.

As part of the public consultation process regarding the proposed development, a series of public meetings took place in France and in correspondence between the Policy Council and EDF, it has been made clear that the States have concerns about the expansion plans and the associated safety aspects of the development. Representatives of Electricite de France (EDF) visited Guernsey in April 2006 and gave a presentation about the proposed developments to States Members. A Public Meeting was also held during the course of which a number of issues were raised. The French response to these issues is as follows;

- (a) Despite an excellent safety record, can you please advise of any incidents that have taken place which are notifiable under the 'International Nuclear Event Scale'? (A Copy of the INES is attached)

In 2005, an event measuring 0,76 (Deviation) and one event on level 2 (Incident) occurred in EDF's nuclear power plants. This incident did not affect the Flamanville site.

In 2004, an event measuring 0,88 (Deviation) and one event on level 2 (Incident) occurred in EDF's nuclear power plants. This incident was due to an isolation deficiency on electric cables potentially involving all 19 sites in France.

In both cases, EDF implemented replacement and/or repairing programmes.

There are a number of level 2 events each year in France (and elsewhere), with the vast majority of the 50 or so events occurring each year on the EDF power units scaled at level 0 or 1 in the INES classification. The level 2 events for the EDF power units for the period 1999 – 2003 are as follows:

2003 : 0 2002 : 1 2001 : 2 2000 : 2 1999 : 1.

These figures do not include other companies operating in France (e.g AREVA).

- (b) Can you explain which EDF facilities use MOX and why Flamanville 3 will not?

One of the ways to preserve the uranium is the recycling of the spent fuel, with the reprocessing of 7 spent assembly rods resulting in the assembly of 1 MOX rod being produced. MOX is used in 20 of the French 900 MW reactors and like all the reactors in France, Flamanville 3 will be designed to be able to function with MOX. However, Flamanville 3 will not initially use MOX and the decision for any future use will not be made until further research has been carried out and until the arrival of the fourth generation of reactors in the middle of the 21st Century.

- (c) Will the Bailiwick be covered by the insurance schemes in operation should an incident, which impacts on the Bailiwick, takes place?

Supplementary to the Paris Convention of 29 July 1960, as amended on 28 January 1964 and 16 November 1982 and in accordance with the Brussels Convention of 31 January 1963, Jersey and Guernsey have been covered under the scope of the international regime of liability for nuclear damage since 8 April 1982(Paris Convention) and 9 May 1983 (Brussels Convention).

According to the Brussels Convention, the operator of a nuclear installation shall be liable for nuclear damage upon proof that such damage was caused by a nuclear incident in such installation or involving nuclear substances coming from such installation. The Convention applies to any nuclear damage suffered in the territory of a Contracting Party,

As a result, Guernsey, which is considered as a Contracting Party, may benefit from the regime of liability for nuclear damage, in the case of a nuclear damage issuing from a nuclear incident occurring in a country bound with the international regime of liability for nuclear damage (like France or UK).

According to French law, the total amount of liability can reach 381 million

euros (maximum). The amount of liability a nuclear operator can reach is approximately 91 million euros (maximum).

As soon as the Protocol of 12 February 2004 comes into force, the amount of liability will be higher (up to 1, 5 billion euros maximum).

The Paris and Brussels Conventions (1960 -1964 inclusive) were registered in the Bailiwick. All further protocols were registered between February 1985 and January 1989. The UK is currently in the process ratifying further amendments and until the UK have done so, they cannot be registered in Guernsey. It is likely that the UK will ratify the amendments by the end of 2006. The Law Officers and the Policy Council are monitoring these issues.

- (d) Can we obtain renewable energy from EDF – and if so what are the costs compared to current costs?

Guernsey is supplied by EDF with energy generated in Europe. The mix of European generation includes low-carbon nuclear energy as well as renewable energy, like hydro-electricity or wind energy. However, the origin of this energy has not been guaranteed.

The French Public Consultation phase has now concluded, and whilst there were a number of minor protests at the proposed developments, the majority of the local French population were in favour, primarily as a result of the economic and employment factors that would result.

As a result of the Public Consultation phase, Electricité de France have now decided that Flamanville is their preferred site for the construction of the PWR and will seek approval from the French Government.

A process of a 'Public Inquiry' will now take place, together with administrative procedures. It is during the 'Public Inquiry' phase that any action required by the States of Guernsey can take place.

4. Concerns

Having dealt with some of the safety aspects, it is prudent to cover some of the potential dangers involved in relation to the Flamanville PWR, which would include the likely expansion plans to the site. The potential threats that the Flamanville PWR presents to Guernsey are as follows:

- (a) Routine discharges result in a small risk, however, the effects of any exposure to radiation, increases the chance of ill-effects, although as mentioned above, the amount is tiny compared with natural radiation in Guernsey, from, for example, radon gas.
- (b) Abnormal releases are likely to be more of a concern. These could arise for a variety of reasons, from accidents, natural disasters or even terrorist attack.

- (c) Industry literature states that power plant units are built to be capable of resisting aggressions to which they are subjected, whether they are ‘natural..., or connected with human activities – including acts of ill intent’. However, the literature does not detail the precautions that have been taken.

5. **Recommendations**

In conclusion the Department recommends the States:

- 1 (a) To make a formal representation to the French authorities which expresses the Island’s concerns over safety and requests assurances that all reasonable measures will be taken to mitigate any safety risks associated with the proposed development of the Flamanville Nuclear Power Station and that the Island authorities will be kept fully informed of the situation as the development progresses;
- (b) To direct the Home Department, in consultation with the Policy Council, to prepare such a formal representation as may be necessary to highlight the concerns of the States;
- 2 (a) To make a formal objection to the proposal to build a third Pressurised Water Reactor at Flamanville;
- (b) To direct the Home Department, in consultation with the Policy Council, to prepare such a formal objection as may be necessary to highlight the concerns of the States.

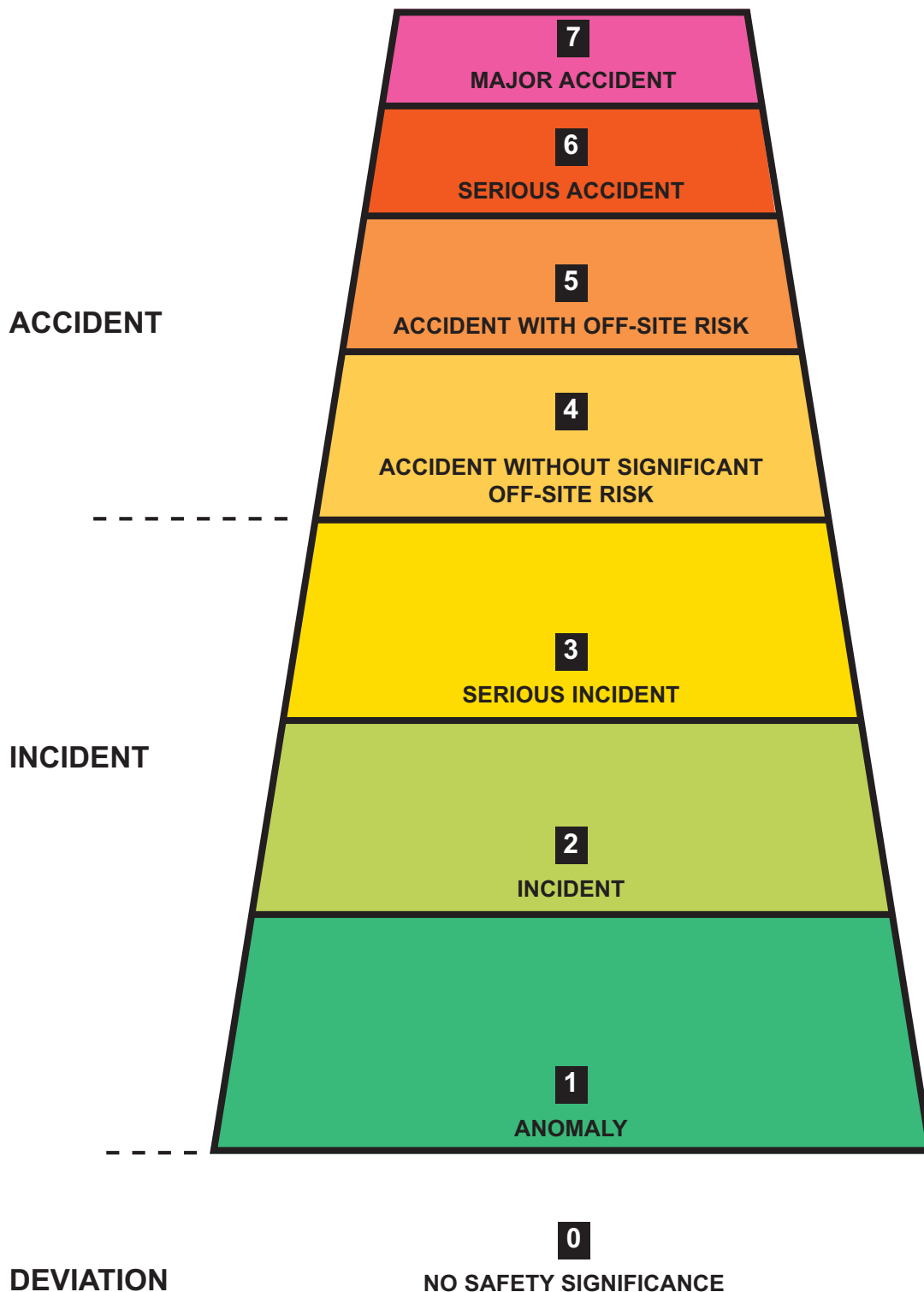
Yours faithfully

M W Torode
Minister



The International Nuclear Event Scale

For prompt communication of safety significance



General Description of the Scale

The International Nuclear Event Scale (INES) is a means for promptly communicating to the public in consistent terms the safety significance of events reported at nuclear installations. By putting events into proper perspective, the Scale can ease common understanding among the nuclear community, the media, and the public. It was designed by an international group of experts convened jointly in 1989 by the International Atomic Energy Agency (IAEA) and the Nuclear Energy Agency (NEA) of the Organisation for Economic Co-operation and Development. The Scale also reflects the experience gained from the use of similar scales in France and Japan as well as from consideration of possible scales in several other countries.

The Scale was initially applied for a trial period to classify events at nuclear power plants and then extended and adapted to enable it to be applied to any event associated with radioactive material and/or radiation and to any event occurring during transport of radioactive material. It is now operating successfully in over 60 countries.

The INES Information Service, the communication network built up on request receives from and disseminates to the INES National Officers of 60 Member States, Event Rating Forms that provide authoritative information related to nuclear events. Event Rating Forms are circulated when events are significant for:

- operational safety (INES level 2 and above)
- public interest (INES level 1 and below)

The communication process has therefore led each participating country to set up a structure which ensures that all events are promptly rated using the INES rating procedure to facilitate communication whenever they have to be reported outside.

Events are classified on the Scale at 7 levels; the upper levels (4–7) are termed accidents and the lower levels (1–3) incidents. Events which have no safety significance are classified below scale at level 0 and are termed “deviations”. Events which have no safety relevance are termed “out of scale”. The structure of the Scale is shown opposite, in the form of a matrix with key words. Each level is defined in detail within the **INES User's Manual**. Events are considered in terms of three safety attributes or criteria represented by each of the columns: off-site impact, on-site impact, and defence in depth degradation.

The second column in the matrix relates to events resulting in off-site releases of radioactivity. Since this is the only consequence having a direct effect on the public, such releases are understandably of particular concern. Thus, the lowest point in this column represents a release giving the critical group an estimated radiation dose numerically equivalent to about one-tenth of the annual dose limit for the public; this is classified as level 3. Such a dose is also typically about one-tenth of the average annual dose received from natural background radiation. The highest level is a major nuclear accident with widespread health and environmental consequences.

The third column considers the on-site impact of the event. This category covers a range from level 2 (contamination and/or overexposure of a worker) to level 5 (severe damage to the reactor core or radiological barriers).

All nuclear facilities are designed so that a succession of safety layers act to prevent major on-site or off-site impact and the extent of the safety layers provided generally will be commensurate with the potential for on- and off-site impact. These safety layers must all fail before substantial off-site or on-site consequences occur. The provision of these safety layers is termed “defence in depth”. The fourth column of the matrix relates to incidents at nuclear installations or during the transportation of radioactive materials in which these defence in depth provisions have been degraded. This column spans the incident levels 1–3.

An event which has characteristics represented by more than one criterion is always classified at the highest level according to any one criterion.

Events which do not reach the threshold of any of the criteria are rated below scale at level 0.

The back page of this leaflet gives typical descriptions of events at each level together with examples of the classification of nuclear events which have occurred in the past at nuclear installations.

- Although the Scale is designed for prompt use following an event, there will be occasions when a longer time-scale is required to understand and rate the consequences of an event. In these rare circumstances, a provisional rating will be given with confirmation at a later date. It is also possible that as a result of further information, an event may require reclassification.

- The Scale does not replace the criteria already adopted nationally and internationally for the technical analysis and reporting of events to Safety Authorities. Neither does it form a part of the formal emergency arrangements that exist in each country to deal with radiological accidents.

- Although the same Scale is used for all installations, it is physically impossible at some types of installation for events to occur which involve the release to the environment of considerable quantities of radioactive material. For these installations, the upper levels of the Scale would not be applicable. These include research reactors, unirradiated nuclear fuel treatment facilities, and waste storage sites.

- The Scale does not classify industrial accidents or other events which are not related to nuclear or radiological operations. Such events are termed “out of scale”. For example, although events associated with a turbine or generator can affect safety related equipment, faults affecting only the availability of a turbine or generator would be classified as out of scale. Similarly, events such as fires are to be considered out of scale when they do not involve any possible radiological hazard and do not affect the safety layers.

- The Scale is not appropriate as the basis for selecting events for feedback of operational experience, as important lessons can often be learnt from events of relatively minor significance.

- It is not appropriate to use the Scale to compare safety performance among countries. Each country has different arrangements for reporting minor events to the public, and it is difficult to ensure precise international consistency in rating events at the boundary between level 0 and level 1. The statistically small number of such events, with variability from year to year, makes it difficult to provide meaningful international comparisons.

- Although broadly comparable, nuclear and radiological safety criteria and the terminology used to describe them vary from country to country. The INES has been designed to take account of this fact.

Examples of Rated Nuclear Events

- The 1986 accident at the Chernobyl nuclear power plant in the Soviet Union (now in Ukraine) had widespread environmental and human health effects. It is thus classified as Level 7.

- The 1957 accident at the Kyshtym reprocessing plant in the Soviet Union (now in Russia) led to a large off-site release. Emergency measures including evacuation of the population were taken to limit serious health effects. Based on the off-site impact of this event it is classified as Level 6.

- The 1957 accident at the air-cooled graphite reactor pile at Windscale (now Sellafield) facility in the United Kingdom involved an external release of radioactive fission products. Based on the off-site impact, it is classified as Level 5.

- The 1979 accident at Three Mile Island in the United States resulted in a severely damaged reactor core. The off-site release of radioactivity was very limited. The event is classified as Level 5, based on the on-site impact.

- The 1973 accident at the Windscale (now Sellafield) reprocessing plant in the United Kingdom involved a release of radioactive material into a plant operating area as a result of an exothermic reaction in a process vessel. It is classified as Level 4, based on the on-site impact.

- The 1980 accident at the Saint-Laurent nuclear power plant in France resulted in partial damage to the reactor core, but there was no external release of radioactivity. It is classified as Level 4, based on the on-site impact.

- The 1983 accident at the RA-2 critical assembly in Buenos Aires, Argentina, an accidental power excursion due to non-observance of safety rules during a core modification sequence, resulted in the death of the operator, who was probably 3 or 4 metres away. Assessments of the doses absorbed indicate 21 Gy for the gamma dose together with 22 Gy for the neutron dose. The event is classified as Level 4, based on the on-site impact.

- The 1989 incident at the Vandellós nuclear power plant in Spain did not result in an external release of radioactivity, nor was there damage to the reactor core or contamination on site. However, the damage to the plant's safety systems due to fire degraded the defence in depth significantly. The event is classified as Level 3, based on the defence in depth criterion.

- The vast majority of reported events are found to be below Level 3. Although no examples of these events are given here, countries using the Scale may individually wish to provide examples of events at these lower levels.

Using the Scale

- The detailed rating procedures are provided in the INES User's Manual. This leaflet should not be used as the basis for rating events as it only provides examples of events at each level, rather than actual definitions.

Basic Structure of the Scale

(Criteria given in matrix are broad indicators only)
Detailed definitions are provided in the INES User's Manual

	CRITERIA OR SAFETY ATTRIBUTES		
	OFF-SITE IMPACT	ON-SITE IMPACT	DEFENCE IN DEPTH DEGRADATION
7 MAJOR ACCIDENT	MAJOR RELEASE: WIDESPREAD HEALTH AND ENVIRONMENTAL EFFECTS		
6 SERIOUS ACCIDENT	SIGNIFICANT RELEASE: LIKELY TO REQUIRE FULL IMPLEMENTATION OF PLANNED COUNTERMEASURES		
5 ACCIDENT WITH OFF-SITE RISK	LIMITED RELEASE: LIKELY TO REQUIRE PARTIAL IMPLEMENTATION OF PLANNED COUNTERMEASURES	SEVERE DAMAGE TO REACTOR CORE/RADIOLOGICAL BARRIERS	
4 ACCIDENT WITHOUT SIGNIFICANT OFF-SITE RISK	MINOR RELEASE: PUBLIC EXPOSURE OF THE ORDER OF PRESCRIBED LIMITS	SIGNIFICANT DAMAGE TO REACTOR CORE/RADIOLOGICAL BARRIERS/FATAL EXPOSURE OF A WORKER	
3 SERIOUS INCIDENT	VERY SMALL RELEASE: PUBLIC EXPOSURE AT A FRACTION OF PRESCRIBED LIMITS	SEVERE SPREAD OF CONTAMINATION/ACUTE HEALTH EFFECTS TO A WORKER	NEAR ACCIDENT NO SAFETY LAYERS REMAINING
2 INCIDENT		SIGNIFICANT SPREAD OF CONTAMINATION/ OVEREXPOSURE OF A WORKER	INCIDENTS WITH SIGNIFICANT FAILURES IN SAFETY PROVISIONS
1 ANOMALY			ANOMALY BEYOND THE AUTHORIZED OPERATING REGIME
0 DEVIATION	NO	SAFETY	SIGNIFICANCE
OUT OF SCALE EVENT	NO SAFETY RELEVANCE		

The International Nuclear Event Scale

For prompt communication of safety significance

LEVEL/ DESCRIPTOR	NATURE OF THE EVENTS	EXAMPLES
ACCIDENTS 7 MAJOR ACCIDENT	<ul style="list-style-type: none"> External release of a large fraction of the radioactive material in a large facility (e.g. the core of a power reactor). This would typically involve a mixture of short and long-lived radioactive fission products (in quantities radiologically equivalent to more than tens of thousands of terabecquerels of iodine-131). Such a release would result in the possibility of acute health effects; delayed health effects over a wide area, possibly involving more than one country; long-term environmental consequences. 	Chernobyl NPP, USSR (now in Ukraine), 1986
6 SERIOUS ACCIDENT	<ul style="list-style-type: none"> External release of radioactive material (in quantities radiologically equivalent to the order of thousands to tens of thousands of terabecquerels of iodine-131). Such a release would be likely to result in full implementation of countermeasures covered by local emergency plans to limit serious health effects. 	Kyshtym Reprocessing Plant, USSR (now in Russia), 1957
5 ACCIDENT WITH OFF-SITE RISK	<ul style="list-style-type: none"> External release of radioactive material (in quantities radiologically equivalent to the order of hundreds to thousands of terabecquerels of iodine-131). Such a release would be likely to result in partial implementation of countermeasures covered by emergency plans to lessen the likelihood of health effects. Severe damage to the installation. This may involve severe damage to a large fraction of the core of a power reactor, a major criticality accident or a major fire or explosion releasing large quantities of radioactivity within the installation. 	Windscale Pile, UK, 1957 Three Mile Island, NPP, USA, 1979
4 ACCIDENT WITHOUT SIGNIFICANT OFF-SITE RISK	<ul style="list-style-type: none"> External release of radioactivity resulting in a dose to the critical group of the order of a few millisieverts.* With such a release the need for off-site protective actions would be generally unlikely except possibly for local food control. Significant damage to the installation. Such an accident might include damage leading to major on-site recovery problems such as partial core melt in a power reactor and comparable events at non-reactor installations. Irradiation of one or more workers resulting in an overexposure where a high probability of early death occurs. 	Windscale Reprocessing Plant, UK, 1973 Saint-Laurent NPP, France, 1980 Buenos Aires Critical Assembly, Argentina, 1983
INCIDENTS 3 SERIOUS INCIDENT	<ul style="list-style-type: none"> External release of radioactivity resulting in a dose to the critical group of the order of tenths of millisievert.* With such a release, off-site protective measures may not be needed. On-site events resulting in doses to workers sufficient to cause acute health effects and/or an event resulting in a severe spread of contamination for example a few thousand terabecquerels of activity released in a secondary containment where the material can be returned to a satisfactory storage area. Incidents in which a further failure of safety systems could lead to accident conditions, or a situation in which safety systems would be unable to prevent an accident if certain initiators were to occur. 	Vandellós NPP, Spain, 1989
2 INCIDENT	<ul style="list-style-type: none"> Incidents with significant failure in safety provisions but with sufficient defence in depth remaining to cope with additional failures. These include events where the actual failures would be rated at level 1 but which reveal significant additional organisational inadequacies or safety culture deficiencies. An event resulting in a dose to a worker exceeding a statutory annual dose limit and/or an event which leads to the presence of significant quantities of radioactivity in the installation in areas not expected by design and which require corrective action. 	
1 ANOMALY	<ul style="list-style-type: none"> Anomaly beyond the authorised regime but with significant defence in depth remaining. This may be due to equipment failure, human error or procedural inadequacies and may occur in any area covered by the scale, e.g. plant operation, transport of radioactive material, fuel handling, waste storage. Examples include: breaches of technical specifications or transport regulations, incidents without direct safety consequences that reveal inadequacies in the organisational system or safety culture, minor defects in pipework beyond the expectations of the surveillance programme. 	
DEVIATIONS 0 BELOW SCALE	<ul style="list-style-type: none"> Deviations where operational limits and conditions are not exceeded and which are properly managed in accordance with adequate procedures. Examples include: a single random failure in a redundant system discovered during periodic inspections or tests, a planned reactor trip proceeding normally, spurious initiation of protection systems without significant consequences, leakages within the operational limits, minor spreads of contamination within controlled areas without wider implications for safety culture. 	NO SAFETY SIGNIFICANCE

* The doses are expressed in terms of effective dose equivalent (whole dose body). Those criteria where appropriate can also be expressed in terms of corresponding annual effluent discharge limits authorized by National authorities.



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Wagramerstrasse 5
A-1400 Vienna, Austria



OECD Nuclear Energy Agency
Le Seine Saint-Germain-12
Boulevard des Îles
92130 Issy-les-Moulineaux, France

(NB The Policy Council supports proposition 1. When the matter is debated by the States, Members will vote on proposition 2 in accordance with their individual views.)

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

The States are asked to decide:-

XXI.- Whether, after consideration of the Report dated 26th May, 2006, of the Home Department, they are of the opinion:-

- 1
 - (a) To make a formal representation to the French authorities which expresses the Island's concerns over safety and requests assurances that all reasonable measures will be taken to mitigate any safety risks associated with the proposed development of the Flamanville Nuclear Power Station and that the Island authorities will be kept fully informed of the situation as the development progresses.
 - (b) To direct the Home Department, in consultation with the Policy Council, to prepare such a formal representation as may be necessary to highlight the concerns of the States.
- 2
 - (a) To make a formal objection to the proposal to build a third Pressurised Water Reactor at Flamanville.
 - (b) To direct the Home Department, in consultation with the Policy Council, to prepare such a formal objection as may be necessary to highlight the concerns of the States.

HOME DEPARTMENT

PROCEEDS OF CRIME - RECOVERY OF MONEY IN CIVIL PROCEEDINGS

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

26th May 2006

Dear Sir

1. Executive Summary

The purpose of this report is to amend and update the Bailiwick's legislation relating to the investigation and confiscation of proceeds of crime and money laundering to ensure that local standards of law enforcement will continue to meet the highest standards necessary to deter this type of criminal activity and for Guernsey to continue to maintain a vigilant approach in countering money laundering and terrorist financing.

2. Proposals from Her Majesty's Procureur

Her Majesty's Procureur has written to the Department in the following terms regarding criminal investigations concerning the proceeds of crime and the recovery of money in civil proceedings:

- “1. Since 1992, the law enforcement authorities in the Bailiwick have had the power to seize sums of cash exceeding £10,000 which are in the process of being imported or exported, when it is believed that the cash represents the proceeds of, or is intended for use in, drug trafficking. On the 31st May 2002 (Billet d'État No. IX at pp 716-725) the States approved the drafting of legislation to extend the power to seize cash derived from drug trafficking to include cash derived from all types of crime. In addition, the law enforcement authorities were to be given the power to seize cash anywhere within the Bailiwick, not just at the point of import or export.

Civil forfeiture in other jurisdictions

2. Governments and law enforcement authorities in most jurisdictions have been fully aware, following investigations into organised and serious crime, that criminal groups have been able to retain and deploy the

proceeds of their crimes, often for apparently lawful purposes. In recent years, much legislative effort and concerted law enforcement action worldwide has been devoted to divesting criminals of their ill-gotten gains. This is rightly regarded to be as important an objective as obtaining the criminal convictions of those responsible for plotting and engaging in criminal activities. In cases where it is reasonably suspected that the contents of a suspect's bank accounts must have originated from criminal activity, and that his major assets must have been bought with the proceeds of crime, the authorities have nevertheless until relatively recently been unable to take any action to confiscate those assets where there has been insufficient evidence to prove guilt to the criminal standard of proof ("beyond reasonable doubt"). However, in many cases it would have been possible for the authorities to prove that a suspect's assets represented the proceeds of crime, or were intended for use in criminal activity, to the civil standard ("on the balance of probabilities").

3. *In order to deprive criminals of their ill-gotten gains, a number of jurisdictions have introduced legislative schemes providing for the forfeiture of the proceeds of crime before their civil courts using the civil standard of proof. Civil forfeiture has proved a very useful tool to counter criminal activity, e.g. in the Republic of Ireland since 1996; and, in England, the Assets Recovery Agency is beginning to make effective use of its civil forfeiture powers under the Proceeds of Crime Act 2002. These powers are now available in most democracies, and I and my colleagues have reviewed schemes operating not only throughout the British Isles but also in Canada, Australia and South Africa.*

Guernsey policy

4. *In recent years each of Guernsey's Policy and Resource Planning Reports has contained statements that reflect the robust stance the authorities locally have adopted against serious crime, and in particular financial crime including money laundering. I know that the authorities in Alderney and Sark support this firm position. The Report for 2004, which was adopted by the States, said:*

".... legislation will be introduced to provide for the forfeiture of unlawfully obtained assets by the civil courts".

Money in bank accounts

5. *It is my intention in due course to write to you proposing the enactment of civil forfeiture provisions relating to all assets, based largely upon the English Proceeds of Crime Act 2002, though the Irish legislation has features that commend it as a model. As and when enacted, they will give the Royal Court, sitting as an Ordinary Court, (that is, the civil*

division) the power to order the forfeiture of any kind of asset proved to the civil standard to have been acquired as a result of unlawful conduct.

6. *However, after careful consideration I now recommend that the States be asked to enact a narrower civil forfeiture regime as described below, albeit still based on the relevant provisions of the 2002 Act. I am proposing this narrower regime because all assets forfeiture will require the deployment of extra resources which are presently not available, both in the ascertainment of those assets and their management pending disposition and realisation. Besides businesses, tangible assets such as houses and boats involve additional work and resources in their being administered, i.e. preserved by the confiscating authorities, maintained and insured. It will also (usually) be difficult to establish their ownership. Legal title will frequently have been obfuscated, for example, by being vested in some third party apparently unconnected with the suspect or without a criminal record. In this respect, companies and nominees are often utilised. Both the proceeds of crime and 'legitimate' funds may have been mixed to buy the asset.*
7. *However, having reviewed the States' resolution of the 31st May 2002 concerning cash seizures mentioned above, I believe that the cash forfeiture legislation should include not only physical cash but also funds in bank accounts that represent the proceeds of crime or are intended for use in crime. Such funds, of course, require no management and are readily realised. Their derivation, and so beneficial ownership, are also more readily ascertainable.*
8. *As with cash, it would be necessary for the authorities to produce sufficient evidence for the Royal Court sitting as an Ordinary Court to conclude, on the balance of probabilities, that the funds subject to the forfeiture application were the proceeds of crime or were intended for use in crime.*
9. *I am of the opinion that the extension of the principle of forfeiture in civil proceedings from physical cash to money in bank accounts would be an appropriate first step in connection with the implementation in the Bailiwick of a civil forfeiture scheme for the following reasons:-*
 - (a) *The Bailiwick's principal source of revenue is the finance industry. It is essential that as much as possible is done to deter criminals from trying to deposit the proceeds of crime with our financial institutions. The current criminal proceeds of crime legislation does act as a deterrent, but it does not go far enough, and the introduction of a civil forfeiture scheme to include money in bank accounts would increase the deterrent effect of our legislation.*
 - (b) *The Bailiwick has a first class reputation with international organisations such as the Financial Action Task Force and the*

International Monetary Fund. The introduction of a civil forfeiture regime that provides for the forfeiture of money in bank accounts would show that the authorities in the Bailiwick are prepared to act proactively, and as a result our reputation with the international community will be enhanced.

- (c) *Given that, in many cases, a full investigation of a suspect's alleged criminal activities will have been conducted by the law enforcement authorities, significant additional investigative work will not necessarily be required when the civil forfeiture provisions are brought into play. In most civil cases the only investigative action required will be to arrange for witness statements originating from the criminal enquiry to be retaken in a form compatible with the civil process. It is therefore to be hoped that money recovered as a result of civil proceedings will exceed considerably the cost of recovery, and therefore help swell the seized assets fund so that extra money is available for special projects relating to law enforcement.*

- 10. *I therefore recommend that, for the time being, and pending the allocation of further resources, the legislation introducing a civil forfeiture regime for the Bailiwick should be restricted to cash and funds in bank accounts.*

Powers of investigation

- 11. *When cash is seized it is often relatively easy for the courts to infer from the circumstances of the discovery of the money that it represents the proceeds of crime. However, with regard to bank accounts, the authorities will occasionally require extra powers of investigation. Under the provisions of the Proceeds of Crime Act 2002, it is possible for those conducting civil forfeiture investigations to obtain the following types of orders, which will support the eventual civil forfeiture proceedings:-*

- (a) ***customer information orders***, which require a financial institution to inform the authorities whether it holds an account in the name of a particular person or company, and to provide certain other information relating to a customer, for example, his account number, name, date of birth and address;
- (b) ***account monitoring orders***, which require financial institutions to provide the authorities with details of any transaction that takes place in connection with a particular account. Such orders are particularly useful because from the information provided by the financial institution it may be possible to decide whether the account in question is being used as a vehicle for laundering the proceeds of crime; and

- (c) **production orders**, which require the recipient of the order to hand over to the authorities' documents and information that may be of assistance to a civil forfeiture investigation.

Assistance to other jurisdictions

12. *In view of the fact that civil forfeiture legislation has now been introduced in most major democracies including the United Kingdom and the Republic of Ireland, I am of the opinion that it would be appropriate for the Bailiwick's authorities to provide assistance to those reputable jurisdictions that have adopted such legislation. I therefore believe it would be appropriate to include in our legislation a provision that would allow customer information orders, account monitoring orders and production orders to be made in order to secure information for use in civil forfeiture investigations being conducted in countries designated by regulations of the Home Department. I also recommend that civil forfeiture orders made in such designated countries should be capable of enforcement in the Bailiwick*

Minimum amount

13. *The minimum amount it will be possible to seize under the proposed civil forfeiture legislation should be £2,000, or such other amount as may be determined by regulations made by the Home Department. The minimum amount that can be seized in the United Kingdom is £5,000 and the prescribed amount for the purposes of the Drug Trafficking (Bailiwick of Guernsey) Law, 2000 is currently £10,000, but I recommend that that amount should be reduced in the new civil forfeiture legislation. The Insular authorities' determination to forfeit should not be diminished by some perception that only significant amounts of cash or in bank accounts will be targeted.*

Conduct of proceedings

14. *As the proceedings to obtain the forfeiture of cash and funds in bank accounts will be civil in nature, and given that all prosecutions within the Bailiwick must be brought by or under the authority of the Procureur, there may arise circumstances that might debar me, or any other member of the prosecution team in St. James' Chambers, from acting in the civil proceedings. I therefore recommend that the legislation contain a general provision enabling me to delegate the performance of such functions as the Law Officers have concerning civil forfeiture to a lawyer designated for the purpose.*

Disclosure to the Administrator of Income Tax

15. *There will be cases in connection with which after careful investigation*

no proceedings are brought by the authorities in either the criminal or civil courts. However, during an investigation, it may become apparent that a person has not declared all of their income to Guernsey's revenue authorities. Under the Proceeds of Crime Act 2002, the Director of the Assets Recovery Agency may serve on an individual a demand for the payment of tax.

16. *It is clearly not appropriate for the Procureur, or his delegate designated to conduct civil forfeiture proceedings, to have the power to make tax assessments. Instead, in cases where no such proceedings are brought, but there has been a non-declaration of income, I recommend that the Police or Customs (whichever is leading the investigation) should have the right to pass on any information obtained during the course of the investigation to the Administrator of Income Tax.*

Alderney and Sark

17. *I am of the opinion that it is essential for the whole Bailiwick to be covered by the civil forfeiture regime. I also recommend that the Royal Court in Guernsey be empowered to deal with civil forfeiture wherever in the Bailiwick the funds are found. However, given that the legislation proposed in this letter is not criminal justice legislation in respect of which the States can legislate for the whole Bailiwick, I have approached the relevant authorities of those Islands and asked for their confirmation that they recommend the civil forfeiture legislation to apply to them. If those Islands so confirm, the legislation will apply throughout the Bailiwick.*

Human Rights

18. *In my opinion the proposals outlined in this letter if enacted will comply with the European Convention on Human Rights.*

Conclusion

19. *In light of the above I would recommend that the States' resolution of the 31st May, 2002 that "the Police and Customs shall be permitted to seize money anywhere in the Bailiwick when it is suspected to be the proceeds of crime" should be extended to include funds within bank accounts held within the Bailiwick, and I should be most grateful if you would prepare a Report for submission to the States based on this letter asking to propose the enactment of legislation that would:-*
 - (a) *confer power to order the forfeiture, in civil proceedings, of cash found anywhere in the Bailiwick, and funds in bank accounts held within the Bailiwick, that can be shown to be the proceeds of crime or intended for use in crime,*

- (b) *empower the Bailiff to make customer information orders, production orders and account monitoring orders in connection with local and overseas civil forfeiture investigations,*
- (c) *permit the enforcement of orders made by the civil courts of other designated jurisdictions for the forfeiture of monies which are the proceeds of crime or intended for use in crime,*
- (d) *permit the disclosure of information in appropriate cases to the Administrator of Income Tax so that an assessment of tax liability may be made in respect of undisclosed income, and*
- (e) *make such other miscellaneous and consequential provisions as are mentioned above, or which are otherwise necessary or desirable.”*

3. Home Department’s Response

The Department believes that the proposals will make a positive contribution to the achievement of the States Corporate Agenda, particularly in respect of the prevention and detection of crime and the prosecution of offenders, which is to ensure that:

“The States of Guernsey will strive to prevent all types of criminal activity in or from the Bailiwick and to pursue all criminal activity that may occur, including the provision of assistance to international law enforcement agencies and to build and protect a safe, just and tolerant society for the people of the Bailiwick.”

The Department is extremely keen to see a comprehensive civil forfeiture regime adopted within the Bailiwick and is supportive of the hierarchical approach incorporated within the UK Proceeds of Crime Act 2002, which has proved effective in terms of taking the profit out of crime. In this regard, concern has been expressed in respect of the proposal to restrict civil forfeiture to cash and money in bank accounts, that is to say to exclude, for the time being, the realisation of all other assets ie: houses, cars, boats and other high value goods.

The Department is pleased to note however, following a meeting with Her Majesty’s Procureur, that he will furnish the Department with further financial crime legislation proposals in the near future.

4. Resources

The Home Department believes that there will be resource implications which, under the proposals put forward by Her Majesty’s Procureur, the Chief Officer of Police and Chief Officer of Customs and Immigration believe can be managed through the prioritisation of operations. The Bailiff has indicated that, similarly, there will be a measure of resource implications for the Courts. However, should, as the Home Department desires, proposals be extended to include the realisation of all other assets,

the staffing resource implications could significantly increase.

5. Alderney and Sark

The authorities in Alderney and Sark are being consulted as to the extension of these proposals to their jurisdictions

6. Conclusion

The Department recommends the States:

To approve the Department's proposals for amending the legislation as set out in Her Majesty's Procureur's letter; and

To direct the preparation of such legislation as may be necessary to give effect to the foregoing.

Yours faithfully

M W Torode
Minister

(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:-

XXII.- Whether, after consideration of the Report dated 26th May, 2006, of the Home Department, they are of the opinion:-

1. To approve the Home Department's proposals to amend legislation as set out in Her Majesty's Procureur's letter quoted in section 2 of that Report.
2. To direct the preparation of such legislation as may be necessary to give effect to their above decision.

HOME DEPARTMENT

PROCEEDS OF CRIME - CUSTOMER INFORMATION AND ACCOUNT MONITORING ORDERS

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

26th May 2006

Dear Sir

1. Executive Summary

The purpose of this report is to amend and update the Bailiwick's legislation relating to the investigation and confiscation of proceeds of crime and money laundering to ensure that local standards of law enforcement will continue to meet the highest standards necessary to deter this type of criminal activity and for Guernsey to continue to maintain a vigilant approach in countering money laundering and terrorist financing.

2. Proposals from Her Majesty's Procureur

Her Majesty's Procureur has written to the Department in the following terms regarding criminal investigations concerning the proceeds of crime and customer information and account monitoring orders:

"Introduction

Under the provisions of the Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Law, 1999 ("the 1999 Law") and the Drug Trafficking (Bailiwick of Guernsey) Law, 2000 ("the 2000 Law") the Bailiff has powers to make orders requiring the production of information that may be of assistance in criminal enquiries pursuant to that legislation. The production order procedures available under both Laws have proved useful to Bailiwick and overseas agencies in connection with investigations.

In 2002 the UK Parliament passed the Proceeds of Crime Act partly in order to amalgamate drug trafficking and other proceeds of crime legislation, which were previously contained within separate Acts, and I intend, in due course, to recommend the introduction of similar legislation in the Bailiwick. In the meantime, two procedures were introduced under the 2002 Act which I believe

would be of particular benefit to local law enforcement authorities and should be made available as soon as possible. These are the procedures relating to the making of customer information orders and account monitoring orders, which are described below.

Customer information orders

It is potentially of great value to law enforcement authorities in an investigation into money laundering, or the whereabouts of the proceeds of a person's criminal conduct, to know whether a person, reasonably suspected of either having committed a money laundering offence, or having benefited from his criminal conduct, holds an account or accounts with any financial institution. In the case of any investigation, when seeking such an order there must be reasonable grounds for believing that the customer information which may be provided pursuant to an order is likely to be of substantial value to the investigation for the purposes of which the order is sought, and that it is in the public interest for the customer information to be provided, having regard to the benefit likely to accrue to the investigation if it is obtained.

Under the 2002 Act, a judge may make a customer information order addressed to named financial institutions, to a particular description of financial institution, or to the financial community generally. Such an order requires the financial institution to which it is directed to inform the authorities whether it holds any account in the name of a particular individual or company and, if so, to provide the following information:

- (i) the account number or numbers,*
- (ii) the account holder's full name, date of birth (in the case of an individual) and any addresses disclosed to the institution; the date of the opening of an account and, if it was closed, the date on which closure occurred,*
- (iii) full details of any joint holder of an account,*
- (iv) details of any identification documents produced by the account holder, and*
- (v) the account number or numbers of any other account held at the financial institution to which the person named in the order is a signatory and the identity of the person or persons named as the account holders.*

Where such an order is made in respect of a company, information must be provided in respect of where the company is incorporated or established, any VAT number assigned to it, and its stated registered office as well as any previous registered offices.

Account monitoring orders

Under the 2002 Act, a judge may also make an account-monitoring order which requires a financial institution to provide the authorities with details of any transaction that takes place in connection with a particular account. These types of order are particularly useful, because from the information provided in response it may be possible to decide whether the account in question is being used as a vehicle for laundering the proceeds of criminal activities. Account monitoring orders last for a maximum of 90 days and can be renewed.

An application for an account monitoring order must state that the person specified in the order is subject to a confiscation or money laundering investigation and that the order is sought for the purposes of the investigation and relates to the account information and financial institution specified. In the same way as a customer information order, there must be reasonable grounds for suspecting that the person specified in the application has either benefited from his criminal conduct or that he has committed a money laundering offence. Similarly there must be reasonable grounds for believing that both the account information which may be provided pursuant to the order is likely to be of substantial value to the investigation for the purposes for which it is sought and that it is in the public interest for the information to be provided, having regard to the benefit likely to accrue to the investigation if the information is obtained.

Applications for orders

In the United Kingdom, applications under the 2002 Act for both types of orders must be made to a judge. Under any similar legislation enacted in and for the Bailiwick, I propose that applications should be made to the Bailiff by police or customs officers, but only after the consent of a Law Officer has been obtained.

Powers to amend Proceeds of Crime and Drug Trafficking Laws by Ordinance

At the same time as the proposals which I have outlined above are implemented, I suggest that the opportunity be taken to amend the 1999 and the 2000 Laws so that both may, in future, be amended by Ordinance of the States. I believe that such amendment may be valuable, as it would enable Guernsey to respond quickly to any future need or want to amend the legislation. Thus, any perceived gaps or ambiguities can be closed, and any new international initiatives concerning the subject matters of the Laws may be implemented, much more immediately by way of Ordinance than by Projet de Loi.

Resources

I am informed by your Department that no extra resources are anticipated as being required if the proposed legislation is enacted.

Human Rights

In my opinion the proposed legislation complies with the provisions of the European Convention on Human Rights.

Conclusion and recommendations

I understand that the two types of order which I have described in this letter have proved invaluable powers to the law enforcement authorities in the United Kingdom. In order that similar investigative powers are available to Bailiwick enforcement authorities, I recommend that the Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Law, 1999 and the Drug Trafficking (Bailiwick of Guernsey) Law, 2000 be amended as described in this letter. I further recommend that both Laws be amended, so that should further future amendment be required or desired, they may be amended by Ordinance, for the reasons set out above.”

3. Home Department’s Response

The Department believes that the proposals will make a positive contribution to the achievement of the States Corporate Agenda, particularly in respect of the prevention and detection of crime and the prosecution of offenders, which is to ensure that:

“The States of Guernsey will strive to prevent all types of criminal activity in or from the Bailiwick and to pursue all criminal activity that may occur, including the provision of assistance to international law enforcement agencies and to build and protect a safe, just and tolerant society for the people of the Bailiwick.”

4. Resources

The Home Department believes that there will be a measure of resource implications which the Chief Officer of Police and Chief Officer of Customs and Immigration believe can be managed through the prioritisation of operations. The Bailiff has indicated that, similarly, there will be a measure of resource implications for the Courts.

5. Alderney and Sark

The authorities in Alderney and Sark are being consulted as to the extension of these proposals to their jurisdictions.

6. Conclusion

The Department recommends the States:

To approve the Department's proposals for amending the legislation as set out in Her Majesty’s Procureur’s letter; and

To direct the preparation of such legislation as may be necessary to give effect to the foregoing.

Yours faithfully

M W Torode
Minister

(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:-

XXIII.- Whether, after consideration of the Report dated 26th May, 2006, of the Home Department, they are of the opinion:-

1. To approve the Home Department's proposals to amend legislation as set out in Her Majesty's Procureur's letter quoted in section 2 of that Report.
2. To direct the preparation of such legislation as may be necessary to give effect to their above decision.

HOME DEPARTMENT

DISCLOSURE OF INFORMATION

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

26th May 2006

Dear Sir

1. Executive Summary

The purpose of this report is to introduce legislation to give effect to a States Resolution of May 2002, namely:

“After consideration of the Report dated the 23rd April, 2002 of the States Advisory and Finance Committee:-

1. To approve the following items of law reform:

- (1) that financial services businesses shall be required by law to report any suspicions they have concerning any transaction they are involved in;*
- (2) that the Police and Customs shall be permitted to seize money anywhere in the Bailiwick when it is suspected to be the proceeds of crime;*
- (3) that the requirement under section 44 of the Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Law, 1999 for the consent of H. M. Procureur shall be abolished;*
- (4) that H. M. Procureur shall be allowed to disclose information obtained under the provisions of the Criminal Justice (Fraud Investigation) (Bailiwick of Guernsey) Law, 1991, to "competent authorities" and the Guernsey Income Tax Administrator;*
- (5) that it shall be an offence to disclose the existence of enquiries under the Criminal Justice (Fraud Investigation) (Bailiwick of*

Guernsey) Law, 1991 to any person who is the subject of the enquiry;

- (6) that the Guernsey Financial Services Commission shall be given explicit power under statute to visit financial services businesses to obtain information and ask questions;*
- (7) that the Guernsey Income Tax Authority shall be permitted to disclose any suspicions they have to the Police, Customs and the Guernsey Financial Services Commission;*
- (8) that the definition of "officer of police" in the Regulation of Fiduciaries, Administration Business and Company Directors (Bailiwick of Guernsey) Law, 2000 shall be amended to include customs officers."*

2. Recommendations from Her Majesty's Procureur

Her Majesty's Procureur has written to the Department in the following terms:

Disclosure of Information

Introduction

At their meeting in May 2002, the States approved a number of propositions relating to the disclosure of certain types of information by financial services businesses and Guernsey's income tax authorities (now part of the Treasury and Resources Department) to the Guernsey Police and, in some circumstances, the Guernsey Financial Services Commission. Those resolutions required the subsequent preparation of a Projet de Loi, which has now been drafted and is entitled the Disclosure (Bailiwick of Guernsey) Law, 2006. However, the Projet has not yet been placed before the States for approval for reasons set out in this letter

Since preparation of the Projet referred to above, it has become apparent to me, following consultation with the Guernsey Police and Customs services, that additional legislation relating to the disclosure of information, and related matters, will need to be enacted in order to ensure that the Bailiwick's law enforcement bodies are able effectively, and lawfully, to obtain, receive and handle adequate information to carry out their duties.

Disclosure of information by States' Departments

In the course of the exercise of their functions, our law enforcement bodies may receive information from a wide range of sources. For example, at the most simple level members of the public may give to the Police or Customs information concerning the commission of a criminal offence which they have

witnessed. There are, however, more complex circumstances, for example where a person holds potentially incriminating information about someone else but owes a duty of confidentiality to that person, which may inhibit the flow of that information to a law enforcement body. There are occasions when information held by a States' Department about a person may be of relevance to the prevention or investigation of crime, but its disclosure, in the absence of any lawful authority, could expose the States to civil proceedings for breach of confidence. Whilst I believe that a person convicted of a criminal offence as a result of a disclosure by a States' Department in these circumstances would have great difficulty in persuading a court to find in his favour and award damages, I cannot rule out the possibility of a claim in the absence of suitable legislative provision providing a definitive lawful basis upon which the disclosure may be made. In any event, the lack of clear statutory authority might encourage speculative, though unsuccessful, litigation with all its attendant costs and trouble.

This issue has been addressed in the United Kingdom by means of legislative provision, in Part 3 of the Anti-terrorism, Crime and Security Act 2001. Under that legislation, the circumstances in which UK government departments may properly and lawfully disclose information for the purpose of criminal investigations are clearly set out. I recommend that legislation should be introduced locally to make it clear that Departments and Committees of the Bailiwick's respective governments and administrations are enabled by specific statutory authority to pass relevant information to law enforcement bodies. That legislative provision could usefully and most conveniently be included as part of the draft Disclosure Law to which I have referred earlier in this letter.

As far as Guernsey is concerned, I envisage that, as a matter of practice, each States Department or Committee would nominate a member of its staff to be responsible for making relevant disclosures to the law enforcement bodies. In Alderney, I suggest that the person responsible should be the Chief Executive of the States of Alderney, whose functions embrace the activities of every Committee of the States of Alderney and in Sark (which does not have an equivalent civil servant) a person, not being the Seneschal, nominated by Chief Pleas for that purpose. In the case of Sark, it will be necessary for the legislation to ensure that the Committees of Chief Pleas are authorised to pass information to this person.

An authorised person would be permitted under the proposed legislation to make a disclosure for the purposes of -

- (a) any criminal investigation which is, or may be, carried out whether in the Bailiwick or elsewhere,
- (b) any criminal proceedings which have been, or may be, initiated whether in the Bailiwick or elsewhere,

- (c) *the initiation or closure of any such investigation or proceedings, and*
- (d) *facilitating a determination of whether any such investigation or proceedings should be initiated or closed.*

Following receipt of a disclosure, I recommend that the law enforcement bodies be permitted to pass on information to the Guernsey Financial Services Commission, or bodies with similar functions in other jurisdictions, if it is believed the information may help in the discharge of their respective functions.

General disclosure of information by Guernsey Police and Customs services

During the course of the consultation exercise which was undertaken in connection with other proposals set out in this letter, the Chief Officer of Guernsey's Customs suggested that the opportunity should be taken to address, by way of statutory provision, the more general issue of the disclosure of information by Guernsey's Police and Customs to third parties. In particular, he drew to my attention certain provisions of the Serious Organised Crime and Police Act 2005 which he thought could be adopted for use in respect of the Bailiwick. Whilst the relevant provisions of the Serious Organised Crime and Police Act are designed to facilitate disclosures by and to the Serious Organised Crime Agency (which is established under the UK legislation as a corporate body) I believe that it would be sensible, in the context of Bailiwick legislation dealing with disclosure generally, to create a statutory basis upon which Guernsey's Police and Customs may lawfully disclose, to specific third parties, information that they may hold.

In relation to this issue, I believe that the draft Disclosure Law (which I have referred to earlier in this letter) should be amended further to specify the classes and descriptions of third party authorities to whom information may be disclosed and the circumstances in which disclosure may be made. Approved third parties would include, amongst others, the Guernsey Financial Services Commission and bodies with similar functions in other countries (as referred to above), recognised law enforcement agencies in other countries (including, for example, the newly created Serious Organised Crime Agency in the United Kingdom) and authorised representatives of Guernsey Departments and Committees, and Committees in Alderney and Sark. Circumstances in which disclosures could be made would include disclosure for the purpose of the prevention, detection, investigation or prosecution of crime (whether in the Bailiwick or elsewhere), the reduction of crime by other means, and the mitigation of the consequences of crime.

Terrorism Legislation - Form of Disclosures

The Terrorism and Crime (Bailiwick of Guernsey) Law, 2002 requires financial services businesses, and also other types of businesses, to make reports of suspicion of terrorist financing, or money laundering connected with terrorism, but it does not regulate the precise form or manner in which reports are to be

made. Although, it is likely that financial services businesses which are regulated by the Guernsey Financial Services Commission will, in practice, report suspicion of matters connected with terrorism to the Financial Intelligence Service, in a form similar to that used under other legislation, this is not currently compulsory. I believe that, as far as possible, it should be obligatory for all reports to be made in a similar manner and form in order to ensure consistency throughout the whole legislative regime relating to disclosure of suspicion concerning financial matters.

I am therefore, of the opinion that the Home Department should recommend to the States that the form and manner of disclosures under the terrorism legislation should be prescribed by Regulations made by the Department.

Disclosure of Information to the Administrator of Income Tax

Any failure to declare taxable income results in potentially higher taxes for the honest, and reduced public services for the needy. Also, so as far as Guernsey and Alderney are concerned, it is essential that all persons liable to Guernsey tax should make full disclosure of income for tax purposes, and that all tax lawfully due should be collected.

The Director of the Financial Intelligence Service has informed me that, occasionally, reports made under the Bailiwick's current money laundering legislation by financial services businesses have included information concerning Guernsey residents that points to the persons concerned having failed to declare all of their income to the Administrator of Income Tax. Currently, there is no legislative provision that allows the lawful disclosure of relevant information relating to a possible failure to declare income to the Administrator by the law enforcement bodies where information is obtained in the circumstances outlined in this paragraph.

Following a legislative amendment in 2002, it is now lawful, where a notice is issued and executed under the provisions of the Criminal Justice (Fraud Investigation) (Bailiwick of Guernsey) Law, 1991, for a Law Officer to pass on to other law enforcement bodies, the Guernsey Financial Services Commission and the Administrator relevant information obtained as a result of the service of such a notice. I recommend that the States be asked to approve the drafting of legislation which would allow the Law Officers and Police and Customs Officers to disclose information to the Administrator in circumstances where it is reasonably believed that it will assist him to perform his functions. I suggest that such disclosures should, in the cases of Police and Customs Officers, be made only by Police Officers of the rank of at least Inspector and Customs Officers of the grade of Senior Investigation Officer and above.

Any legislative provision prepared for the purposes of implementing any approved policy in relation to this issue could also be included conveniently as part of the draft Disclosure Law to which I have referred earlier in this letter.

Power to Amend the Law concerning Disclosure

The legislation by which law enforcement bodies are enabled to obtain and disclose information is almost invariably enacted as a Projet de Loi. I recommend that the Home Department should propose to the States the enactment of provisions, to be included in the draft Disclosure Law, by which the States by Ordinance will have power to amend that Law, other legislation (whether a Law or an Ordinance) and customary law to enable information to be disclosed for the purposes of the prevention, detection, investigation or prosecution of the criminal law, and also offences under legislation which, whilst not criminal, carry a pecuniary penalty. It is appropriate that the States should retain legislative control in this area, but I am concerned that any legislation or customary law requiring amendment necessitating an Order in Council will inevitably be subject to delay, when a prompt response might well be essential. The ability to amend by way of Ordinance in these circumstances will avoid any unnecessary delay.

If the States approve this proposal, I recommend that any power given to the States to amend the law by Ordinance is, insofar as the amendment may have Bailiwick-wide effect, exercised only following consultation with the authorities in Alderney and Sark.

Consultation

The Administrator of Income Tax has been consulted in connection with these proposals and has raised no objection to them. The authorities in Alderney and Sark are being consulted in connection with these proposals, so far as they may have application to their respective jurisdictions, and I will let you know if there is any objection from them to what I propose.

Conclusion

The proposals I have outlined if enacted:-

- (a) should not require any extra expenditure by the States or the authorities in Alderney or Sark, and*
- (b) will, in my opinion, comply with the European Convention on Human Rights.*

For the reasons set out above, I recommend that the States be asked to approve the drafting of legislation to cover the matters detailed in this letter.”

The Home Department has consulted the Chief Officers of Police and Customs and Immigration Service regarding these proposals. The proposals have the Department's full support.

5. Resources

The Home Department believes that there will be a measure of resource implications which the Chief Officer of Police and Chief Officer of Customs and Immigration believe can be managed through the prioritisation of operations.

6. Alderney and Sark

The authorities in Alderney and Sark are being consulted as to the extension of these proposals to their jurisdictions.

7. Conclusion

In conclusion the Department recommends the States:

To approve the Department's proposals to introduce legislation as set out in Her Majesty's Procureur's letter; and

To direct the preparation of such legislation as may be necessary to give effect to the foregoing.

Yours faithfully

M W Torode
Minister

(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:-

XXIV.- Whether, after consideration of the Report dated 26th May, 2006, of the Home Department, they are of the opinion:-

1. To approve the Home Department's proposals to introduce legislation as set out in Her Majesty's Procureur's letter quoted in section 2 of that Report.
2. To direct the preparation of such legislation as may be necessary to give effect to their above decision.

HOME DEPARTMENT

THE GUERNSEY GAMBLING CONTROL COMMISSION: 2005 ANNUAL REPORT

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

30th May 2006

Dear Sir

Executive Summary

The Guernsey Gambling Control Commission Law, 2001 (the Law) requires the Commission to prepare an annual report and the Home Department to submit that report to the States.

The Law also requires the Commission to prepare audited accounts and for them to be laid before the States “in the same manner as the accounts of a Committee of the States”. The accounts are included within the report.

The 2003 Policy and Resource Planning Report stated that the annual re-appointment of the Commission’s auditors will be part of that body’s annual reporting process.

The Home Department has also considered the future role of the Commission.

The Commission’s Report

With regard to the final paragraph of the Commission’s report, the views of the Commerce and Employment Department have been sought and their response is appended to this States Report.

In addition, the Home Department is in the process of reviewing Gambling Control legislation which *may* provide a role for a Commission at some point in the future.

However, taken together with the comments received from the Commerce and Employment Department, this Department has now written to the Guernsey Gambling Control Commission advising that its activities cease for the foreseeable future.

With regard to the comment made in the Report that the loan facility is now unlikely to be repayable, this Department concurs with the statement, as does the Commerce and Employment Department.

Recommendations

The Home Department recommends the States:

1. To note the Report.
2. To approve the accounts of the Guernsey Gambling Control Commission for the year ended 31 December 2005.
3. To appoint KPMG Channel Islands Limited as auditors of the Guernsey Gambling Control Commission for the year ending 31 December 2006.
4. To note the suspension of the Commission for the foreseeable future.
5. To note that the Commission's loan facility is now unlikely to be repaid.

Yours faithfully

M W Torode
Minister



Guernsey Gambling Control Commission

24 April 2006

Deputy M. W Torode
The Minister
Home Department
States of Guernsey
Sir Charles Frossard House
St Peter Port
Guernsey
GY1 1FH

Dear Sir

Annual Report and Accounts for 2005

Given the lack of any progress with the development of the Guernsey casino, the Commission was largely dormant during the course of 2005 and therefore, save as below, has nothing to report for the year under review. The audited accounts at 31 December 2005 have been attached to this letter for your information.

The Commission held one meeting during the year, namely, in April to approve the 2004 Annual Report and Accounts. Following the approval of the 2004 Annual Report, the report was forwarded to the Home Department for submission to the States of Guernsey. In addition, in September, the Commission made written representation to the Commerce and Employment Department, following its request for comments as part of a re-assessment of the costs and benefits of a casino for Guernsey.

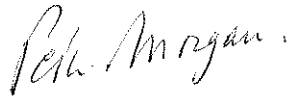
From the attached financial statements you will note that the total operating expenses for the year was £7,795 compared with £20,779 in the previous year. The majority of these costs (£4,630) relate to interest paid on a loan facility (£101,884) which was made available by the States of Guernsey to the Commission at its inception. The rest of the

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Tel: 01481 726819 Fax: 01481 700563

costs relate to attendance fees for Commissioners (£2,050) and professional advice received from the Alderney Gambling Control Commission (£1,080).

Considering the general lack of activity in the field of gaming, it is suggested that the Department gives consideration to the future of the Commission and the most appropriate approach to be taken with regard to the above mentioned loan facility, which is now unlikely to be repayable.

Yours faithfully,

A handwritten signature in cursive script, appearing to read 'Peter Morgan'.

Peter Morgan
Chairman

Guernsey Gambling Control Commission

Report and financial statements

31 December 2005

Guernsey Gambling Control Commission

Statement of responsibilities for the preparation of financial statements

The Guernsey Gambling Control Commission (“the Commission”) is responsible for the preparation of financial statements for each financial year which give a true and fair view of the state of affairs of the Commission and of the profit or loss of the Commission for that period. In preparing those financial statements the Commission is required to:

- select suitable accounting policies and 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 a going concern basis, unless it is inappropriate to presume that the Commission will continue in business.

The Commission is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Commission. The Commission is also responsible for safeguarding its assets and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

KPMG Channel Islands Limited
 20 New Street
 St Peter Port
 Guernsey, Channel Islands
 GY1 4AN

Independent auditors' report to the Guernsey Gambling Control Commission

We have audited the financial statements (the "financial statements") of Guernsey Gambling Control Commission ("the Commission") for the year ended 31 December 2005 which comprise the Balance Sheet, the Income and Expenditure account and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of Commission and auditors

The Commissioners are responsible for preparing the Statement of Responsibilities and the financial statements in accordance with UK accounting standards as set out in the Statement of Responsibilities on page 1.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 accounting policies as set out on page 5. We also report to you if, in our opinion, the Commission has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 Commission in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Commission'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, in accordance with the accounting policies set out on page 5, of the state of the Commission's affairs as at 31 December 2005 and of its deficit for the year then ended.

Chartered Accountants

Guernsey Gambling Control Commission

Balance sheet

at 31 December 2005

	<i>Note</i>	2005 £	2004 £
Current assets			
Bank balances – current		2,200	1,003
AGCC – client account		<u>20</u>	<u>20</u>
		2,220	1,023
Creditors: amounts falling due within one year			
Accruals		-	5,637
Loan: States of Guernsey		<u>101,884</u>	<u>87,254</u>
		(101,884)	(92,891)
Net current liabilities		<u>(99,664)</u>	(91,868)
Total net liabilities		£ <u>(99,664)</u>	£ (91,868)
Reserves		£ <u>(99,664)</u>	£ (91,868)

The accounts were approved by the Guernsey Gambling Control Commission on 19 May 2006.

Signed on behalf of the Commission

Chairman

Guernsey Gambling Control Commission

Income and expenditure account for the year ended 31 December 2005

	<i>Note</i>	2005 £	2004 £
Income			
Interest received	<i>1</i>	<u>-</u>	<u>20</u>
		-	20
Expenditure			
Members Attendance fees		2,050	8,750
Alderney Gambling Control Commission		1,080	8,532
Legal and Professional		35	-
Interest Paid		<u>4,631</u>	<u>3,517</u>
		7,796	20,799
Deficit for the financial year		(7,796)	(20,779)
Deficit brought forward		(91,868)	(71,089)
Deficit carried forward		£ (99,664)	£ (91,868)

Guernsey Gambling Control Commission

Notes to the financial statements

1. Accounting policies

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

Accounting convention

The financial statements are prepared under the historical cost convention.

Income

Income is accounted for on an accruals basis.

Statement of control

The Guernsey Gambling Control Commission is wholly owned and ultimately controlled by the States of Guernsey. Responsibility for the operations of the Guernsey Gambling Control Commission has been delegated to the members of the Board who have been appointed by the States of Guernsey.

APPENDIX**COMMERCE AND EMPLOYMENT DEPARTMENT**

The Minister
Home Department
Sir Charles Frossard House
La Charroterie
St Peter Port
GY1 1FH

30th May 2006

Dear Deputy Torode

GUERNSEY GAMBLING CONTROL COMMISSION
ANNUAL REPORTS AND ACCOUNTS FOR 2005

Thank you for forwarding a copy of the Annual Report and Accounts for 2005 of the Guernsey Gambling Control Commission, and for providing the opportunity of commenting on the final paragraph of the Report.

That paragraph notes the general lack of activity in the field of gaming and suggests that the Department gives consideration to the future of the Commission.

The Commerce and Employment Department has noted that, with regard to the proposals for the award of a Hotel Casino Concession to St Pierre Park Hotel, as approved by the States in September 2003, in the Chairman's Statement to the recent publication by C I Traders Limited "Preliminary Results for the year ended 28th January 2006", the following comment is made:

"Regrettably we have not been able to come to an acceptable agreement with the Guernsey authorities on the creation of a casino at the St Pierre Park Hotel site and we therefore accept that our concession will lapse in September 2006".

In view of these comments, the Department has now written to C I Traders Limited asking them to confirm officially that they are now in a position formally to relinquish the hotel casino concession in respect of the proposals for the development of a casino and refurbishment of St Pierre Park Hotel.

Given these circumstances, the Commerce and Employment Department agrees that it would be appropriate for the Home Department to give consideration to the future of the Commission and is of the view that, unless there is other work that the Commission

could be required to undertake on the Home Department's behalf, its activities should be suspended for the foreseeable future.

The Department would however urge that no action is taken at present in respect of the legislation related to the Guernsey Gambling Control Commission and the casino licence. In due course the Commerce and Employment Department will be giving further consideration to the casino issue and at this stage the possibility of the services of the Commission being required at some point in the future cannot be ruled out.

Finally, the Department would concur with the statement made by the Chairman of the Commission in the Report that the loan facility is now unlikely to be repayable.

Yours sincerely

Stuart Falla
Minister

(NB The Policy Council supports the proposals.)

(NB The Treasury and Resources Department recommends the States to note the Report, approve the accounts of the Commission and to reappoint KPMG as external auditors.

It should be noted that if the loan to the Commission becomes irrecoverable (as is increasingly likely) it will, as reported previously, need to be written off against General Revenue.)

(NB The Public Accounts Committee has approved the proposal relating to the appointment of auditors.)

The States are asked to decide:-

XXV.- Whether, after consideration of the report dated 30th May, 2006, of the Home Department, they are of the opinion:-

1. To note the Report.
2. To approve the accounts of the Guernsey Gambling Control Commission for the year ended 31st December, 2005.
3. To appoint KPMG Channel Islands Limited as auditors of the Guernsey Gambling Control Commission for the year ending 31st December, 2006.
4. To note the suspension of the Commission for the foreseeable future.
5. To note that the Commission's loan facility is now unlikely to be repaid.

ENVIRONMENT DEPARTMENT**EXPORT OF WASTE**

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

17th May 2006

Dear Sir

1. Executive Summary

- 1.1 The States has previously agreed to investigate the export of waste to Europe as an interim measure, to prolong the life of Mont Cuet landfill, whilst establishing and procuring a long term waste management solution.
- 1.2 Investigations have revealed that SITA SNN are willing to import into France for landfill up to 30,000 tonnes of Guernsey waste subject to that company being able to obtain an Annual Renewable Agreement from the French Regulator.
- 1.3 In order to seek an ARA a contract must exist between Guernsey and France. The environment Department has entered into a contract with SITA to export waste to France for landfill that contract being subject to the approval of the States and subject to the necessary approvals from the French and Guernsey regulators.
- 1.4 The cost of export is set out, in detail, in this report but is in the range of £115 to £164 per tonne based on export of 30,000 tonnes per annum i.e a net additional revenue expenditure to the States in the order of £3.45 to £4.9 million pounds per annum. The cost of export can not be saved by reduced operations at Mont Cuet as operation of the site for non exported waste, including monitoring capital depreciation etc, as well as the operation of the site to receive the waste for export, will need to continue. In effect the States will, in order to continue to provide the essential operations at the Mont Cuet landfill without adversely impacting on the Public Services Department budget, need to vote that Department an additional budget equivalent to the cost of export.
- 1.5 Whilst this will result in significant additional revenue expenditure during the period of export the States will, of course, save the corresponding landfill void

for “sale” at a later date. As a consequence the export costs can, to a significant degree, be offset over the longer term.

2. Background

- 2.1 At its meeting held in May 2005 the States resolved “...to seek agreement to *Duly Motivated Requests submitted to France and Germany for the export of municipal waste*”. In January 2006, in its States Report dated 25 November 2006 (Billet d’État II 2006) the Department advised the States as follows:

“5.1 Following further investigations, the Environment Department has established that both countries have very similar arrangements, but that these differ significantly to the UK system. In particular, there is no single central regulatory authority in either country. The French and German equivalent of the UK’s Duly Motivated Requests (DMRs) is the Annually Renewable Agreement (ARA). Each agreement is facility-specific and the regulatory authority of the area/district of that facility must approve the ARA. As the name would imply, the ARA is only for one year at a time. Renewal cannot be guaranteed and hence there is a risk in investing in capital expenditure to support an export route that may not gain renewal at the end of the first year’s agreement.

5.2 ARAs are administered by regional authorities. France has 22 Direction Régionale de l’Industrie, de la Recherche et de l’Environnement (DRIRE) with one central office in Paris. Germany has regional offices for each of the 16 Bundeslander and there is no central office.

5.3 The process to seek an ARA in either France or Germany is:

- 1. Locate a facility that offers an appropriate service and sufficient capacity and negotiate the cost and period of export;*
- 2. Establish transport routes and costs;*
- 3. Write to the head of the relevant DRIRE (France) or Bundeslander (Germany) to set up an ARA for the movement of waste to that specific facility; and,*
- 4. Seek renewal of the ARA each year.*

The French and German regulators have been approached with a request for any standard documentation, guidance material etc in respect of filing an ARA. In the interim and with a view to expediting matters as far as possible, the Department has prepared a generic DMR, using the known UK standards. This will act as the template and be modified into the site-specific ARAs required in France and Germany.

5.4 In order to ensure that all export options within France and Germany are evaluated and in order to ensure that whatever export route that may be available offers best value, the Department placed an advert in the Official Journal of the European Community seeking expressions of interest to receive and dispose of Guernsey's waste up to the period 2010. The Department received no responses to that advert. However, the Department also wrote direct to the following corporate entities that had previously expressed an interest in receiving Guernsey's waste: Sevede Le Havre; Mindest SA; SITA Normandy; and, Stadtreinigung Hamburg. In each case the Department asked each organisation to identify: the type and amount of waste it would be willing to receive; the manner in which that waste would be transferred to the receiving plant, including any pre-shipment processing; the duration of any contract; and, the full costs, including any relevant taxes.

5.5 Following these contacts the Department has been asked to clarify its requirements and specifications in terms of the manner in which the waste will be shipped, the facilities to which the waste should be sent (including any environmental standards that might be specified) and how the waste will be shipped/baled etc. This reflects the fact that the industry is used to pricing and providing services which deliver according to the customer's specifications rather than the customer asking the provider to specify the service. Nevertheless, within the spirit of the recommendations as set out in paragraph 3.11[*of that report*], the Department is continuing to engage with these potential service providers. The Department is providing additional information and answering questions as appropriate, but without specifying the nature of the service required beyond the basic need to export Guernsey's waste. As soon as agreement can be reached on the cost and viability of potential export routes, then an ARA for each viable route will be submitted to the appropriate regulatory authority.

5.6 The key risk in adopting export to Europe as an interim strategy is the absence, due to the manner in which the ARAs operate, of any guarantee of an export route beyond one year (assuming that an ARA can be negotiated in the first instance). As such it is essential that any capital infrastructure required in support of a potential export route is kept to the absolute minimum. The Department has previously advised that export as a long-term strategy (whether to Jersey or some other facility) would require the procurement of a transfer station, the cost of which was predicted to be in the order of £6-8 million. Such capital expenditure, whilst justifiable as part of a long-term strategy, is not justifiable for an export route which may only have a life of one year. It should also be remembered that, at this time, there is still no guarantee that the relevant authorities in either France or Germany will approve an ARA.

5.9 In light of the above concerns, the Department cannot recommend procurement and construction of a transfer facility at a cost of £6-8 million in advance or the States determining its long-term waste management strategy. As a consequence any export that may be possible as an interim solution must rely on the most basic of on island processing facilities. The Department is of the view that procurement of those facilities should not proceed until a firm contract with an associated ARA has been negotiated with Europe. At that time, any necessary transfer facilities should be limited to open air shredding and baling at Mont Cuet land-fill followed by container shipment to the receiving jurisdiction.

5.10 The baler, loader and handling equipment required for such open air processing is anticipated to cost in the order of £1million with additional costs associated with civil and site preparation costs. These costs are likely to be in the order of £8 per tonne based on the following assumptions.

40,000 tonnes of waste exported per annum

Cost of capital at 5% over 8 years	£5.00/tonne
Consumables	£3.50/tonne
Labour	£1.40/tonne
SUB TOTAL	£9.90/tonne

5.11 Discussions in early 2005 with shipping companies indicated a shipping cost of £32/tonne. In addition discussions with the Le Harvre facility operators indicated a dock to facility transport, disposal and taxes charge of £71/tonne.

5.12 Thus the total cost of temporary export using basic open air facilities depreciated over an 8 year period would be in excess of £110 per tonne. Depreciation over any lesser period or increasing costs by procuring more sophisticated facilities would of course increase the cost per tonne.”

- 2.2 Noting the potential impact of such open air baling on the operations at Mont Cuet the Department took the opportunity to consult with the Public Services Department. That Departments response was attached to the States Report and, quite naturally raised concerns over the potential impacts. The Departments response to those concerns was set out in the States Report as:

“9.2 The Environment Department fully understands and concurs with the Public Services Department’s concerns regarding the potential

impacts at Mont Cuét and recognises that the very basic facilities and estimated costs quoted in section 5 above may well be exceeded. However, it should be born in mind the Department has previously submitted to the States a more detailed specification and costed export facility as part of its previous reports on a joint facility (see 5.6 above). In respect of those costs many statements and claims were made that the costs were excessive and that export could be delivered at significantly lower prices. The Department maintains the view that short-term export cannot be delivered as a cheap option.

9.3 The Department is not convinced that the basic open air shredding and baling facilities proposed would occupy the same footprint as the fully specified enclosed version and it should be born in mind that if the facility can process and export a significant percentage of the islands waste (circa 40,000 tonnes), then the amount of waste actually being land-filled will dramatically reduce and hence the need to relocate the facility every 6 months, as suggested by the Public Services Department, may not be realised.

9.4 The Department fully accepts the complications and potential additional costs that will arise with windblown litter, licensing requirements etc. However, the only alternative currently available would be to construct the more expensive export facility as an enclosed facility at Longue Hougue.”

- 2.3 Between the submission of the States report and the States debate in January 2006 further developments took place in respect of the export of waste to Europe. Those developments were communicated to the States as part of my opening remarks. I advised the States as follows:

“To date the German regulator has not responded to our request for application forms and guidance notes. The French regulator has responded saying they cannot engage with us until we have a commercial contract with a disposal facility.

It has been said that Mindest SA would take all our waste to Hamburg. My Department has explored this option and the facts are as follows. We placed an OJEC advert – That is an advert in the official European journal for service and construction contracts. The Advert asked for companies interested in exporting our waste in the interim to come forward. My Department also wrote to Mindest on 3 October enclosing a copy of the OJEC advert thus ensuring that they did not miss it.

In response to our letter Mindest replied seeking further information and hence a full information pack was issued to them on 19 October. On 20 October Mindest raised a number of questions essentially asking which facility we wished to ship our waste too and how we wished to prepare

the waste for shipment. Members will recall that Deputy Parkinson advised this house that Mindest would make all the necessary arrangements and provide all the necessary equipment at their cost. Guernsey would only need to meet the tonnage costs.

On 25 October we issued a response to the questions raised by Mindest and made it perfectly clear we were willing to consider all proposals. Nothing further was heard from Mindest so we issued a chaser on 11 January. On that same day Mindest responded apologising for the delay. The news they had for us was this ---- "I don't think we will be able to build an offer"-----. Reluctant to leave it at that My Department contacted Mindest again on 12 January seeking clarification as to the problems with a view to helping overcome those if possible. Mindest responded on the same day. This is what they had to say---- "The problem we have to face is a capacity issue. The situation has changed in Germany so dramatically over the last 12 months that it is very difficult to find attractive conditions for incineration of household waste. We would have been in a much better position one year ago."-----

Mr Bailiff I take no pleasure in telling this house that the German Mindest route is closed. I take even less pleasure from the fact that the reason the route is closed is because of sudden loss of capacity in Germany. The sad fact is that this reinforces the message my department has previously given. If you place yourself in the hands of another jurisdiction or government you have no guarantees and no security of supply. We can only take some solace from the fact that we did not waste any money by building infrastructure to export to Germany.

The situation with France is looking slightly more hopeful and we are in negotiations with a company that may be willing to enter into a commercial contract with us. However, we have a long way to go before we can have any degree of certainty that an offer is on the table. The experience with Germany, of course, brings home the fragility of any negotiations that we may be able to complete with France especially bearing in mind the fact that any licence from the French regulator is only for one year at a time. States members will have to bear that in mind when considering whether to continue to pursue the export option

If and it is a big if, but if we can get agreement during the early months of this year to export our waste to France then we could procure the most basic shredding and baling plant required and could perhaps export our waste starting early next year. We would have to operate that plant in the open air at Mont Cuét and we will have to sort out the logistics, licensing issues and civil works. But this is, I believe, just about achievable. It relies on the proviso that we can get the go ahead from France or Germany. And is of course subject to the States accepting whatever price tag ultimately comes with this solution.

- 2.4 Having considered the above report the States resolved to: *Continue to investigate short-term export to Europe under the provisions of an Annual Renewable Agreement and to report back to the States before entering into a contract for export*

3. Subsequent Developments

- 3.1 In March 2006 the Department issued a letter to SITA SNN (the French company referred to above) advising the company that “*Following the publication of a notice in the Official Journal of the EU, No. 175648-2005, dated 14 September 2005, requesting expressions of interest in the transfer and disposal of Guernsey’s waste...the Environment Department, on behalf of the States of Guernsey, now wishes to negotiate with SITA as the preferred supplier for this project.*”

- 3.2 SITA met with the Department twice in Guernsey and once in France. Visits were made to the relevant Guernsey facilities and to facilities in France to examine options for the preparation and transfer of the waste. SITA examined logistics and transport methods with reference to solutions used in other communities. SITA identified baling, supported by some shredding, containerisation, shipping and landfill as the viable solution. Methods of baling or compaction, and methods for containerisation/transporting the waste after preparation were explored taking into account:

- waste types presented to Mont Cuet and their suitability for compaction or baling
- choice of baling/compaction and subsequent need for specialist containers
- container choice and efficiencies of dockside handling

A preferred option was identified and recommended by SITA for the basis of future discussions:

Feature	Advantages
Mobile baler and shredder located in Mont Cuet	<ul style="list-style-type: none"> • Rapid installation • Potential location within site already identified • Minimal infrastructure needed • Pollution controls already in place as part of landfill • Bales control pollution and nuisance risks • No need to purchase specialised compaction containers • Baled waste does not require containers to be washed

	<ul style="list-style-type: none"> • Allows waste to be stored up to 2-5 months as a contingency plan • Minimal change for users: all waste still directed to Mont Cuët and loads for export designated by the weighbridge operator.
Household refuse and small items of industrial/commercial waste would be baled	<ul style="list-style-type: none"> • Particle sizes suitable for baling without prior treatment eg shredding • Household waste already considered to be treated by recycling schemes • Industrial/commercial waste considered to be treated because of MRF operations at Fontaine Vinery and Pointes Lane
Larger items of industrial/commercial waste would be shredded before baling	<ul style="list-style-type: none"> • Gives flexibility for choice of wastes to be exported
Bales would be stored at Mont Cuët between shipments.	<ul style="list-style-type: none"> • Minimal visual intrusion • Avoids utilising space at sensitive locations eg Longue Hougue or St Peter Port
Standard ISO containers or stackable flats would be used to transport bales to the quay at St Peter Port and for loading the ship.	<ul style="list-style-type: none"> • Compatible with vehicle restrictions on roads between Mont Cuët and harbour • Minimal visual intrusion • Optimises loading and unloading efficiency of ship • Avoids expense of purchasing and/or modifying dedicated containers
Containers would be delivered to Caen	<ul style="list-style-type: none"> • Has lower port handling costs than other ports eg St Malo and Le Havre • Proximity to landfill minimises road transport (15kms)
Onward transport for disposal at Les Aucrais landfill, Calvados	<ul style="list-style-type: none"> • Site has spare capacity of 25,000 tpa • Operated by SITA to ISO140001

3.2 SITA's outline proposal was based on Guernsey providing the on island infrastructure and preparing and transporting the waste to the French docks at Caen and SITA taking control of the waste at the docks and transporting the waste to Aucrais for landfill. Splitting responsibility in this way minimised costs as French service taxes would otherwise have been levied on the Guernsey on island operations. SITA indicated its willingness to take up to 30,000 tonnes of waste from Guernsey comprising all black bag Parish waste collections; small, baleable, mixed industrial/commercial waste; and selected larger industrial/commercial waste after shredding. Whilst Les Aucrais Landfill only has a licensed spare capacity of 25,000 tonnes per annum, SITA indicated an ability to receive up to 30,000 tonnes per annum of waste from Guernsey by re-diverting some of the waste already entering Les Aucrais.

- 3.3 The Environment Department indicated its support for the general approach being proposed and agreed that SITA should proceed to examine in further detail the logistics of the bale/container/ship options.
- 3.4 SITA expressed the very firm view that transport of non-containerised bales presented handling, safety and logistical problems which, combined, would result in increased costs. SITA also held the view that compaction of non-baled waste into dedicated containers would not be cost effective due to the increased capital costs. Because of the need to road transport the waste from the docks to the landfill, along with the safety and handling issues, bulk shipping of non-containerised, non-baled waste was not considered as a viable option.
- 3.5 Baler options to create round or square bales were considered. Whilst the form a baler procured has little impact on capital costs the logistics of the handling and transportation of the resultant bales is relevant. Square bales stacked in “high cube (2.69m)” containers minimises the shipping of void space and hence reduces shipping costs. However, the containers would exceed the weight restrictions for Guernsey roads (other than along Bulwer Avenue and Les Banques) and as a result a double handling exercise would be introduced with part loading of containers at Mont Cuét followed by transfer of the container to Longue Hougue where additional bales would be added loading the container to capacity.
- 3.6 The additional costs of this double handling, including the preparation of hard standings at Longue Hougue for the loading operations, would need to be considered against the savings realised through optimising the use of the container space.
- 3.7 The operating issues vary with baler choice. The logistics of exporting 30,000 tonnes of waste per annum has been considered by SITA using a 5 day week 120 tonnes per day operation. Production and shipping of cylindrical bales would, as a guide, enable the processing of around 16 tonnes of waste per hour and would require an 8 hour per day 5 days per week operation (allowing for stoppages/servicing etc). 63 containers of waste (12 bales per container) would be generated per week resulting in 5 shipments per month of 50 containers.
- 3.8 Production of square bales would enable the processing of around 20 tonnes per hour requiring a 6 hour day. The bales are denser and hence the operation can be based around the export of 15 tonnes of waste per container. 39 containers of waste would be generated per week resulting in 50 shipments 3 times per month. Alternatively if the High Cube containers were used and double handling introduced at Longue Hougue (as described above) shipment could be reduced to 50 containers twice per month.
- 3.9 The estimated budget costs would, therefore, vary with the baler/container choice. However, due to the additional costs of double handling at Longue

Hougue it should not be assumed that the High Cube container option would necessarily result in significant savings.

- 3.10 Taking the above factors into consideration and allowing for depreciation on Capital SITA has estimated the costs as being between £115 and £164 per tonne of waste.

4. Project Costs

The estimated costs prepared by SITA have been examined by the Environment Department's project team and are considered to be representative of an effective and optimum solution. Actual costs will, of course, depend on the result of open tendering for the on island transport and shipping of the waste as well as on island labour costs including sickness and holiday cover. A reasonable breakdown of the costs using the Euro exchange rate of 1 E = 70p can be shown as:

GUERNSEY PREPARATION AND TRANSPORT

Capital -

Mobile Baler (Flexus Balasystems - Tornado) 18 – 25 tonne/hr. CIF Guernsey	£381,200
Shredder including ground works and services	£350,000
Telehandler (bale handling)	£ 45,000
Site Preparation (est)	£ 50,000
Total Capital	£826,200
Contingency 5%	£ 41,310
Capital Budget	£870,000

Operational –

Cost of capital (based on 30,000t/yr over 5 years at 5%)	£ 6.70/tonne
Consumables (netting, wrapping film, fuel)	£ 3.50/tonne
Staffing (3 full time includes holiday cover, etc)	£ 2.50/tonne
Shipping (varies with tonnes per container)	£40.13/tonne - £ 47.77/tonne
Transport and disposal, France	£ 77.00/tonne
Total	£129.84/tonne - £137.47/tonne

5. Authorisations

- 5.1 Prior to any shipment taking place an ARA must be approved by the French regulator DRIRE. The request for the ARA is in this case being made by the French company receiving and processing the waste i.e. SITA. In order to make such a request SITA must be satisfied that it can demonstrate that the waste has been pre sorted and processed to extract recyclables. SITA has viewed the States and Private sector waste sorting operations and is satisfied that pre-sorting and separation of commercial/industrial waste can be demonstrated. In addition SITA has noted that Guernsey's household recycling through the bring banks and other schemes exceeds that achieved by most French districts and hence again is satisfied that pre-sorting of household waste can be demonstrated.
- 5.2 SITA can only request the ARA once a valid contract exists with Guernsey. As a consequence the Environment Department has signed a contract with SITA. The terms of the contract, which has been examined by the Law Officers, are set out in the following section.
- 5.3 Shipments of waste within and into Europe are subject to European legislation which gives effect to the Basle convention. Guernsey's signatory to the Basle convention is through the United Kingdom. However, other than notifying the United Kingdom, as a courtesy, of Guernsey's intention, no authorisations are required from the United Kingdom.
- 5.4 The outline of the proposed handling and shipment as set out above has been referred to the Director Environmental Health and Pollution Regulation (Designate) for comment on any regulatory issues within Guernsey. A letter from the Director (Designate) is attached (appendix 1).
- 5.5 In that the transfer operations would be carried out within the Mont Cuet landfill site and the required baling plant would be procured as mobile plant it is unlikely that the scale and nature of the facility would require planning approval.

6 Contract Terms

- 6.1 The key contract terms are:
 - SITA undertakes to transport the waste from the Port of Caen to the treatment site
 - SITA undertakes to treat the waste in accordance with the requirements relating to the landfill site.
 - Contract period of 3 years (plus 1 plus1) [Maximum 5 years]
 - Tonnage to be exported based on 30,000 tonnes per annum

- Waste to be exported on regular fixed (proportional volume) basis.
- Household and Industrial/commercial waste to be shipped in separate containers.
- Waste to be baled and wrapped in film and shipped in sea freight containers
- Costs to be revised annually according to an agreed index (*see below*)
- Any change in French taxes to be the responsibility of Guernsey.
- Any action by an external party (including changes to law) to be resolved by mutual agreement and if agreement can not be reached the affected party can terminate the contract with no indemnity or damages.
- The contract can be terminated in the event of Force Majeur and in the event that the prefecture permission (ARA) for acceptance of Guernsey waste is not obtained causing a delay in import authorisation of 6 months.
- The nature of the waste for export will be subject to pre agreement and export of non conforming waste would fall outside of the contract (hence remaining as Guernsey's liability)
- Contract subject to the issue of authorisations by the French authorities (ARA)
- Contract subject to agreement of the States of Guernsey

The indexation formula referred to above is essentially:

$$\text{Price} \times (\text{Change in General index} + \text{Change in Diesel Fuel Index} + \text{Change in National Salary Index})/3$$

7 Export to the United Kingdom

- 7.1 In addition to progressing its negotiations in respect of export to France, and in that the view has been expressed that the European Waste Shipment Regulation and the Basle Convention should not inhibit Guernsey exporting waste, the Department submitted a formal application to the UK Environment Agency for the export of Municipal/domestic waste.
- 7.2 The request was submitted under the UK Duly Motivated Request system which is the legal framework under which the UK administers Article 11 of the Basle Convention and Article 19 of Council Regulation (EEC) No 259/93 (the Waste Shipment Regulations) and was submitted on 7 February 2006.
- 7.3 The response of the Environment Agency was dated 16 May 2006 and stated:

“The DMR has been refused for the following reason:

1. *Guernsey has and can reasonably acquire the technical capacity and necessary facilities in order to dispose of and/or store the waste in an environmentally sound manner.*
2. *There are no emergency or other exceptional demands for reasons of environmental protection or public health and safety*

I am not satisfied that your circumstances meet the requirements of Article 19(3) of the Waste Shipments Regulation, in that you have not demonstrated that Guernsey cannot reasonably acquire the technical capacity and the necessary facilities in order to dispose of the waste in an environmentally sound manner.”

8 Operational implications for Mont Cuet Landfill

- 8.1 The void space that will be saved as a result of the export over 5 years is likely to be in the order 3 to 4 years. This is because only three fifths of the waste would be exported and the fraction exported would generally speaking be the fraction that is most compactable. As a result it cannot be assumed that three fifths of the void space will be saved. However, the waste that will be exported is also the waste that demands the greatest amount of cover material and hence it may prove possible to reduce the amount of weekly cover used at the site.
- 8.2 The Public Services Department has been consulted on the export option and has advised as follows:

“Thank you for inviting comments from the Public Services Department on your draft States report regarding the export of waste to Europe.

The Department appreciates the challenges which the Environment Department faces and recognises that as a consequence it has had no option but to bring these proposals forward. It is however disappointed at the time it is taking to find a resolution to the Island’s problem and would urge the States to press on with procuring a long term solution as soon as possible.

In this respect the Public Services Department does not wish to suggest an “end strategy” to the Environment Department but does wish to comment on the specific proposal to export waste. It is understood that the Environment Department will be taking a long-term strategy to the States in December of this year.

The Public Services Department has discussed the draft report and its Members have expressed a range of views both on the overall export proposal and on the specific operational aspects, which it is proposed, will fall to this Department.

Export – Concerns expressed

1. *A relatively unstable export proposal is being offered because of the limited life of Mont Cuét. All predictions are that whatever waste solution is finally implemented the Island will require landfill sites for the foreseeable future, for hazardous, noxious and inert waste. In this respect it would be helpful if the Environment Department was identifying where these future sites could be, as this would remove the pressure of focussing solely on the limited life of Mont Cuét*
2. *The proposed contract with SITA SNN will be subject to an annual renewable agreement to be sought from the French Regulator. This means a risk of the contract being cancelled at the end of each year and with no medium/long-term security.*
3. *In the past it has been shown that within France, concerns held by local communities or special interest groups can sometimes be expressed through disruptions and blockades and that if this occurred the waste export option could be closed.*
4. *The French authorities appear to be prepared to accept the Island's waste, whereas the UK does not consider that export is justified. Given that the Island looks to the UK for representation in international affairs it is believed that clarification should be sought to ensure that the export will not be curtailed by the intervention of HM Government.*
5. *The cost and other implications of any earlier than expected termination of the export option need to be considered very carefully.*
6. *The proposal could be expensive at a time of financial restraint. If export continues beyond 3 years then the cost will be a significant proportion of the long term solution, be that a Mechanical and Biological Treatment Plant or an Energy from Waste plant.*
7. *The high level of capital and revenue expenditure for a short-term off-Island solution does not appear to offer the lasting value which could be delivered from the same level of investment in a Materials Recycling Facility, in-vessel composting facility and further recycling initiatives. It is appreciated that these will not immediately deliver the same reduction in volumes sent to Mont Cuét (unless export is curtailed due to events beyond Guernsey's control), but they do appear to offer more stable value in the longer term.*

8. *The export of waste to another country where it will be landfilled appears to run contrary to the States' general environmental policy of seeking to reduce the amount of waste going to landfill.*
9. *Figures in the report do not take into account the fact that the debt from the Energy from Waste Facility is due to be cleared in mid 2007 and that as a result the surcharge currently applied at Mont Cuét could be redirected to whatever waste initiative considered appropriate.*
10. *When considering the comparative costs of landfill on-Island and off-Island it would be helpful for States Members to have more information about the true cost of waste disposal. At present the standard landfill charge at Mont Cuét of £86.20 is made up of two elements;*
 - a. *£50.00 surcharge, which is currently being used to service the loan incurred in connection with the planning of the EfW plant.*
 - b. *£36.20 for landfill costs. Of this, approximately £19 is required to meet the day to day running costs and the remaining £17 is used to support the Department's revenue needs.*

Overall the Board acknowledges that the problem of waste disposal needs to be tackled and that there is a range of options available, including:-

1. *Mechanical and Biological Treatment*
2. *Reverting to the proposal to treat by Incineration*
3. *Identification of new landfill sites as a priority*
4. *Short term stock-piling of waste pending a longer term solution.*

Operational Issues

From an operational perspective, the Report recommends the States to direct the Public Services Department to:

- *seek competitive costs for the on island transport and shipping of containerised waste, and*
- *procure and set up, in liaison with SITA, a shredder, baling and transfer facility at Mont Cuét Landfill site.*

There will be numerous implications for the Department, including:-

1. *Due to the need to maintain Mont Cuét as an operational site, the export of 30,000 tonnes is unlikely to generate any quantifiable savings in running costs.*
2. *Gate fees may have to be increased to cover crushing/baling operations.*
3. *The introduction of baling, etc, will require additional staff.*
4. *The baling plant and preparation area will almost certainly have to be relocated at intervals as the general landfill level rises with consequential additional costs.*
5. *The baling plant will require a substantial hard standing to support the frequent movement and turning of lorries, which will be costly.*
6. *The crushing/baling plant would be exposed to the elements as a cover is not proposed.*
7. *The Board is concerned that a specific brand of baling plant is being proposed without full clarification of the reasons. To purchase in this way would appear to be at variance with the standard tendering approach as set out in the States Tender Guidelines.*
8. *A concern that the commencing operational date of January 2007 may be unrealistic.*

In conclusion the Public Services Department affirms its commitment to work to implement whatever solution the States considers appropriate, but in so doing it confirms that it regards the baling and export of waste as a very expensive and high risk strategy.”

8.3 Whilst the Environment Department concurs with the majority of the views expressed by the Public Services Department clarification or response is necessary in the following numbered “concerns” expressed above:

1. The need for future landfill and land reclamation sites is recognised and has been well rehearsed in previous States Reports. For a full analysis States members are referred to Billets XX 2003; XX 2005; and II 2006. However, as resolved by the States, (following consideration of the Departments report on inert waste Billet d’État XX, 2005) inert waste disposal can until circa 2015 be accommodated at Longue Hougue. After that date the location of the future site will depend on other land raising/reclamation strategies adopted by the States, most of which are in the hands of the Public Services Department. As a consequence the States noted that *“The Environment Department intends to closely monitor the rate of infill at Longue Hougue over the next 3 to 5 years and consult at appropriate intervals with other States Departments on the need for land reclamation or land raising projects.”*

On the issue of non inert landfill sites then, as has been made clear by the Department, the type and capacity of future landfill and the date on when that landfill is needed is dependent on the waste strategy adopted. If a strategy which generates very little residue is adopted very soon, then the amount of waste going to landfill could fall to as low as 10% of current waste arisings Mont Cuét could then potentially have a life until circa 2040 and there would be no urgent need to identify another site. Similarly if such a strategy is adopted but towards then end of the life of Mont Cuét and the small volume of residue is relatively inert then it would be necessary to source a relatively small quarry requiring minimal engineering. On the other hand a strategy generating significant quantities of putrescible residual waste will necessitate the sourcing of a much larger quarry being both technically and economically viable for engineering works.

To try and pre-guess the requirements of the long-term waste management solution before that solution has been identified would be premature.

4. In a meeting between representatives of HM Government and the Channel Islands, it was made clear by HM Government that export between the Islands and France was a matter for the Islands. However, it would remain necessary to notify HM Government as export to Europe by the Islands constitutes export from the UK under the Basle convention. It is noted that to export to Europe waste must pass through English territorial seas and as such it may prove necessary to gain the UK's agreement to transit through its territory.
7. Whilst it is true that the alternatives put forward by the Public Services Department would offer more stable value for money the same diversion rate could not be achieved and hence the life of Mont Cuét could not be extended to the same degree. In addition recycling suffers from increasing marginal costs and hence the tonnage cost increases as the percentage recycled increases. It should be noted that Guernsey currently recycles, exports and uses for land reclamation approximately 70% of its total waste stream and as such relying on additional recycling to protect the life of the landfill is a very high-risk strategy.
9. This has been addressed in section 9 of this report.
10. Members attention is drawn to the phrase "day to day running costs" in paragraph 10 b. These costs ignore the capital costs incurred with procuring and engineering the landfills which costs were drawn from the States capital funds. In addition they ignore the ongoing restoration and monitoring costs which must continue for many years (probably decades) after the site is closed. The capital costs alone, when reflat, add in

excess of £2 million per annum to the actual costs of waste disposal by landfill.

9 Funding

- 9.1 As indicated by the Public Service Department above, Landfill gate fees, collected at Mont Cuet, in respect of household and industrial and commercial waste are currently levied at £86.20 per tonne. This annual revenue accrues to the Public Services Department to meet the costs of operating the site, to offset other department revenue needs, and to meet the Treasury loan repayments resulting from the previous States decisions in respect of the waste strategy based on the Energy from Waste facility. In addition £500,000 of this income has been allocated to the Environment Department to cover interim recycling and waste minimisation initiatives. Thus whilst it may be argued that the income from landfill exceeds the operating costs (ignoring capital and ongoing liabilities) there is no surplus revenue as the Public Services Department budget is not ring fenced in this respect.
- 9.2 As a consequence, if any of the current gate fee is to be used to offset the costs of export then additional revenue will need to be released by the Treasury and Resources Department to the Public Services Department to make up the resultant revenue shortfall. However, in respect of the Treasury loan then, once this loan is repaid in mid 2007, the funds being allocated to this repayment could be diverted to cover other costs such as the waste export. Alternatively the view could be taken that the “surplus funds” should be used to build a capital reserve for future waste infrastructure. The tonnage costs that would need to be applied to meet export costs as well as all current commitments compared to the tonnage cost where the loan repayment sum is cancelled is shown below.

Item	Tonnage Cost	Tonnage/ annum	Annual cost excluding loan repayment	Annual cost including loan repayment
Export	£130 minimum	30,000	£3,900,000	£3,900,000
Annual waste operating costs ignoring capital			£1,200,000	£1,200,000
Annual contribution to PSD revenue budget			£1,100,000	£1,100,000
Annual loan repayment/possible contribution to long-term solution				£2,800,000
SUB TOTAL			£6,200,000	£9,000,000
Notional gate fee required		50,000 tonnes	£124 per tonne	£180 per tonne

- 9.3 The above tonnage costs (£124 excluding loan repayment and £180 including loan repayment) may be reduced slightly due to savings that might be achieved in the costs of operating the landfill with the reduced volume of waste destined for landfill. However, as indicated above the Public Services Department does not believe that significant savings can be realised. This is because the fixed costs at the landfill site are much higher than the marginal costs.
- 9.4 As a consequence it must be assumed that the landfill gate fee would need to rise substantially in order to cover the additional export costs.

10 The need to retain a 5 year strategic reserve

- 10.1 The need to retain a 5 year strategic reserve was first proposed in the Independent Panel's report in 2005. The basis for arriving at this figure and the manner in which the void required to achieve a 5 year reserve should be calculated has not been explained. To date the Department has operated on the basis of a 5 year reserve at historic void depletion levels resulting from an annual waste arising of approximately 57,000 tonnes. Further the Department has taken the view that this void should exist after commissioning the selected waste disposal infrastructure. This then provides not only for the future disposal of residual waste arising from the treatment facility but also for unforeseen delays in procuring the selected plant and for unforeseen accidents/shutdowns.
- 10.2 The Department is firmly of the view that a 5 year strategic reserve at current infill rates is highly desirable. However, it is questionable as to whether such a reserve should be considered essential and it must be open to debate as to whether such a reserve should be purchased at the export cost now identified. Especially as over recent years the tonnage of waste going to landfill has decreased.
- 10.3 One option that is open to the States but which must be viewed as a high risk strategy, would be to deplete the current void at Mont Cuet whilst procuring the long-term solution. As soon as the preferred long-term solution had been identified the nature of any future landfill (for residue waste) would be known. That additional landfill could be procured to come on line towards the end of the life of Mont Cuet. However, to adopt such a strategy would constrain the options in respect of the future long-term strategy to those solutions which have very restricted requirements for future landfill. This would, therefore, run against the States previous decision to keep all options open during the global search. As such the Environment Department cannot recommend that option.

11 Conclusions

- 11.1 The States has adopted a short-term strategy of re-examining potential waste management systems before setting its long-term strategy and procuring the associated services and facilities.

- 11.2 As part of its short-term strategy the States has indicated a desire to protect the available void at Mont Cuet hence prolonging its life. In support of this approach the States has recognised that export of waste is the only means by which meaningful savings on landfill life can be achieved in the short term.
- 11.3 SITA is willing to take Guernsey waste for landfill in France on the basis of a three to five year contract. The contract will be subject to the granting of the ARA authorisation by the French Regulator.
- 11.4 Additional expenditure (including the cost of capital) will be in the order of 3.9 million pounds per annum. Over a 5 year period this recurring revenue will add approximately £20million to the waste strategy.
- 11.5 The saving on landfill life will be in the order of 3 to 4 years over the 5 year maximum life of the contract. Taking the optimistic view of a saving of 4 years life, this effectively generates a landfill life value of around £5 million per year.
- 11.6 Whilst noting the very high cost of exporting waste to France and recognising that the option is not risk free, the Environment Department is firmly of the view that no other short-term measure could extend the life of Mont Cuet to the same degree. As a consequence, and mindful of the States desire to keep all options open and hence noting the need to protect landfill life whilst the States determines its long-term waste strategy, the Department recommends the States to support the export of waste to France.
- 11.7 Although the Department is concerned that a significant increase in the current landfill gate fee would not be reasonable or acceptable, the impact can be reduced by suspending the loan repayment during the period of export. As a consequence, the Department recommends that the Public Services Department increases landfill gate fees as necessary to cover the costs of export and that payments against the outstanding loan be suspended.

12 Recommendations

The Environment Department recommends the States to:

- 1.) Approve the export, for landfill, of 30,000 tonnes of waste per annum to France for a minimum period of 3 years.
- 2.) Approve the contract with SITA as set out in paragraph 5.2 above.
- 3.) Direct the Public Services Department to seek competitive costs for the on island transport and shipping of containerised waste
- 4.) Direct the Public Services Department to procure and set up, in Liaison with SITA, a shredder, baling and transfer facility at Mont Cuet Landfill site.

- 5.) Agree that repayment of the outstanding loan, as referred to in paragraph 9.1, be suspended for the period of waste export.
- 6.) Authorise the Public Services Department to increase landfill gate fees to meet the additional costs of export of waste.

Yours faithfully

B M Flouquet
Minister

Appendix 1

Mr S Smith
Chief Officer
Environment Department
Sir Charles Frossard House
PO Box 43, La Charroterie
St Peter Port
Guernsey
GY1 1FH

16 May 2006

Dear

EXPORT OF WASTE TO FRANCE

I refer to your email dated 5 May 2006 in which you briefly outline proposals for the export of waste to France.

I will address the points you raise but must caution that these comments are of a general nature based upon the limited information given. For a more definitive response a detailed licence application will have to be submitted and considered.

As the competent authority under the Transfrontier Shipment Of Waste Ordinance, 2002 the Health & Social Services Department is able to raise objection to the export of waste from Guernsey on two counts.

An objection can be made if the export is not in accordance with the Island's waste management plan for the importation or exportation of waste. Although such a plan has not yet been approved by the States the Ordinance does not preclude the export of waste to EU countries and, should the States decide upon this option, the plan will, no doubt, reflect this decision.

An objection can also be made if the management of the waste is not environmentally sound. However, if the handling and disposal of the waste to landfill is as described it seems equally unlikely that there would be grounds for such an objection.

The change of practice at Mont Cuët will require a revision of the existing licence but, provided appropriate standards are achieved, there are no basic principles that prevent this happening.

Similarly, Longue Hougue will require a licence to operate as a transfer station if the operation described is to be undertaken.

The storage of contained waste prior to shipment at the docks may not require licensing as it may be considered in transit. However, this will depend upon the arrangements made and would have to be given further consideration when more details are available.

I hope these outlined comments are of assistance and allow the option to be given more informed consideration.

Yours sincerely

J L Cook

Director Environmental Health and Pollution Regulation (Designate)

(NB By a majority, the Policy Council considers that the additional costs, risks and environmental disbenefits of the proposed waste export strategy outweigh the advantages of extending the life of Mont Cuet landfill site. The Council therefore recommends the States not to approve the Report, but instead to encourage the Environment Department to concentrate its efforts in completing the analysis of the global search so that it can report back to the States to enable final decisions on the Island's solid waste strategy to be taken at the earliest opportunity.)

(NB The Treasury and Resources Department has no comment on propositions 1 to 4 but agrees that propositions 5 and 6 are the most pragmatic way forward at this time.)

The States are asked to decide:-

XXVI.- Whether, after consideration of the Report dated 17th May, 2006, of the Environment Department, they are of the opinion:-

1. To approve the export, for landfill, of 30,000 tonnes of waste per annum to France for a minimum period of 3 years.
2. To approve the contract with SITA as set out in paragraph 5.2 of that Report.
3. To direct the Public Services Department to seek competitive costs for the on island transport and shipping of containerised waste
4. To direct the Public Services Department to procure and set up, in liaison with SITA, a shredder, baling and transfer facility at Mont Cuet Landfill site.
5. That repayment of the outstanding loan, referred to in paragraph 9.1 of that Report, shall be suspended for the period of waste export.
6. To authorise the Public Services Department to increase landfill gate fees to meet the additional costs of export of waste.

ORDINANCES LAID BEFORE THE STATES

THE BELARUS (FREEZING OF FUNDS) (GUERNSEY) ORDINANCE, 2006

In pursuance of the provisions of the proviso to Article 66 (3) of the Reform (Guernsey) Law, 1948, as amended, the Belarus (Freezing of Funds) (Guernsey) Ordinance, 2006, made by the Legislation Select Committee on the 12th June, 2006, is laid before the States.

THE BURMA (RESTRICTIVE MEASURES) (GUERNSEY) ORDINANCE, 2006

In pursuance of the provisions of the proviso to Article 66 (3) of the Reform (Guernsey) Law, 1948, as amended, the Burma (Restrictive Measures) (Guernsey) Ordinance, 2006, made by the Legislation Select Committee on the 12th June, 2006, is laid before the States.

STATUTORY INSTRUMENTS LAID BEFORE THE STATES

**THE DRIVING TESTS AND DRIVING LICENCES
(INCREASE OF FEES) REGULATIONS, 2006**

In pursuance of section 2B (e) of the Motor Taxation and Licensing (Guernsey) Law, 1987, the Driving Tests and Driving Licences (Increase of Fees) Regulations, 2004, made by the Environment Department on 7th June, 2006, are laid before the States.

EXPLANATORY NOTE

These regulations set the fees that are chargeable for tests of competence to drive and driving licences with effect from 1st August, 2006, by increasing approximately by RPI the current fees that are set out in Schedule 2 and Schedule 3 respectively of the Driving Licences (Guernsey) Ordinance, 1995, as amended.

**THE HEALTH SERVICE (BENEFIT) (LIMITED LIST) (PHARMACEUTICAL
BENEFIT) (AMENDMENT NO. 3) REGULATIONS, 2006**

In pursuance of section 35 of The Health Service (Benefit) (Guernsey) Law, 1990, the Health Service (Benefit) (Limited List) (Pharmaceutical Benefit) (Amendment No. 3) Regulations, 2006 made by the Social Security Department on 21st June, 2006, are laid before the States.

EXPLANATORY NOTE

These Regulations add to and remove from a limited list of drugs and medicines available as pharmaceutical benefit which may be ordered to be supplied by medical prescriptions issued by medical practitioners or dentists, as the case may be.

APPENDIX I

POLICY COUNCIL

OVERSEAS AID COMMISSION – ANNUAL REPORT 2005

The Policy Council has received the Overseas Aid Commission's 2005 Annual Report which is attached for publication as an appendix to the Billet d'État.

L C Morgan
Chief Minister

5th June 2006

OVERSEAS AID COMMISSION ANNUAL REPORT 2005

In accordance with Resolution XVIII on Billet d'État III of 2004

Background

The Overseas Aid Commission was established by the above States Resolution to replace the Overseas Aid Committee, which was dissolved as part of the Machinery of Government changes.

Constitution

The constitution of the Commission is

- A Chairman who shall be a member of the Policy Council (appointed by the Council)
- Six ordinary members who need not be sitting members of the States (elected by the States)

The Commission which was formed in 2004 and which will serve for four years comprises

Deputy Peter J Roffey, Chairman
 Mrs José Day, Vice-Chairman
 Mr Glyn Allen
 Mr Paul Chambers
 Alderney Representative Richard Cox
 Mr Mike Dene MBE
 Mr Ian MacRae

Mandate

The mandate of the Commission is:

- To distribute monies voted by the States for overseas aid making contributions by way of grants and emergency and disaster relief
- To develop programmes relating to the collection and distribution of funds involving the private and voluntary sectors

in accordance with policies set by the Policy Council, having regard to recommendations from the Commission.

Annual Report

The Commission is required to submit an annual report to the Policy Council.

This is the second annual report that the Commission has submitted. However, it is the first occasion on which the Commission reports wholly on expenditure which it has itself incurred (the first annual report covered expenditure on grant aid which had been incurred by the former Overseas Aid Committee).

Policies

The Commission considers that it would therefore be appropriate to set out the funding policies, as agreed with the Policy Council, under which it operates.

Grant Aid Policy

The policies which determine the provision of grant aid are as set out in Billet d'État III of 2004 with one change agreed with the Policy Council – from 2006 individual grants will not normally exceed £40,000 (compared with the previous ceiling of £25,000, which had remained unchanged for many years). The full policy is set out in an annex to this introduction (the Commission only intends to include this full list once in its four year term).

Emergency Disaster Relief

The Commission can respond to emergency aid appeals issued by the Disasters Emergency Committee (DEC) and by individual charities. The DEC is an umbrella organisation comprising thirteen major UK charities which co-ordinates the UK national appeals in respect of major humanitarian disasters overseas.

The Commission's ability to respond to appeals by individual charities is an extension of the policy previously operated by the former Overseas Aid Committee and provides the Commission with a greater flexibility as the DEC does not launch appeals for every emergency.

The Commission has agreed that emergency disaster relief would be provided to individual charities in accordance with the following criteria

- (a) the charities must be registered in the UK;
- (b) grants will only be made in response to public appeals for major disasters that have been well publicised; and
- (c) the disaster must have occurred in the developing world

2005 Funding

The Commission was provided with States funding in 2005 as follow

- £1,500,000 in respect of grant aid
- £ 200,000 in respect of emergency and disasters relief

During the year the Commission received two refunds, in respect of grants made in previous years to projects which were unable to be completed, amounting to £20,195. These refunds were added to the amount available for grant aid in 2005.

Expenditure on grant aid in 2005 totalled £1,520,195.

Expenditure on emergency and disaster relief in 2005 totalled £150,000. In accordance with the March 2004 States resolution, the remaining £50,000 will be made available to the Commission for grant aid in 2006.

Details of the grants made during 2005 are enclosed together with a breakdown of the expenditure.

Agriculture/Fisheries

CAMBODIA

CAFOD

HIV/AIDS Training and Education Programme for Community Groups and Health Workers, Districts of Kampong Tralach, Sa Ang and Preah Sdach

£20,145

The aim of the project is to mobilise community resources in the three Districts of Kampong Tralach, Sa Ang and Preah Sdach, to fight against TB/HIV/AIDS and STIs and provide care and support to infected and affected community members, about 2,500 clients, including people living with HIV/AIDS (PLWHA) and orphaned vulnerable children, and about 120,000 community members overall. It does this through the proven model of Community Action Groups (CAGs) of community educators and counsellors. Specifically, it will: (i) address the requirement for greater local knowledge of HIV/AIDS prevention, and the use of anti-retroviral therapy, by strengthening the education capacity of a selected 10 CAGs, involving 100 community educators/counsellors, in one pilot area - Sa Ang operational district; (ii) build the capacity of 48 other CAGs, with a total of 480 community educators and counsellors, in the other project areas; (iii) strengthen training services to NGOs and to other relevant groups by the provision of 9 HIV/AIDS counselling training courses on leadership capacity development; (iv) strengthen advocacy through media and coordination meetings with other groups working to halt the spread of HIV/AIDS at national and district levels. In Cambodia, an estimated 157,500 people were living with HIV/AIDS in 2001. Many of these individuals and their households face extreme economic, social, and psychological hardships. Families living with HIV/AIDS often exhaust their personal resources paying for inappropriate and ineffective treatment in the face of an insufficiently resourced health system. In addition, health problems can affect job performance and the ability to work. The Cambodian Government and NGOs are providing institutional and home-based care and support services, but scaling up these programmes, particularly in rural areas, remains a key challenge for organisations such as CAFOD's partner organisation Cambodian HIV/AIDS Education and Care (CHEC).

CHINA

Appropriate Technology Asia

Preservation and Development of Agro-pastoral Environment, Qinghai Province

£24,774

The project aims to provide 1,200 poor and marginalised Tibetans in 3 villages in Capu Township in the high altitude areas of Hualong County, Qinghai Province, (formerly

part of Tibet in the eighteenth century), with the skills and infrastructure they require to improve their livelihoods through a more efficient use of their resources. Currently these 1,200 Tibetans rely on agriculture, livestock and migratory labour to provide their main source of food and income. This project aims to work with communities to provide them with the skills and opportunities they require in order to improve their livelihoods locally. The project aims to improve livelihoods in 2 ways, while at the same time conserving the natural surrounding environment so that the improvement of lives does not come at the cost of the environment. This will be done by addressing direct human needs through the construction of 15 greenhouses, 25 mushroom units, and 8 poultry units, and the planting of 30 acres of fenced land with plants that grow naturally in the area, therefore providing improved access to wood and herbal products for medicine. The second way in which this project aims to improve livelihoods is through better livestock management, including 30 acres of fenced fields for hay production and the planting of useful species around the edge of croplands, which are currently under used. This will allow local people to produce more in less area, avoiding the need to bring more land under cultivation. In addition to the infrastructure activities, Appropriate Technology Asia will be providing training to 300 people in stall feeding and animal health; greenhouse and poultry unit construction and mixed farming techniques. This will include the production of training materials which are literacy independent in order to allow trainees to have access to information beyond the end of the project and to assist in the dissemination of training and information to other people in the area (up to 5,959 people) who may not be directly involved in all aspects of the project. Funding is for the infrastructure, training and support needed to undertake this project.

CHINA

Appropriate Technology Asia

Rainwater Harvesting Techniques and Water-efficient Agriculture Production, Qinghai Province

£15,271

This project aims to provide 6 villages in Capu and Zhaba Townships, high altitude areas of Hualong County, Qinghai Province (formerly part of Tibet in the eighteenth century), with the skills and infrastructure they require to improve their livelihoods through a more efficient use of their resources. Currently these households rely on agriculture, livestock and migratory labour to provide their main source of food and income. This project aims to harvest and conserve water to extend the growing seasons during the dry early winter and early spring periods, through the construction of a minimum of 40 rainwater harvesting systems. The project will benefit over 11,900 people in the townships, and indirectly a further 14,700 people. The specific aims are: to research and implement low cost methods of rainwater harvesting to fully exploit local precipitation in a semi-arid desert environment; to reduce the dependence on the non-irrigated fields for good crop yields and introduce new and alternative water-efficient techniques for farming for poor and marginalised farmers; to extend the

growing season during the early and later winter periods and to improve dietary diversity and income-generation opportunities. The project will research and develop the following: appropriate and minimum cost construction technologies for reliable and durable water tanks, including ferrocement, for onward dissemination; research into low cost roof coverings and collection systems designed to reduce infiltration and evaporate losses. Development of low-cost guttering (which is not available in Qinghai), filtering and piping systems to maximise collection and reduce erosive losses of topsoil; development of alternative surface catchments to maximise rainwater storage and receipt while minimising localised erosion; development of low cost surface and subsurface gravity-fed water distribution systems for growing plants. At least one distribution network will be constructed for each individual catchment system, a minimum of 40-60. In addition, training in low-water agriculture will be undertaken.

CHINA

HelpAge International

Reducing Poverty among Older People, Sichuan Province

£20,812

The aims is to reduce poverty in old age and thus enhance the quality of life of poor and disadvantaged older people and their families from an ethnic community in Pinshan County, Yi Bing area, Sichuan Province. The project will increase the livelihood security of one of the most vulnerable sections of China's population. A community fund will support older people and their families to raise livestock such as cows, pigs and goats to increase their income. Each loan of £70 will purchase 2 cows, 4-5 pigs and 10-12 goats. A local committee will provide support to the beneficiary and their family through regular visits and ensure that beneficiaries have access to training. Skills training by relevant technical bureaus on livestock rearing and marketing will be organised to benefit older people and their families to enhance income from the animals. The project will provide an example of a poverty alleviation model that can be replicated in rural areas. Ethnic minorities are invariably poorer than the majority Han people who comprise 90% of China's population. The Yi ethnic group is considered one of the most disadvantaged minorities. Older people are particularly vulnerable, as they are isolated, have very limited access to knowledge and opportunities to earn income. Key problems highlighted through consultations include income and food insecurity, poor health, lack of basic health care facilities and social services, lack of investment in infrastructure which has resulted in poor housing, limited or no access to safe drinking water, accessible roads, and electricity. The project will cover three Yi communities in Sichuan Province. The project will directly benefit 236 poor older people and their families (approximately 1,062 people) in the project year. An additional 570 poor older people and their families (approximately 2,565 people) will benefit from the project activities in the subsequent three years. On the basis of HelpAge International's consultations held with the project communities, the project will establish a community fund which will offer an interest free loan to be revolved at the community level so as to allow more people to benefit from scheme.

ETHIOPIA

SCIAF

Enhancing Local Food Security, SNNP Regional State

£15,396

The overall aim is to improve nutrition levels and family income for around impoverished 1,800 peasant farmers, over 9,100 people, in Badawacho, a drought-prone region of Ethiopia, by providing the training and inputs they need to adopt sustainable farming methods, thus increasing crop/animal production, and household income. Unreliable rainfall and population pressure have resulted in exhausted soils and poor crop yields, with frequent famines and dependency on food aid. Government services are minimal, and local farmers are living in extreme poverty, with neither the knowledge nor resources to break the cycle by undertaking soil/water conservation, using improved farming methods or acquiring more assets, including livestock. This project, co-ordinated by the local Catholic Diocesan Development Office, will work with 2 local peasant farmers' associations in the following activities: (i) soil/water conservation: terracing and water harvesting, plus reforestation (tree nurseries, planting and management); (ii) improved livestock husbandry - provision of 58 dairy goats, 109 chickens, forage crop seed multiplication centre to benefit 890 families, cattle pen to benefit 1,780 families; (iii) training families in crop production and protection, and sanitation, also providing slabs for latrines; (iv) road construction to improve market access. Target outcomes include: 84 hectares of land brought back to productive use, 2-month reduction in food deficit periods, 10% increase in livestock products consumption per head, 25% reduction in child malnutrition.

INDIA

Appropriate Technology Asia

Passive Solar-assisted Food Security Programme, Ladakh, Jammu and Kashmir

£20,691

To enable poor farmers of Ladakh, Jammu and Kashmir, who need to produce crops in an extremely cold and dry environment, to introduce agricultural techniques that allow the growing season to be lengthened by a minimum of 2 months over and above the existing 4 month agricultural season and will benefit approximately 4,000 people. Indirect beneficiaries will number approximately 9,850. At present, many of them are unable to produce sufficient food and are therefore reliant on expensive imported foodstuffs and government handouts. In order to achieve this, the project will pursue two approaches designed to both improve agricultural production and the skills and understanding of the farmers themselves. The first element will involve the construction of 15 highly efficient yet low cost greenhouses, 10 mushroom units and 10 solar-heated poultry rearing units (for meat and eggs). All designs will make use of the

abundant sunshine to collect and store heat. The greenhouses will allow plants to grow several months before open-field agriculture is possible, while the poultry units will provide a secure and warm location for chickens to achieve their maximum growth and egg-laying capacity. In all cases, the products of the solar units have a high value in the local market, allowing surplus to be sold at profit and will provide Appropriate Technology Asia with an opportunity to promote local self-reliance through these community agricultural resources. The second, concurrent, aspect of the programme is the training of 40 people (men and women) in passive solar and new agricultural techniques, and the production of 4 manuals in design, construction, maintenance and management of passive solar buildings which will be distributed to 4,000 people. Throughout the programme, local perceptions of new techniques will be documented to provide information which can be utilised for broader, district-level implementation of similar techniques. Funding is for training and construction of the passive solar buildings as well as for the design and production of accompanying materials and manuals.

SRI LANKA

CARE International UK

Water Tank Rehabilitation and Training Project to Increase Agricultural Yields, Three Districts

£25,385

The primary goal of this project is to increase agricultural yields, thus improving the livelihoods and well-being of small holders' families in the districts of Anuradhapura, Puttalam and Moneragala through the training of farmers around recently rehabilitated water tanks and irrigation systems. The project area covers the poorest, driest part of Sri Lanka where communities rely almost entirely on subsistence agriculture to survive. Limited water resources, unsustainable cultivation practices and poor access to support services and networks force many dry zone small holders to supplement their meagre incomes by encroaching illegally into fragile forested or watershed areas. Rainfall is meagre but the area has an abundance of small reservoirs or village tanks, many dating from ancient times. These tanks have been central to agricultural productivity in Sri Lanka and have made it possible to keep groundwater at an optimal level, in turn ensuring that ecological balance and biodiversity are preserved. However, many tanks fell into disrepair, having a devastating effect on farmers' livelihoods, as well as environmental sustainability. Communities lacked the skills and resources to rehabilitate and maintain the tanks but they have been given support and training to do this. This project will build on this achievement, mobilising small scale farmer communities living in five catchment areas where the water tanks/irrigation systems have been repaired. It will offer training to improve their agricultural productivity and household income. CARE Sri Lanka has rehabilitated over 30 tanks last year with the funds from the EC and private donors, and the area under cultivation surrounding these tanks has increased by more than 90% in some areas. The project will work with community farmer organisations to promote sustainable agricultural practices through

‘methods and results’ demonstrations and promotion of effective water use – some 250 will receive training in operation and maintenance of the tanks, and on improved water management practices and management skills. Approximately 70 government and local NGO officers will also receive training.

UGANDA

FARM-Africa

Dairy Goat Credit Scheme for Poor Families, Sironko District

£14,707

To enable 150 poor Ugandan households, around 900 people, to start crossbreeding dairy goats, as the first step out of poverty and towards food security. The project will work in Sironko, a poor district of eastern Uganda, where villagers rely on farming to make a living but are constrained by a lack of land and resources. Many households have been affected by the AIDS epidemic of the nineties and are headed by widows, orphans or grandparents. Almost two million Ugandan children are orphans, around half that number by the AIDS epidemic of the 1990s, and struggle to care for their siblings without the required knowledge, skills or material assets. Many widows and grandparents are in similar situations. About 15% of the population in Sironko is affected by HIV/Aids. FARM-Africa will apply its award-winning dairy goat project approach and provide poor villagers with two goats on credit and the necessary training in breeding, husbandry and healthcare. Farmers will crossbreed their goats with European Toggenburgs, which have a high milk yield. The extra milk will provide a valuable source of protein and surplus milk and goats can be sold for profit. Funding will provide the 150 families with two goats as well as enable them to set up a Breeding Station to provide a supply of Toggenburg stock and a Buck Station, where people can take their goats to be crossbred.

Education

BURKINA FASO

PLAN International UK

Primary School Construction, Sanmatenga District

£24,650

To increase children's access to education in Wapassi, Sanmatenga District, thus improving their opportunity to fulfill their potential. The project will construct a primary school with three classrooms, an office, a storeroom, a well and latrines for the children of Wapassi. Initially, 150 children could be enrolled in the school, and many more children will benefit from the school in the future. Local community members

will also benefit from clean water from the well. Women and children who have to walk long distances to collect water will particularly benefit from a nearby well; this will allow girls more time to attend school. A Water Management Committee will be elected and trained to manage the well. School children will receive training in healthy hygiene and sanitation practices and will be taught how to share their learning with others. A Parent Teacher Association will be elected and trained and will have a key role in the management of the school. A Students' Club will be developed and will have an input into the decision making of the PTA, ensuring that children's opinions are taken into account in the management of the school. Burkina Faso is one of the poorest countries in the world, and only half of all villages have access to a school. The educational attainment level in the country is extremely low; only 24% of adults are literate and primary school enrolment is just 36%. Furthermore, of all the children who do complete primary school, only 25% can understand a simple text. In Wapassi, San Matenga District, school enrolment levels are even lower than in the rest of the Country, there is a high drop out rate and attainment levels are poor. Most villages in the District do not have a school within a reasonable distance, whilst the existing schools have dark classrooms which sometimes hold over 90 pupils, and lack sanitary facilities. Thus the schools neither provide safe surroundings for the children nor an environment that is conducive to learning. The construction of a primary school in Wapassi will help address this problem.

BURKINA FASO

Tearfund

San Kassem Literacy and Community Development Project, Sorou and Nahouri Provinces

£24,948

The aim is to empower uneducated, marginalised community members in San (Sorou Province), and Kassem (Nahouri Province), typical undeveloped semi-arid rural areas, to engage in the development of their families and communities. The overall aim of the project is: to establish 60 literacy centres with 1,000 students participating; to enable 60% of students to pass a government recognised literacy exam at the end of the year; to increase the skills of the local population in agriculture, livestock, hygiene, citizenship, environment etc. through literacy materials. The achievement of learning to read and write invariably has an empowering effect on those who have never had the chance to go to school, and opens them to new ideas and possibilities. It breaks the isolation that many rural people experience and often stimulates the formation of groups that engage in common activities. In this way, literacy is often seen as an essential precursor for sustainable development in a community. The project promotes literacy in two local languages – San (Sorou Province) and Kassem (Nahouri Province). Tearfund's partner organisation, ANTBA, prepare their own literacy materials written around issues relevant to the people such as improved agricultural methods, environmental protection, etc. Discussions during the classes provide a way of educating the learners on these issues in order to promote development. Training of volunteer monitors and supervisors

is carried out from September to December. The literacy centres operate when agricultural activities are completed during the dry season from January to May. Each class is taught by a volunteer monitor with an average of 20 students (maximum of 30) who range in age from 14 to 65. Classes are open to anyone in the community. The supervisors and monitors receive a financial encouragement at the end of the literacy campaign but this is not given as a regular salary in order to encourage contributions from the community.

GHANA

CamFed

School Improvement in Savelugu District, Northern Region

£20,000

The overall aim is to improve the educational environment of four schools in Savelugu District, Northern Region, in a context where government schools lack the funding to provide even basic resources such as desks, exercise books, textbooks, learning materials, stationery or suitable buildings. The grant will also enable 100 of the most vulnerable girls in this area to remain in school by supporting community action in support of girls' education. The direct beneficiaries will be the 100 girls, who will benefit from community support to keep them in school, and the almost 1,000 children attending the four schools selected, who will gain from an enhanced, child-centred educational environment. Local government and school officials will also directly benefit from improved schools in the area and by participating in a bottom-up approach to improving and managing under-resourced schools. Indirect beneficiaries are future students, members of the community who will take part in identifying areas of need and allocating the funds and local trades people who will benefit from contracts made to produce resources such as desks for the project. The specific aims of the project are as follows: (1) Create a more child-centred and girl-friendly environment in the four project schools through the provision of resources as determined by the headmasters, school staff, and community committees; (2) Enable the community to identify and support the poorest girls in the area, who experience the greatest exclusion from education in the region, to attend school regularly and confidently in a higher quality learning environment, which will benefit all students. (3) Increase community ownership and pride in the local government schools in Savelugu District. Many parents are intimidated by the school system and teachers, as they have no educational experience themselves. Their inclusion in the improvement of local schools has been shown to benefit students as well as teachers. Northern Ghana suffers from chronic poverty. This project will assist the educational needs of the most vulnerable group - poor rural girls and young women.

INDIA**International Children's Trust****Helping Child Labourers in the Slums of Chennai to Access Education and Fight for their Rights****£3,843**

This project will secure school access and attendance for 150 child labourers living in urban slum areas in Chennai and will develop their capacity and that of some 850 other highly disadvantaged children in similarly deprived communities to fight for child rights. Since 1992, Arunodhaya has designed and implemented programmes to eliminate child labour and ensure supportive, child-centred family and community systems, using a participatory empowerment methodology. The project will involve the following key activities: a) establishing 5 transit schools in 5 communities, providing some 150 children aged 5–12 years with the basic literacy and numeracy skills to mainstream into formal education; b) establishing 5 community-based tuition centres, to provide after-school classes to reinforce learning in the classroom, foster educational progress, discourage drop-out and develop children's study skills; c) forming strong links with local schools, to facilitate school access, strengthen parent-teacher associations and build state school teachers' understanding of the learning and behavioural needs of child labourers; d) formation of children's sangams (groups) in the 5 target communities; e) targeted training sessions for the 5 new groups and Arunodhaya's existing 17 groups in other communities, on child rights, leadership skills, group management skills, and advocacy tools; f) providing spaces for children's sangams to make their voices heard, within their families, communities and policy-making forums and to encourage children to identify priority areas for action and begin to take responsibility for community change.

INDIA**International Children's Trust****Computer Training for Highly Disadvantaged Youth, Tamil Nadu****£5,156**

This project aims to develop a lasting vocational training facility in Srivilliputhur, Tamil Nadu State, to empower a minimum of 25 young people (15 female, 10 male) each year with the technical computer skills and emotional and social work readiness to integrate into a formal work environment, thus enabling them to access improved job opportunities and a better future. The project will work with the Social Development and Education Trust (SDET), a local agency working in rural Tamil Nadu to secure access to education and health care for child labourers and other highly excluded youth, and will consist of the following key stages, to create a training facility which responds to the needs of both young people and the local business market: a) appointing two

Computer Training Officers and preparing the equipment and space within the SDET centre; b) a series of 5 workshop-based one-year courses (5 participants per course) involving weekly lessons, addressing both technical skills and sessions on work readiness – including self-esteem, communication skills, the ability to interact positively with authority figures, time management, self-presentation, and prioritising of tasks; c) negotiating with local, approved institutes to ensure official recognition for the SDET course, such that training will be recognised by employers as valid; d) building links with local employers, to secure job placements for a minimum of 10 graduates each year; e) training SDET staff and potentially course graduates – to build capacity for SDET to deliver computer training through its internal resources post-project and hence act for long-term sustainability.

KENYA

ChildHope UK

Support to Children Affected by HIV/AIDS in Slum Communities, Nairobi

£24,500

Working through national NGO Pendekezo Letu (PKL), the programme aims to work with particularly vulnerable street girls and their families in slum communities in and around Nairobi to allow them to access housing, nutrition and healthcare advice, education and vocational training opportunities. The project will also provide quality training for schoolteachers with emphasis on how to care for children affected by HIV/AIDS. The project will directly benefit 200 AIDS Orphans and 150 Teachers. Small housing grants will be provided to 50 girl orphans, a further 70 will receive vocational training, and another 80 will receive grants for school fees. There are approximately 1,000 pupils in each of the 50 slum schools in which PKL operates. Directly, and indirectly through awareness raising, the project will reach almost all. It is also anticipated that the information on HIV/AIDS care and support will be disseminated to the wider community by the child rights clubs and HIV/AIDS awareness clubs, which are being established in schools through the existing project. Indirectly, 100,000 people in slum communities will have access to increased knowledge on caring for people with HIV. The project will work by: (1) Improving opportunities for AIDS orphans by providing them with information on nutrition and healthcare, housing grants and education (primary and secondary); (2) Improving care and support of people infected and affected by HIV/AIDS at the school and community level. It is estimated that 15% of the Kenyan population is now HIV positive, with almost 900 deaths being reported daily. Children orphaned by HIV/AIDS drop out of school and turn to the streets to support themselves. Over half a million children live and work on the streets in Kenya. These children are exposed to violence, drug and alcohol abuse, crime, and prostitution. Girls constitute about 30% of Nairobi's street children, and are more at risk of sexual abuse and exploitation.

KENYA**WASOT-UK INTERNATIONAL****Construction of Secondary School, Nyando District****£17,200**

To construct Ogwedli Secondary School, Nyando District, Miwani Division, Kisumu, to cater for the poor students and orphans who cannot afford school fees to join boarding secondary schools across the country. The School will admit 160 students and will be located in Miwani Division, a very impoverished area. The School will be a 4-classroom complex with an administration block, and will include a science laboratory and library within the compound. The level of poverty within the villages in the area continues to rise given the nature and course of HIV/AIDS. In addition, the natural calamities such as flooding, famine, disease and drought means that these villages still have low literacy levels. The literacy level within the community is below 40% with most children failing to go to school due to lack of fees and facilities. Those who manage to go to school cannot afford the high cost of secondary education and end up dropping out of schools. Surveys by the Trust's partner organisation OGRA, show that of the few pupils who go to primary schools, only 12% manage to continue into secondary education. With the government now providing free primary education, there is a 4 fold increase in the number of students attending primary education. This has created a crisis in secondary schools and means that in poor villages like Miwani, fewer and fewer pupils manage to receive secondary education. Funding will enable a day secondary school to be built where both girls and boys who cannot afford boarding school can go and receive education.

MALI**Water Aid****Water, Sanitation and Hygiene Education Project, Koulikoro Region****£21,600**

To enable Water Aid and its local partner ALPHALOG (Association Libre pour la Promotion de l'Habitat et du Logement) to provide a water, sanitation and hygiene education project to improve the health and living standards of poor deprived communities in Koulikoro Region in rural Mali. WaterAid will also facilitate the development of ALPHALOG so they are better able to implement effective water, sanitation and hygiene projects in the future. It is estimated that approximately 3,000 men, women and children will benefit from safe water, sanitation and hygiene promotion as a result of this project. The activities are as follows: (i) Construct two water points (boreholes with pumps) providing a safe water supply to the communities; (ii) Construct 45 household latrines to increase sanitation and hygiene; (iii) Construct 40 waste pits to improve cleanliness in the villages and surrounding areas; (iv) Train local

hygiene promotion volunteers in using hygienic water handling, safe excreta disposal and proper hand washing; (v) Hygiene education carried out to lower the prevalence of Trachoma and other water related diseases through encouraging safer use of water; (vi) Promote water, hygiene and sanitation committees in each of the villages so that two committees become operational.

NEPAL

Save the Children Fund (UK)

Providing Child-friendly Primary Education, Doti, Surkhet and Sindhupalchowk Districts

£24,900

Further to previous grants by the former Overseas aid Committee in 2000, 2002 and 2004, Save the Children aims to support 20 schools -6 in Doti, in the far west region, 7 in Surkhet in the mid-western region, and 7 in Sindhupalchowk in the central region, where it is currently implementing its quality of education improvement project. There is a strong need to support these schools which are located in remote rural villages in order to provide basic facilities for children in the pre-schools and the primary schools. The project aims to normalise and restore education systems in these communities which, in addition to extreme poverty, have also been affected by the on-going conflict situation in the country. The schools will be constructed with the participation of local communities (Village Education Committees and School Management Committees), which will take ownership of the schools and manage them with support from government. At least 6,000 poor and marginalised rural children aged from 3-12 years old in these three Districts will benefit directly. Furthermore, the project also aims to gain wider recognition for restoring education systems and infrastructure in the community and to influence government policy on the importance and benefits of pre-schools managed by and based in the community. The school support will include the repair and maintenance of schools, adding new classrooms to accommodate the children, water supply and sanitation (toilet construction), creating teaching learning aids in the pre-schools and primary schools and building pre-schools.

PAKISTAN

ActionAid

Education for the Marginalised Children of Punjab

£24,251

This project will build two separate schools; one middle school catering for 120 girls, aged 11 to 14, from Kot Shera, and one primary school providing education for over 150 street and working children, aged 5 to 10, in Rawalpindi each calendar year. In total, five classrooms, two offices, washrooms, a storeroom, a library, boundary walls

and three gates will be built. Both schools will be fully equipped with furniture, teaching materials and teachers. Access to quality education in Pakistan is directly related to gender and social and economic status. Boys from affluent families in urban areas have the best educational opportunities, whereas girls from poorer households have the worst. Education thus reflects and reinforces social inequities. Kot Shera, in Gujranwala, Punjab, typifies this as the only girls' primary school was set up by the Education Department in 1962 leading to generations of girls and women with no education, or at best only educated to primary level. Street and working children in the urban areas of Rawalpindi, Punjab, are equally disadvantaged and excluded from the education net. The families of these children have come to the city in search of work from rural areas or from across the border in Afghanistan. To survive and to contribute to the family's income, the children are forced to scavenge rubbish, work in garages and workshops or end up in the streets where they can be exploited. Most of these children have not received even the essential primary school education.

PAKISTAN

Homeless International

Supporting Young People to Set Up Small Schools, Karachi.

£12,738

The project aims to provide effective, affordable education to local children in the informal 'slum' settlements in Orangi, Karachi, who are unable to attend school due to high fees, lack of schools or because they work and could only attend in the evening. The young teachers lack capital for materials, equipment and for expanding their homes to provide schooling space. The project will provide small grants to young entrepreneurs to buy materials and equipment or improve schooling space and support teacher training. As the pilot programme has proved extremely successful, the project managers, Orangi Pilot Project - Research & Training Institute, (OPP-RTI), now wish to expand it. Grant funds will act to catalyse the process, but major construction works will be covered by loans (from OPP-RTI's revolving loan fund) that the young teachers repay, out of income generated by the schools. The demand for educational services is such that schools will be financially viable in the long-term. The schools are also proving to be socially sustainable, as they are part of integrated community development processes, which are flexible to local needs, as some schools provide classes in the evening for children who have to work or look after family during the day. The schools are also beginning to network together, supporting each other in teacher training, book fairs and science exhibitions, thus expanding and diversifying educational activities. Funding will support small grants to 65 small schools (which will benefit approximately 7,800 children), together with support for teacher training and documentation and monitoring of the process.

TANZANIA

Oxfam

Education for Children, Shinyanga Region

£25,000

Oxfam's overall aim of the project is, working with teachers and schools to raise teaching standards in the Shinyanga region of Tanzania, and thus improve pupils' exam results. This will be achieved through: (1) improving the standards of teaching in primary schools in the Shinyanga Region through in-service training of teachers; (2) establishing nine Teacher Resource Centres ; (3) establishing a pool of teacher-trainers to support primary school teachers in child-centred teaching. The project will run in 155 primary schools in Shinyanga's rural and urban districts, and will benefit 2,033 primary school teachers and 73,270 pupils.

Since the government has made primary education free, there are suddenly a very large number of additional pupils which means increasing the number and quality of teachers. Shinyanga is one of the most educationally-deprived regions in Tanzania, and has the lowest Primary School Leaving Exam pass rate in the country of 19.78%. The EQUIP (Education Quality Improvement through Pedagogy) project aims to raise the educational standards of children in Shinyanga by ensuring that teachers are fully equipped with the skills to teach children more effectively. Parents, pupils and village committees will work together with the teachers to develop shared visions, expectations and professional standards. This will involve public discussion and debate about appropriate learning outcomes of pupils.

ZAMBIA

Cobo Mission Hall

Mambilima School for Physically Handicapped, Luapula Province

£10,000

To provide learning facilities for 100 resident physically-handicapped children at Mambilima School, Luapula District, in conjunction with Brass Tacks UK. The Brass tacks concept is, where possible, to use local tradesmen but backed up by volunteer tradesmen from the developed world, each funding his or her travel expenses. The School was established in 1926 and the original structure was built using mud and sun dried brick. It has suffered from termite infestation and is currently in the process of being rebuilt with fired brick and cement. The new construction will consist of an education block with 6 classrooms and an assembly hall. There are offices and toilets and all areas of the building will have wheelchair access. The assembly hall will be able to be used for sports activities. One classroom will be used for computer technology training. The project will include the sinking of a borehole to supply clean and safe drinking water to the children. Ablution blocks will improve the sanitation and

living conditions of the children. The dining hall needs to be extended because the greater number of children as grades 1 to 9 are now accepted. Funding is for the purchase of equipment, materials and labour costs - i.e. £10,000 for the borehole, electricity power to the borehole, distribution pipe work and ablution blocks; £10,000 for the extension to the dining hall to accommodate the larger numbers of disabled children, building materials, equipment and local labour costs. The site has been cleared ready for construction to start in mid May 2005 with completion scheduled for the end of September 2005.

Health

ANGOLA

LEPRA (The British Leprosy Relief Association)

Provision of Efficient Municipal Laboratory Services, Moxico Province

£24,500

Further to the Overseas Aid Committee's grant in 2004, the aim is to further assist LEPRA's overall aim of supporting the tuberculosis (TB) and leprosy control programme in Moxico Province, the largest Province in Angola, where the majority live in extreme poverty and where data collected since the end of the conflict in 2002 indicate that the prevalence of TB and leprosy has increased dramatically. Health services are extremely poor in some areas. Through this project, which is part of a WHO programme, LEPRA will ensure that quality aid services reach all of Moxico's nine municipalities. Some of these municipalities are in particular need of support because of the influx of tens of thousands of returnees, mostly from Zambia, and the Democratic Republic of the Congo. LEPRA expects to ensure that 90% of health units will be able to provide leprosy and TB services by the end of 2005. Funding will be used for the construction and equipping of two laboratories in the two priority municipalities of Lumbala n'Guimbo and Lumeje Cameia. These facilities will ensure the provision of screening to a population of at least 100,000 residents and refugees who would otherwise have no access to such services. As part of its intervention in Moxico Province, LEPRA will provide funds for training, supervisions, transport, overall project administration, food and drugs supplements for TB patients, as well as protective footwear and materials for the prevention of disability for leprosy patients. Training will be given in the clinical and laboratory diagnosis and treatment of TB, in leprosy control and in the prevention of disability. Support and training will also be given for follow-up visits to defaulter patients and to promote information, education and communication (IEC) activities on leprosy and TB, targeted at community based organisations (CBOs).

BANGLADESH**LEPRA (The British Leprosy Relief Association)****Information, Education and Communication for the Elimination of Lymphatic Filariasis, (Elephantiasis), Seven Districts****£25,000**

Further to the Overseas Aid Committee's support in 2004 to LEPRA's Information, Education and Communication (IEC) programme in Rajshahi and Nowabgonj Districts, the aim is to provide further support in the form of essential materials and technical support to the component of the National Lymphatic Filariasis Elimination Programme (NLFEP) for the second year of activity in the north-western districts of Rajshahi (pop.2,352,000), and Nowabgonj (pop.1,416,000), and in addition Rangpur (pop.2,605,000), Dinajpur (pop.2,723,000) and Kurrigram (pop.1,917,000). The project will also expand the IEC work started in 2004 to the two Districts of Lalmonirhat (pop.1,085,000) and Nilphamari (pop.1,609,000). Specifically, the design and implementation of the IEC Programme will: contribute to the elimination of lymphatic filariasis in Bangladesh by 2015; contribute to eliminate Lymphatic Filariasis (Elephantiasis) in the project area within the next 4-6 years, thus reducing the burden of disability and preventing the occurrence of further disability in the project area - it is estimated that over 600,000 infections will be prevented each year in the project area; ensure that at least 95% of the population in the project area (excluding pregnant women and children under 2) are provided with treatment during the mass administration campaign (at least 90% coverage must be achieved to break the chain of infection, and that is why IEC is such an important component of the NLFEP); establish a reliable and sustainable decentralised awareness programme for the prevention of lymphatic filariasis and raise awareness for the use of existing services; contribute to reducing poverty in the country by addressing the problem of disability and preventing the onset of disability in poor and marginalized families and communities; strengthen the capabilities and knowledge of community based organizations (CBOs) and village volunteers to address public health issues at the grassroots level.

BANGLADESH**Target Tuberculosis****Vehicles for TB Information, Education, Communication (IEC) Programme, Rajshahi Division****£24,323**

To assist Target Tuberculosis, working in partnership with Lepa Bangladesh, to support a five-year capacity building health programme in the central districts of Sirajgonj, Pabna and Natore, Rajshahi Division. The project is in the process of facilitating a partnership between grassroots community organisations and the public

health services. It will target a population of 6.7 million over 5 years, use the existing 370 community clinics and provide health training for a minimum of 3,360 participants; make 840 school and 1,261 village visits; run 75 refresher courses, 110 awareness raising sessions for NGO's, 388 advocacy sessions and 140 courses for non-medical staff. The IEC vehicles (one van and three motorcycles) will help this project to achieve its specific aim of promoting health education and TB awareness raising activities in one of the above districts, targeting a population of almost 3 million in 500 square kilometres. Currently people are ill informed about TB and government provision is poor and ineffective so there is an urgent need to complement the existing government health structure through training, health education and awareness raising campaigns. These will be effectively undertaken with the use of a mobile IEC Van, fully equipped with PA, video, projector system and three motorbicycles for monitoring and co-ordination of the activities. The van can also help with drug supply and distribution if needed. The team will travel 450-500 kilometers each week, performing at least 500 shows a year during the day and evening periods to target as wide an audience as possible. These all provide an ideal opportunity for delivering key messages so people recognise TB symptoms and can self-report early to the World Health Organisation (WHO) DOTS regimen treatment centres. Early detection is crucial to prevent the further spread of the disease and the onset of multi-drug resistant TB (MDR-TB) which is not only costly regarding drugs but also to the patient in terms of lost income - in fact MDR-TB can be a death sentence for some. They then fall further into poverty and are more likely to get re-infected with TB and other diseases. A grant to assist this programme will therefore help to improve the TB case detection rate from the current 32% to 70% and raise the cure rate to 85% as advocated by the WHO.

CAMBODIA

Cambodia Trust

Rehabilitation, Outreach and Community Work, Sihanoukville and Kompong Chhnang Clinics

£14,573

The project's objectives are to increase self-sufficiency and reduce long-term poverty amongst disadvantaged disabled people, particularly women and children living in impoverished rural areas in Sihanoukville, Kompong Chhnang and the surrounding rural provinces; and to increase awareness of the rights of people with disability. Cambodia has one of the largest disabled populations in the world, including 40,000 landmine survivors and 50,000 people affected by polio. With an average income of less than 50 pence a day, people with disability are the poorest of the poor. Shunned by society, denied access to education and employment opportunities - denied their equal rights - people with disability are trapped in the cycle of poverty. This project will restore mobility and provide the chance of self-sufficiency, through the provision of: artificial limbs orthopaedic braces, wheelchairs and physiotherapy; school materials, bicycles, ramps and handrails, to enable children to attend school; small grants to enable adults with disability to set up small businesses; support for the establishment of self-

help community groups; advocacy and training to raise awareness of disabled people's rights. Funding is for the provision of the production costs of artificial limbs and braces in 2 provincial rehabilitation centres, in Sihanoukville and Kompong Chhnang. Around 10,000 disabled people will benefit directly from this project in 2005, with their families, dependants, communities and Cambodian society as a whole, benefiting indirectly.

CAMBODIA

The British Red Cross Society

Community-based Primary Health Education, Odtar Meanchey and Kaep Provinces

£14,279

This programme seeks to strengthen interventions in order to prevent common illnesses amongst 40,543 people and will work through 4 health centres in the targeted communities, particularly with mothers and young children. Activities will be implemented in the Chong Kal District of Odtar Meanchey Province and in Damnak Chang'Aoeur District in Kaep Province. The project seeks to strengthen local disease surveillance and consequent response systems in targeted districts by combining the strengths of the Cambodian Red Cross volunteer network and the local district health centres. Cambodian Red Cross volunteers will also carry out pro-active health education programmes in targeted villages and schools, focusing on communicable diseases including diarrhoea, respiratory disease, malaria/dengue fever, HIV/AIDS and tuberculosis and the need for ante-natal care as well as the importance of prompt immunisation. Additionally in targeted areas, clean water sources and latrines will be provided. Despite some progress in recent years, preventable diseases continue to be one of the main causes of mortality and morbidity in Cambodia. Due to poverty, poor sanitation and inadequate health services it is estimated that more than one in eight of Cambodian children dies before his or her fifth birthday. Such diseases can often be managed by known and relatively inexpensive public health activities.

COMOROS

United Nations Children's Fund (UNICEF)

Improving Sanitation in Primary Schools, Comoros

£24,425

As only 25% of schools in Comoros have latrines and water points, this project aims to improve on this level of provision and create a healthy and conducive learning environment so that children, and in particular girls, stay at school. Girls are the most disadvantaged group in terms of access to school. The net school enrolment rate for girls is 66.4%, whereas it reaches 79.7% for boys. One of the main factors preventing

the retention of girls in school is lack of adequate hygiene facilities, and so this project will radically improve the school environment for girls. This initiative will be carried out in 8 primary schools supported by UNICEF in the Islands of Grande Comore, Moheli and Anjouan in Comoros, reaching 4,000 pupils and their families. Support will be given to school councils and they will be provided with the materials to build latrines and water points. Teachers will be trained in health issues and provided with educational materials.

DEMOCRATIC REPUBLIC OF CONGO

SCIAF

Rehabilitation of Health Services, Equateur Region

£26,925

The overall aim is to provide sustainable access to medical care to over 31,000 people in the Baringa and Bokoli Districts of the Equateur Region, by rehabilitating the war-destroyed Baringa Hospital, and the outstation at Bokoli, training local staff and providing basic infrastructure for sustainable delivery of basic health care. Despite the 2003 peace agreement, much of the Democratic Republic of Congo remains in a state of anarchy, with the governmental non-functional and hence unable to provide even minimal services. Baringa and Bokoli are the only 2 health facilities within a 200km radius, serving in an area ravaged by 5 years of conflict, which left buildings looted and semi-derelict and the remaining staff demoralised, without pay or resources. The implementer, Jesuit Refugee Service, is the only humanitarian agency present in this vast territory, and over the last 2 years has already made considerable progress in rehabilitation of Baringa and Bokoli hospitals and staff training. However, funding is now urgently needed: (i) to complete the rebuilding; (ii) for further training of medical staff and the local community committees who will take over responsibility for management (projected for December 2005); (iii) for provision of transport and basic equipment/resources which will allow the new management to function and have a small source of income to help defray running costs. Inputs will include seeds, tools and used clothes to stimulate agricultural development and local trading, as part of rebuilding hope, assets and livelihoods.

ETHIOPIA

ActionAid

Community-based Rural Water and Sanitation Scheme, Kamashi Zone

£24,943

The project will help community members in Kamashi Zone to establish a self-managed and sustained source of potable water. Evidence shows that the majority of the population in the vicinity use unclean rivers as sources of drinking water, with only

27% of people having access to safe, clean water. There are high incidences of water borne diseases and women and children have to travel long distances to collect water. This project will build two spring protection systems (to collect water from reservoirs), 10 hand-dug wells (equipped with hand pumps) and two rainwater-harvesting schemes (roof catchments). The spring protection systems will also be built with a trough to keep human and animal water sources separate for increased health benefits. The project will undertake hygiene and sanitation education as well as helping communities establish water committees to oversee the systems. Each hand-dug well and spring development will serve 350 and 5000 people respectively; on average totaling 4,500 direct beneficiaries. The rainwater harvesting schemes will be constructed near existing schools/clinics so will benefit all students or patients attending them. The effects of the project include a reduction in water borne diseases, less time spent fetching water and traveling long distances - and this in turn will enable beneficiaries to use this time for other development activities. The general health of the beneficiaries will also be substantially improved.

ETHIOPIA

CARE International UK

Urban HIV/AIDS Prevention and Control, Addis Ababa

£23,680

This project aims to increase awareness of HIV/AIDS related issues among Ethiopia's urban population, particularly in two districts of Addis Ababa. Some 4% of the population of Ethiopia live in its capital, Addis Ababa. Of the 3 million people living with HIV, 40% are resident in the capital. The project will enable individuals to access HIV testing facilities and counselling services, while also working with community-based organisations to raise awareness of behaviour change techniques and promote low-risk behaviour. This will reduce the rate of HIV/AIDS transmission and the number of children infected with and affected by the HIV virus. CARE is working in partnership with the government and local communities to implement this project. Project objectives include: (1) Increasing low-risk behaviour of women of reproductive age and their partners through community-led education campaigns and community discussion groups, panel discussions with community leaders, women representatives, youth representatives and religious leaders, also production and distribution of posters/flyers and calendars on different HIV/AIDS prevention issues relevant to the local community; (2) Providing accessible and affordable voluntary counselling and testing services. This is the first project of its kind in Ethiopia to provide confidential and affordable testing (approximately £0.80 instead of the usual £4 - £20 test) and counselling service; (3) Reducing the socio-economic effects of HIV/AIDS on families by building the capacity of local non-government organisations and community organisations to provide care and support services to families affected by HIV/AIDS, infected individuals and their families. The project provides sub-grant and technical support to the partners to enable them to carry out care and support activities directly using their manpower, office facilities and required materials as per the agreement.

The care and support services provided by these local NGOs include supply of food, schools fees for Orphans and Vulnerable Children, clothing every 6 months, medical expenses, rent and personal sanitation. Funding is essentially for the costs of and materials required for community awareness raising, and for workshops to build the capacity of and support for local NGOs.

ETHIOPIA

Disability and Development Partners

To Introduce Low Cost, Lightweight Plastic Calliper Technology to Ethiopia, Country Wide

£21,520

To introduce new calliper (braces) technology to benefit 100 Ethiopian children suffering the effects of polio. The children will be selected by Handicap National – Action for Children with Disabilities (HN-ACD) and will be drawn from different parts of Addis Ababa with the help of other community based rehabilitation organisations working with disabled children. In addition, hands-on demonstration training workshops will be conducted to pass on the technology to Ethiopian rehabilitation technicians and professionals drawn from 5 Government/International Red Cross run Prosthetics and Orthotics centres and 13 other very basic rehabilitation centres from around the Country. The lessons learnt and consultations with rehabilitation professionals from international bodies such as WHO will be used to produce a dissemination strategy to introduce this technology to other countries where there is a high incidence of polio. Disability and Development Partners (DDP), formerly the Jaipur Limb Campaign, was funded by DFID's Knowledge and Research programme (KaR) to support Mobility India (MI), DDP's Indian partner, to develop a system of mass production of low cost calliper components called Pre-Fabricated Knee Ankle Foot Orthoses (PFKAFOs). The research and development programme highlighted the benefits of PFKAFO's – lightweight, affordable plastic callipers - in terms of their speed of delivery, ability to offer wider coverage, reduced costs and especially their suitability for children. This planned trial will be a first step in spreading this technology in Africa. This project will immediately benefit 100 children with polio and 20 Ethiopian technicians who will be introduced to its use. This project will also support DDP's Ethiopian partner HN-ACD to spread their effective community based rehabilitation (CBR) programmes. The trial findings will contribute to the development of a PFKAFO technology dissemination strategy to other African countries.

ETHIOPIA

Motivation Charitable Trust

Establishment of Wheelchair Services in Ethiopia: Mekele and Addis Ababa

£14,835

This project, based in Mekele and Addis Ababa, aims to alleviate the extreme isolation and exclusion of people with mobility disabilities in Ethiopia by introducing, supporting and developing appropriate wheelchair services in Ethiopia for the first time. Funding is for the start-up financing for three trained wheelchair technologists as they initiate two self-financing wheelchair workshops in Ethiopia. Each workshop will have the capacity to serve the needs of twenty wheelchair users per month or 480 direct beneficiaries per year and their families and communities. Some of the main activities the project will include: renovating premises for wheelchair production – to include organisation of working space and storage areas; sourcing and purchasing of tools, machinery and office equipment; sourcing raw materials and identification of local suppliers; identifying and contacting potential customers; recruiting and training workshop technicians in wheelchair production skills (training to be carried out by the manager of the workshop who will be one of the qualified wheelchair technologists); initiating batch production of wheelchairs; supporting graduates as they initiate production and start to manage their services. Once production has been established, the wheelchair technologist will be responsible for teaching active skills to individual users when they receive their wheelchair. This will encourage wheelchair users to be more active and independent and improve the individual's general level of mobility.

ETHIOPIA

World Vision UK

Improved Health Service Provision, Amhara Region

£24,859

To complement the work that the Tenta Woreda community, Amhara Region, is already doing to provide support, testing and counselling to People Living With HIV/AIDS (PLWHA) through provision of access to Voluntary Counselling and Testing (VCT) service in a new, equipped building specifically for VCT; and to improve access to outpatients facilities for the people of Tenta Woreda, thereby enhancing the existing services for 146,000 people; through provision of the VCT service pre-marital screening culture will be promoted, secrecy about HIV/AIDS will decrease, hence HIV infection and/or transmission rate will decrease as people become more and more responsible in the Woreda. The project will construct and equip one VCT block in Tenta Woreda, and construct and equip one outpatients block including a room for family planning advice/emergency service (dual purpose room) and a room for use as a proper drug store. Tenta Woreda community, like most other rural communities in Amhara Region,

northern Ethiopia, is confronted with a HIV/AIDS pandemic. Statistics show that Woreda health coverage is at 47% due to lack of adequate facilities and personnel. Community awareness about the pandemic is increasing from time to time, however a testing service is unavailable in the Woreda due to inadequacy of rooms and facilities even at the best-known health institutions of the Woreda. The closest VCT service is 120km away in Dessie, too far for most people to be able to afford to travel. The Woreda health office and HIV/AIDS secretariat lack capacity to start a VCT service and enhance existing health institutions capacity. Hence, the construction of a VCT and an Outpatients block at Tenta Health Centre, which is in poor condition, and launching a VCT service, is of paramount importance for the 146,000 Woreda population that reside in 26 Kebele Association's.

FOUR COUNTRIES

Motivation Charitable Trust

Wheelchair Financing for Africa: Tanzania, Zimbabwe, Uganda and Zambia

£15,843

This project aims to improve the quality of life of wheelchair users across Africa. There are an estimated twenty million wheelchair users in the world, the majority are in developing countries. Wheelchair Financing Systems will be established alongside local wheelchair services to ensure that the poorest people have access to financial assistance so that they can afford a wheelchair. Wheelchair Committees will be established and will be made up of local dignitaries, donors, health professionals and government officials. These Committees will be instrumental in securing funds, either through government rehabilitation budgets or through local fundraising. A Wheelchair Fund will be established from this money. People in need of a wheelchair will be means-tested to determine their ability to pay. Credit schemes will be made available to clients as well as subsidisation of wheelchairs for the poorest people. (Money for this will come from the wheelchair fund). Initial capital will be provided to fund a minimum of 100 wheelchairs in the interim period, until the financing committees and wheelchair funds are up and running. These wheelchairs will be built locally in established locations in the above four countries across Africa and will be distributed to the poorest people. When running, committees will serve the poorest people in eleven wheelchair services, who in turn serve about 1,980 direct beneficiaries.

GHANA

THET

Emergency Skills Training in the Upper West Region

£6,150

The aim is to help address the high incidence of post-traumatic mortality in Ghana, a

problem that is related to a lack of trained personnel and facilities for emergency services. The Upper West Region has not yet benefited from the emergency skills training that THET has been able to run in its two neighbouring Regions, Upper East and Northern. THET will work with partners in the deprived Upper West Region to train medical officers, nurses, nurse anaesthetists and medical assistants in emergency surgical and life saving skills. Support for the Upper West is strategic, and part of a sustainable initiative. THET teams will run two training courses covering surgery, anaesthetics & theatre/critical care nursing, each of two weeks. These will be supported by the provision of essential reference and learning materials, surgical kits, vital basic theatre equipment and an assessment of future areas of need to build emergency services strategically. The visiting team of specialists, identified in consultation with the Medical Director of Wa Regional Hospital and the Regional Health Director, will work alongside hospital staff, giving on-the-job training in the regional hospital in the first week and for isolated staff in district hospitals in the second week. They will teach the region's 5-10 medical officers, each serving a population of over 60,000, and 40-50 nurses, nurse anaesthetists and medical assistants. They will bring training mannequins and materials and run workshops on specific skill areas. The hospital will identify individuals to become in-hospital trainers, and training mannequins will be left for them to use to train their colleagues. Statistics on hospital admissions and emergency procedures will be collected, to give an indication of the number of patient beneficiaries. However, it is estimated that 150,000 people, approximately 25% of the Region's population, stand to benefit.

GUINEA BISSAU

PLAN International UK

School Health and Hygiene, Bafata District

£23,705

This project will provide five schools in Bafata District, a total of 1,200 pupils, with a well, with a hand-pump, and latrines with two compartments designated separately for boys and girls. Water Management Committees will be elected by the community and trained to manage the wells. The Committees will organise awareness-raising sessions to be conducted by Plan staff in the communities. Training will also be arranged for children and will include methods of sharing health and hygiene messages with their peers. Guinea Bissau ranks as one of the ten poorest countries in the world. After many years of civil wars, the country's social infrastructure is extremely limited and health and education services have been severely damaged and disrupted. Within this beleaguered country, Bafata is one of the poorest regions and suffers notably from a lack of potable water and sanitation facilities; less than two per cent of the population has access to a latrine. Due to the absence of safe drinking water and adequate sanitation, parasitic infections are the main causes of diarrhoeal diseases amongst local children, and contribute to high levels of child mortality which is very high at 211 per 1,000 live births. Currently amongst a quarter of all registered deaths in Bafata are from diarrhoea and dysentery. The health problems suffered by children limit their

ability to attend school and to do well once there. Only one-third of children in Bafata are enrolled into primary education, and parents are often put off sending children to school because of the unhealthy environment, especially in relation to girls who suffer from the lack of private latrines at school. Pupils often fail to attend school and to do well once there. Only one-third of children in Bafata are enrolled into primary education, and parents are often put off sending children to school because of the unhealthy environment, especially in relation to girls who suffer from the lack of private latrines at school. Pupils often fail to attend school because of illness and are also put off attending because of the unsanitary environment. Furthermore, good hygiene practices, such as washing hands before eating, cannot be promoted where children do not have access to clean water. Some children also miss school because they have to collect their family's water from a distant well or stream.

INDIA

Arpana Charitable Trust (UK)

Environmental Sanitation in Three Deprived Villages, Karnal District, Haryana State

£30,000

The aim is to bring about a substantial improvement in the environmental, health and living conditions in the three deprived villages of Sanjay Nagar, Santosh Gari and Baleda, Karnal District, Haryana State, where the total population of 7,900 have neither proper sanitation nor water storage facilities for crop watering. The project will: undertake the construction of lanes, drains, water sources and water storage facilities and provide basic requirements for three planting, and kitchen gardening using cattle dung and re-cycled household refuse as manure; through awareness raising change people's attitudes and perceptions and make sanitation a felt need and a priority; make people understand that through united and organised effort and some support they can improve their sanitary conditions, and lead to safe disposal of waste; promote the participation of the community in all stages of the project, including sharing of the cost, and to ensure its future sustainability. The project will be beneficial in both environmental and health terms, the kitchen gardens component helping to combat anemia which is widespread among the women and adolescent girls. The safe management of waste water will prevent contamination of surface and ground water sources and will help recharge the latter. The overriding emphasis of Arpana's work is empowering women and young girls (unmarried) by imparting education, providing training and the understanding of planned parenthood. This project will improve their lives with the creation of basic facilities such as the provision of easily accessible clean water and the draining of surplus water. This will create more time for such activities as literacy classes, credit circles, income generation, and better child care: all of which are also being promoted by Arpana in the target villages. Children will be provided better opportunities for survival, early development, education, health care and hygienic living conditions.

KENYA**Africa Now****Improved Water and Sanitation, Western Kenya****£19,913**

This proposal is to fund various components of the overall project that aims to reduce the incidences of water borne diseases by the promotion of hygiene education and access to low cost water systems. The aim of this proposal is to scale up spring protection as a simple, cost effective technology, which serves large populations with safe and clean water (when compared to other technologies). The overall project activities are as follows: (a) The development of village artisans with construction skills in water and sanitation capable of making a living from providing water and sanitation services; (b) Piloting a commercial approach to water and sanitation services; (c) Constructing 20 Large Rainwater catchment tanks in schools to benefit over 7,000 children; (d) Protecting 60 natural springs used by over 24,000 people. Catchment area protection includes the planting of tree species that conserve water; (e) Constructing 80 sanitary school latrines to benefit over 7,000 children; (f) Constructing 160 demonstration latrines in villages; (g) Conducting HIV/AIDS awareness raising in schools and villages integral to the health programme; (h) Conducting health and hygiene education in schools and villages using child-to-child peer-group education methods; (i) conducting rights education in villages on the theme 'water is a right for all'; (j) Establishing 60 management committees within the communities trained to maintain and protect the springs and wells; (k) Undertaking capacity building for local community organisations. Funding is for improved water sources (to benefit around 31,000 people), the provision of a land rover and 2 motor cycles, and some transport costs.

KENYA**Marie Stopes International****Improving HIV/AIDS Prevention in Marie Stopes Kenya Clinics****£24,563**

The main aim of the project is to reduce the risk of transmission of HIV from HIV-positive mothers to their children during pregnancy, delivery or the breastfeeding period, by increasing access to prevention of mother-to-child transmission (PMTCT) services for women from low and medium income communities. The project will work with nine of the current nineteen static centres operated by Marie Stopes Kenya (MSK), specifically in Nairobi (two) and one each in the Districts of Kisumu, Muranga, Mbale, Nakuru, Mombasa, Kisii and Kitale. MSK currently has a network of 19 static centres consisting of 15 clinics and 4 comprehensive maternity nursing centres that provide safe and high quality delivery services. Up to 9,000 antenatal mothers are reached yearly

through the 15 clinics and another 12,000 access services through the 4 nursing and maternity homes. In addition, 30% of the total antenatal care provided to clients by MSK is delivered through the 4 maternity centres annually. Through networking with private health service providers, government health facilities and community-based organisations in disadvantaged communities, MSK reaches an estimated 100,000 additional mothers and close to 500,000 children under the age of five years, each year. The 9 centres serve approximately half the number of the above-mentioned beneficiaries. MSK proposes a three-fold strategy to support the implementation of the Government's policy on PMTCT, by providing PMTCT services, including counselling, safe delivery, contraception and infant feeding counselling. The provision of prophylactic anti-retroviral drugs for mothers and children prior to delivery is an important addition to this service, as is voluntary counselling and testing for HIV. AIDS-related illness is increasingly responsible for the rising under-five mortality rate in Kenya. Over 270 new paediatric HIV infections occur each day, which is reversing previous gains made in child survival. MSK will build on its existing clinic programme and client base to rapidly increase PMTCT coverage.

MALAWI

TB Alert

Improving Children's TB Cure Rates at Queen Elizabeth Central Hospital, Blantyre

£12,787

The aim of the project is to increase the proportion of children at Queen Elizabeth Hospital (QECH) in Blantyre, who complete their TB treatment and are fully cured, and publish the outcomes to benefit other services in Malawi and elsewhere by: educating carers and families about TB and the importance of fully completing treatment; ensuring that children of sputum-positive (i.e. infectious) adult patients are screened for TB infection and treated or given preventative medicine as appropriate; providing HIV testing and counselling; defaulter tracing to identify the factors and issues which cause a patient to fail to complete their treatment; improving documentation to ensure that vital follow up information is recorded; putting in place strategies to improve future compliance. TB in children does not have a high priority in developing countries as children are not usually infectious and limited resources mean that infectious cases have priority. However, children are highly susceptible to TB. The power to resist TB infection is poor in the first 5 years of life. Resistance can be further reduced by malnutrition, HIV, other childhood infections and worm infestations - common childhood conditions in Malawi. It is estimated that 60% of child TB patients at QECH are HIV positive. Children are particularly vulnerable to infection from household contacts as they are often held close and breathed on. The project will treat at least 500 children per year. It will save the lives of children with TB by increasing the number of children who complete treatment, and by ensuring that more children are brought forward and diagnosed at an earlier stage. The project will therefore reduce the number of children who suffer permanent effects such as paralysis, blindness, deafness, loss of

lungs or bone deformities from various forms of TB, enabling them to continue their education and eventually sustain themselves and their families through being able to work.

MALAWI

World Medical Fund

Mobile Children's Clinic for Remote Villages, Nkhotakota District

£25,689

To provide essential health care to children in the remote rural village of Nkhotakota District, in one of the least known and least developed regions of Malawi, itself one of the world's poorest nations and whose population has no access to medical care. The target group are children under fifteen years of age, many of whom will be AIDS orphans. Diseases such as malaria that are easily and cheaply treatable cause unnecessary suffering and death for want of medical intervention. Tropical ulcers, eye and ear infections, bilharzia, impetigo, anaemia and Burkitt's Lymphoma are common. The nearest tarmac road may well be 25km away, then a further 40km to the nearest health facility. To end this unnecessary suffering a Land Rover mobile children's clinic, staffed with a clinical officer, two nurses and a health educator, will travel to these remote areas. The mobile clinic will be well equipped with diagnostic tools and a wide range of medicines and will go from village to village delivering life-saving medical care to the children and urgently needed health education to the villagers. Village health care volunteers will be trained in basic health care, and UNICEF will issue each of them with a "home-based care" medical list. The programme will be overseen by a General Practitioner from the UK, now based in Nkhotakota. At least 15,000 children will benefit from this project each year, and 100 village volunteers will be trained and equipped to deliver basic healthcare to their community. Funding is to cover personnel costs, training of village health care volunteers, medicines, vehicle expenses etc.

NEPAL

ORBIS Charitable Trust

Strengthening Paediatric Eye Care Services, Lumbini District

£24,297

The overall aim of the project is to address the problem of childhood blindness in Nepal, in particular in Lumbini District. ORBIS is working with Shree Rana Ambika Shah Eye Hospital (SRASEH) in Lumbini District, to train a complete paediatric eye care team, including an ophthalmologist, orthoptist or optometrist, anaesthetist and nurses. In addition, ORBIS will help to establish a separate child-friendly paediatric unit and provide it with essential diagnostic and surgical equipment. Strengthening seven primary level eye clinics in the District by providing equipment and human

resources will also be a significant part of the project. Female health workers, traditional birth attendants, teachers and community volunteers will be trained as part of this rural outreach component. There will be a focus on community education, and an effort will also be made to reduce dependency on harmful traditional practices, which can often in themselves cause blindness. The project aims to screen 145,000 children for visual impairment, and to restore and/or improve the sight of at least 4,000 through surgery and spectacle provision by the end of the project in May 2007. The Hospital serves not only the 2.5 million people in the Lumbini District, but a significant proportion of the neighbouring Indian states of Bihar and Uttar Pradesh. SRASEH does not currently have any paediatric specialists and is therefore unable to provide adequate treatment to the 30,000 children who seek help there annually. Childhood blindness is a significant problem in Nepal, where paediatric eye care services simply do not exist. Visually impaired children in the developing world tend never to marry, or to be able to support themselves, and their life expectancy is significantly shorter than that of sighted. It is estimated that approximately 400,500 Nepalese children are affected by blindness and visual impairment, and this figure rises when trachoma infection is taken into account.

SUDAN

South Sudanese Community Association (UK) Limited

Rural Water Project for Jambo Mixed Primary School, Western Equatoria Sub-region

£28,000

Further to the Overseas Aid Committee's grant in 2004 for the construction of a mixed primary school at Jambo for 640 students, plus equipment and educational materials, recruiting teachers, training, student enrolment including some support to disabled children, and raising community awareness about the importance of education, the aim of this project is to improve the health of the students at Jambo, including the health of the rural population in Jambo village, Mundri County, by providing safe water. Two bore wells will be drilled and installed with hand pumps. Importantly, the project will provide health education regarding cleanliness and sanitation to the total population of the village, some 25,000 people. Following the outbreak of war between the Government of Sudan and the Sudan Peoples Liberation Army in 1983, many people were dislodged and services stopped. The people of Jambo also moved far off from the main road. Now that there is peace in area, people have started to return to their former places. Jambo village, like the rest of Southern Sudan, has a collapsed economy. There is no local currency for trade and exchange. Some bartering still continues with some vestiges of co-operative movement. The living standards of the people of Jambo are below normal average. The climate is favourable coupled with fertile soils, which could boost the production of crops. The livestock including poultry has dwindled due to war but the situation is improving. There are growing numbers of livestock under threat from tsetse attack and a high prevalence of contagious Bovine pleura-pneumonia. What remains of the roads, markets, schools, health facilities are but vestiges of the past. This

project will address the current problem of access to clean, safe water for the whole village, and will save the women and children having to travel between 4 to 10 miles in search of water each day.

SUDAN

The Leprosy Mission

Leprosy and Disability Care, Darfur

£23,528

The aim is to address the lack of adequately resourced care services and the poor quality of life for some 200,000 affected directly, or by association, with leprosy/disability in Darfur. The project represents what is best described as a project within a project. Due to the current conflict in Darfur, The Leprosy Mission (TLM) is involved in keeping the regular leprosy/disabled care work as normative and functional as possible, while at the same time responding to the needs created directly as a result of the current humanitarian crisis. This project represents the core elements of the regular day-to-day care for those affected by leprosy/disability. TLM together with the indigenous Islamic African Relief Agency (IARA) are the only NGOs solely dedicated to the needs of those affected by leprosy/disability in Darfur, where they have been working together since 1996. Statistically there are more persons affected – directly and indirectly – by disability in Darfur than are currently affected by the conflict. As the disabled are amongst the most vulnerable members of any society the affect of the conflict on both individual disabled and their supporting families has been doubly catastrophic. The project will seek to maintain community coverage in areas of North, West and South Darfur - both villages and displaced peoples encampments. Significantly, the proposal incorporates and strengthens support services run by local disabled persons through three Disabled Peoples' Organisations (DPOs) located at El Fasher, Geneina and Nyala (one per State). Project activities include (a) health care: (treat 150 new leprosy patients and 1,500 disability patients [all causes], supply 1,500 disability aids, assist 3 DPOs to develop and maintain physiotherapy provision – average committed membership per DPO between 350-750, and growing daily); (b) community self-sufficiency through knowledge: disseminate health education materials/promote disability inclusion amongst 10,000 people in the towns. Through the planned activities the project will also dovetail with other initiatives by providing specific health care training for disability and leprosy diagnosis for 200 government health staff and crucially up to 3,000 individual family carers.

SUDAN

The Leprosy Mission

Capacity Building: Social and Physical Rehabilitation of the Disabled, Central Sudan

£17,152

This project simultaneously addresses a severe post-conflict shortage of mobility aids in a Country with an estimated 2.5 to 3 million disabled people and the need for indigenous development of the Disabled Peoples' Organisation (DPO's) in the three Sudanese Government controlled Kordufan States (North, West and South) and the SPLM-controlled Nuba Mountains Territory. The project provides resources for 1,500 disabled mobility aids (all types) at DPO's to be initiated/expanded at El Obeid, Al Fula and Kadugi settlements and surrounding areas and at the 'leprosy villages' at Murta and Kauda Foog (where 15% of the populations are disabled). Total population coverage will be approximately 200,000. Disabled people in workshop facilities owned by the Sudanese Societies for the Disabled will manufacture the aids themselves. This proposal is not targeted any one particular cause of disability, but seeks to embrace all those disadvantaged by mobility impairment, of which there are many after 20 years of civil conflict and lack of health care. Until 2001 the conditions in Kordufan and especially the Nuba Mountains were as difficult and traumatic as the current, regional conflict in Darfur. For 20 years both the three states of Kordufan (West, North and South) and the independently controlled Nuba Mountains were without any consistent or adequate health care of any kind. It is important to emphasise that the DPOs and individual disabled people took the initiative to appeal to the Leprosy Mission to assist them to develop viable organisational structures. Through the DPOs role and membership, project participants may be both beneficiaries and facilitators of change simultaneously. Local Leprosy Mission staff and DPO Officers who have direct contact with the target communities will oversee the initiative. Funding is for the provision of materials for 1,500 mobility aids, and the costs of the mobility workshop staff.

TANZANIA

The Tumaini Fund

Support to AIDS Orphans, Widows/Widowers, Kagera Region

£15,368

The aim of the project is to offer support to the estimated 200,000 AIDS orphans in Kagera Region, one of the poorest Regions of this impoverished Country, through the provision of 4WD Toyota Hilux, plus accessories such a hard-top to keep transported items protected from the elements, a tonneau cover (tarpaulin) for when the higher top is not required, a tow bar, a roof rack and side steps to provide additional capacity to carry materials, plus the shipping costs to Tanzania, import costs and initial diesel costs.

At present Tumaini Fund is offering some level of support to 1,000 children and widows/widowers. Kagera is a region the size of Northern Ireland. Many villages have no recognisable access roads and Tumaini's Social Workers currently travel on two loaned, rather old motorcycles as well as relying on lifts from other travellers. When vehicles are hired, mileage costs are very high. The inhabitants of Kagera are almost entirely subsistence farmers living on well below US\$1/day. Tumaini commences by registering affected families and offering them contact with Tumaini's two local Social Workers, both of whom have diplomas in Social Studies. Tumaini's immediate aim is to case-find all AIDS orphans in Kagera in need of support, to keep them alive by attending to immediate needs and to get them to school, to enable them to become literate and numerate so as to give them the chance to move out of the grinding poverty of subsistence farming. Primary Schooling is paid for by the Tanzanian Government, but pupils must have school uniforms and books and pencils to attend. Everyone in the affected family is given a mosquito net, two sets of clothing, a set of school uniform and books and pencils. Tumaini is setting up chekacheas (nursery schools) in each village it works in and offers scholarships to pupils who pass the 11+ sufficiently well to be accepted for a Government (fee-paying) Secondary School. It is also bringing dairy-goat fostering schemes to each village, to enable infants who have lost their Mothers to be fed a nutritious substitute to breast-milk. The continuing support of the target families is through the tumaini child-sponsorship programme, whereby Guernsey/UK families sponsor a Kageran family.

UGANDA

Voluntary Action for Development

Community-managed Water, Hygiene and Sanitation Improvement Project, Wakiso District

£24,476

To improve the general health of the people in the parishes of Magogo and Buwanuka in Kakiri sub county, Wakiso District, through the improvement of their existing water sources and promotion of good hygiene and sanitation practices, and formation of structures to include awareness-raising workshops, house-to-house visits and training to be conducted in the communities and schools in the target area to ensure the sustainability of the project. Some 6,800 people will benefit from this project. In order to achieve this aim, a total of eight ordinary spring wells will be protected while fifteen shallow wells and four spring tanks will be constructed in one year in the above two Parishes. To further ensure sustainability, the community masons who will be involved in the construction of the water sourced, will also be responsible for repairs. Also, the project will train water, hygiene and sanitation committees (WATSAN). These WATSAN Committees will be elected by the communities and will oversee the work done and will be responsible for training. A small water-user fee will be raised from the water users/households for ongoing maintenance and repair. The two Parishes have been selected because they have the lowest levels of safe water coverage while the majority of the homes have poor hygiene and sanitation environment.

ZAMBIA**TB Alert****Bwafwano Community Volunteers - Supporting HIV/AIDS/TB Patients, Lusaka Chazanga, Ngwerere and Masuku Compounds****£24,788**

Further to the Overseas Aid Committee's grant in 2003, the aim is to train volunteer members of the community in the Lusaka Chazanga, Ngwerere and Masuku Compounds, to provide effective care, treatment and economic empowerment for HIV/AIDS patients with TB, in the shanty-town districts of Lusaka. Using the World Health Organisation recommended 'Directly Observed Therapy Short-Course' (DOTS) regime, the project aims to provide home-based care to over 1,500 patients affected with HIV plus TB, support the patients' families and raise awareness of TB/HIV in a population of approximately 10,000 people. Although HIV/AIDS remains an incurable malaise, TB is curable, even in a person who has a primary infection of HIV/AIDS. This will be achieved by: working closely with the government medical service, to train volunteers as DOTS supervisors for people with TB and to provide home-based care and counselling, to improve life expectancy and quality of life for individuals living with shadow of HIV/AIDS/TB; providing health education and awareness programmes amongst the community at large and community leaders, to encourage behavioural change and to limit the spread of these two diseases; using awareness-raising work to improve self-referrals and early case-detection, and to change attitudes to TB, breaking down the barriers of stigma and discrimination; providing nutritional education, food and vitamin and mineral supplements to improve nutritional status and health of patients; providing basic drugs (e.g. painkillers) to relieve the symptoms of TB and the side effects of TB drugs, and of other opportunistic infections; providing care packages of soap, disinfectant, masks, gloves to prevent secondary and cross-infection; supporting funeral costs for poor families when patients die of HIV/TB. Recent and rapid increase in TB in Africa is primarily due to HIV/AIDS. Curing an HIV positive person of TB not only gives them several more years of life, but also reduces the transmission of TB to others in the community.

ZAMBIA**The British Red Cross Society****Zambia HIV/AIDS Programme, Maamba District****£24,980**

To enable the Zambia Red Cross (ZRCs) to expand its community home based care (CHBC) project for people infected and affected by HIV and AIDS, including orphans and other vulnerable children (OVC). The project focuses on prevention, food security

and orphan care. A total of 45 care facilitators provide support to 450 people living with HIV and AIDS. Activities include supporting clients to take medication, provision of health education, prevention of mother to child transmission and promotion of voluntary counselling and testing. Material and psychological support is given to 300 OVCs. The training of trainers is essential to ensure adequate training is widespread and to facilitate programme development. The Red Cross aims to strengthen the capacity of families to care for children, and to ensure they have access to essential services such as health care and education. Psychological support is provided through counselling and memory box work to assist in succession planning and inheritance. In response to the effect of HIV and AIDS on the community's food security, food parcels are provided to the clients of the CHBC project. In Zambia 16.9% of the adult population aged 15 to 49 population are living with HIV and AIDS. Young women aged 15 to 19 are five times more likely to be infected compared to males in the same age group. It is estimated that 25% of pregnant women are HIV positive. Approximately 39.5% of babies born to HIV positive mothers are infected with the virus. HIV and AIDS is the most critical development and humanitarian crisis Zambia faces today.

Integrated Development

BRAZIL

War on Want

Support to Women Victims of Domestic Violence, Sao Paulo Region

£12,430

This project aims, through the Black Women's Centre based in Santos, the main port, to support poor black women victims of violence, the most marginalised group in society and particularly vulnerable to abuse. The poorest citizens in Brazil are black, and women are the worst off. Disadvantaged economically, socially and politically, poor black women are more likely to experience violence in their homes, workplaces and communities. Most domestic violence is hidden, 98% of the women who suffer as victims don't tell anyone. The Black Women's Centre has been working with women victims of violence since 1990, and will run the project, which will benefit 400 women living in 'favelas' (slums) in Santos, Sao Paulo State. Although originally called the 'Black' Women's Centre as an affirmation of the problem, and to help such victims to identify with the Centre, 40% of the women attending the Centre are white. The project aims to directly provide women victims of domestic violence with emergency shelter, psychological counselling, legal support and advice, all provided at the Centre. The project will also support the introduction of a checklist for health professionals, an important protocol ensuring that doctors are able to effectively identify cases of domestic violence, and must explain the level of violence that has taken place, and inform the police if the women wish it, thus taking the issue out of the private and into the public domain and making domestic violence a public health issue. This is in the (slow) process of becoming law. It is felt that with the recently-elected President Da

Silva, there is a climate for change in Brazil, a country with one of the most unequal societies in the world. In Baixada Santista, in the region of São Paulo, violence against women is particularly acute. Amongst its three million population, there are large numbers of economic migrants from the impoverished North East of Brazil. Far from their homes, women are particularly vulnerable to abuse. Most of the women the project works with are migrants from the North East. These migrants find themselves living in favelas in a difficult and dangerous social environment. These difficult and deprived conditions make it even harder for women to leave violent situations at home as they feel they have nowhere to go.

BURKINA FASO

International Service

Micro-finance for Rural Women, Namentenga, Kouritenga and Ganzourgou

£15,550

To improve the lives of 248 rural families living in the South East of Burkina Faso by providing micro credit to 248 women for income-generating activities such as soap making, shea nut transformation, food stalls and selling fruits and vegetables. Each woman is supporting an extended family of between 12 to 15 people, therefore making the total number of beneficiaries around 3,500 people. The women will form 35 solidarity groups of 7-10 members each and they will receive the necessary training in group organisation, money management and micro-enterprise development. It is estimated that about 1,700 poor men, women and children will benefit from a better standard of living and quality of life as a result of this project. This project is a continuation of a successful pilot scheme by Micro Start, a women's organisation working in Burkina Faso. In the pilot project, 24 groups of women (169 women in total) obtained small loans to start up businesses. This project will continue working with those groups and another additional 11 groups. The groups from the pilot project will be able to take out loans to expand their businesses while the new groups will be helped with starting their micro-enterprises. Training will be provided according to each groups' needs. The pilot project showed repayment rates of 97% and Micro Start aims to continue this. Micro Start already has trainers in micro-enterprise, group organisation and money management and therefore these components are already covered. Funding is for the provision of larger loans to existing clients, 169 women, and initial loans to new clients, 79 women, a total of 248 women and their families.

GHANA

International Needs Network

Adidome Modular Training Programme, Phase 2, North Tongu District

£23,500

The aim is directly to help 900 former Trokosi slave women and indirectly their 3,600 children, by providing a three-year modular training programme, with each module supplying vocational training skills for income generation and/or employment. International Needs Ghana (ING) continues to work to eradicate the de-humanising practice of Trokosi. The practice is linked to traditional religious beliefs involving the surrender of virgin girls as “reparations” for the “crimes” or wrong-doing of members of their family members. It is believed that, until a virgin from the offending family is sent to the shrine of the fetish priest to atone, the ‘curse of the gods’ will remain and the bad luck or deaths will persist. The project addresses the needs of women not previously assisted through other ING projects and those currently being released. With the implementation of this project, all former Trokosis will have access to a programme supporting their rehabilitation. Emancipation of the fetish slaves is only the first step. The re-integration of these girls and women and their children into their communities, or where this is impossible, into other communities requires: (i) Provision of basic needs in the initial phase; food, shelter, clothing; (ii) Extensive psycho-social and emotional counselling to help the Trokosi deal with traumatic experiences during their years of incarceration in the shrines, and to restore confidence and hope for the future and prepare them for re-integration in communities; (iii) Comprehensive interviews by a qualified psychologist and other trained staff; (iv) Training to develop skills to ensure sustainable livelihoods and avoid the exchange of one dependency (the shrine) for another (outside assistance); (v) Start-up packages (essential materials for micro-enterprise activities or employment); (vi) On-going support through the creation of self-help networks and access to the International Needs funded micro-finance facility. As a result of their participation in this project, 900 Trokosi girls and women will build self-confidence and self-esteem, re-gain their dignity as women, learn income generating skills and be rehabilitated into either their own or other communities. Their 3,600 children will also benefit indirectly.

INDIA

Action Village India

Promoting the Livelihoods of the Poor and Women, Tamil Nadu

£17,326

This project aims to permanently improve the lives of 16,000 rural families in 400 villages in Maduranthagam Region, Tamil Nadu, many of who live below the poverty line. The project will benefit disadvantaged women, landless individuals,

small/marginal farmers and unemployed local young people. Access to training and credit will prioritise women, who, coming mainly from Dalit communities (formerly 'Untouchables'), represent the most marginalised sections of Indian society. Association for Sarva Seva Farms (ASSEFA), previously supported by Action Village India (AVI), have used their local experience to design the project to ensure permanent change, self-sufficiency and sustainability through a mix of credit, training, development of market outlets and technology. Employing a comprehensive approach to rural development will ensure that at the end of the three-year project, ASSEFA will leave self-managed, self-sustaining communities who are able to build on the progress they have made. All priority sectors are included: health, training, agriculture and economy. ASSEFA are raising the majority of funding required for the overall project and will provide loans to enable 10,000 women to start small dairies and form village level milk societies; 5,000 small/marginal farmers to start cultivating vegetables and 1,050 people to start small businesses, including marketing mild and vegetables. AVI have been asked to fund the support mechanisms including a mobile training facility, which will provide training for at least 1,250 people in dairy and vegetable production and capital inputs such as milk churns, coolers and market yards. This will enable the beneficiaries to market their milk and vegetables.

INDIA

Interlock

Water Supply System, Dayitwadi and Tamblewadi Areas

£9,300

The aim is to construct a water supply system for the Dayitwadi group of villages by rebuilding an existing jack wall at Tamblewadi village and piping the water to a reservoir on a hill and gravity feed the water under pressure to four villages and small hamlets benefiting approximately 13,000 people. At present the burden of getting water to the villages falls onto the women leaving them with no time for other family work. Currently the women are walking a round journey of more than five km to collect water. The water table is so low, they have to start pumping for water at 4 am to draw enough for their daily needs - normally they would start approximately 7 am (daylight). It takes them more than eight hours to collect enough water for both villages. In May, as the water levels dropped, the women had to pump water throughout the night and much of the day to collect the minimum amount they needed in one day. In Dayitwadi and surrounding villages the monsoon rains have failed for the 6th year running. Interlock visited Dayitwadi village in March 2004 to make an initial assessment of the situation. The village is extremely poor with over 90% of the villagers under the economic poverty line. Current income levels average at approximately Rs3,000 pa (around £35 pa) in comparison to the poverty line income indicator of Rs22,000 pa (around £258 pa). Due to lack of employment opportunities within the areas, 25% of this money currently comes from family members working in Mumbai (i.e. money order income). Because of the current time commitment and distances involved to collect sufficient quantities of water, the women are currently not able to do all their jobs and look after

their families. If they had more time they would like to start their own agricultural programmes. This would mean increased income and diversity in food supplies. Since April the villages within the Dayitwadi area have had to rely on Government water tankers to supplement the local inadequate water supplies. The service is highly unreliable so water has to be purchased from private suppliers, which is beyond the resources of the villagers.

INDIA

Karuna Trust

Educational, Health and Vocational Support for Dalit 'ex-untouchable', Pune Maharashtra State

£25,721

To assist Dalit women and children living in the slums in Pune, Maharashtra State, to improve their quality of life, break out of poverty and develop greater dignity, as part of working towards a society free of caste and gender discrimination. 'Dalit' is the name chosen by the people who under the traditional caste system were classed as 'Untouchables'. The Indian Government refers to these people as 'Scheduled Castes': Dalit literally means 'broken'. They are excluded from the caste system. According to the Hindu belief in the cycle of rebirth, Dalits are thought to have done something so bad in a previous life that they do not merit a place in the caste hierarchy and are deemed ritually 'polluting' to caste Hindus hence their 'untouchability'. This means they are discriminated against, routinely abused, denied access to land, forced to work in degrading conditions, assigned the lowest tasks, and cannot eat or drink from the same vessels in tea shops or at food stalls. This project, therefore, will assist Dalit women and children living in the Pune slums through promoting their physical and mental health and wellbeing and providing them with vocational and economic support as well as extending access to education. The project is made up of the following activities: primary health care for 3,000 beneficiaries, mostly mothers and their children, within a catchment area of the slums numbering 12,000 people. Provision includes a central clinic, door-to-door teams (providing immunisation, family planning advice and health checks), eye surgeries, and workshops on Hepatitis B, maternity care, and HIV/AIDS awareness; 11 evening study classes for 375 older children; 15 kindergartens for 380 children and a crèche (for 30 children) for under 5 year olds; a credit and savings scheme of 33 groups involving 700 women; sports activities, including 7 karate classes, for 340 children, 3 adult-literacy classes for 50 women; 2 libraries benefiting an estimated minimum of 80 people; 5 sewing and tailoring classes for 75 women.

INDIA**Oxfam****Provision of Water for Drought-prone Villages, Rajasthan****£24,749**

The project aims to meet the domestic water needs of 7,000 beneficiaries in 18 villages in 3 areas of Barmer District in Western Rajasthan by: (1) repairing individual and community traditional water harvesting structures; (2) construction of new community water storage tanks; (3) construction of individual underground storage tanks; (4) roof top water harvesting structures and (5) construction of small farm ponds. These activities are designed to be replicable within the wider project area and beyond and will indirectly benefit over 100,000 people. Advocacy for more effective drought management could potentially impact on the entire population of the Thar Desert. Barmer District, located in Western Rajasthan, is part of the Great Indian Desert. The District is characterized by low rainfall with an erratic distribution resulting in frequent drought and crop failures. Lack of effective systems to manage the distribution of water from common sources exacerbates the scarcity faced by poor people. Between 10-15% of beneficiary households have underground water storage tanks and the water these provide lasts for three months in an average rainfall year. It is not uncommon for villages to receive water once in three to five days and during a severe drought, only once in ten days.

INDIA**The Leprosy Mission****Communities Catching Up, Karnataka and Maharashtra States****£13,178**

This project is part of a wide-ranging project that will address the impending difficulties of communities unduly affected by disability (particularly leprosy), being uninformed about significant mandatory entitlements, and local administrative neglect. The project is seeking to combat these problems through building self-help and advocacy capacity in 11 impoverished village communities with a total population of 65,477 (25% of whom are directly or indirectly affected by disability) in Belgaum District, Karnataka State and Sangli District, Maharashtra State. Concerns to resolve are: (a) Water Resources; (b) Social Services; (c) Agricultural Service; (d) Education and (e) Housing. 110 unpaid community information volunteers from all backgrounds plus two female 'enhancement' volunteers will be trained and resourced to inform communities and include them in activities regarding civil/disability rights legislation and procedures to effectively demand Government resources and services. 11 advocacy committees will monitor activities. Rather than provide 'hands on' service delivery, the project is seeking to redress the issues listed above by empowering the communities to seek

relevant government entitlements and support for themselves. This action is necessary, as those in power are reticent to share the knowledge about available funds for the disabled, widows and the poor in general. Using a model akin to that which was successful in the UK at the turn of the 1900s, where workers were encouraged to have the confidence to lobby for better working conditions and good housing, this project will encourage the poorest elements of society to speak for themselves and have the confidence and self-belief to improve their lives and that of their families for the long term. Funding is for the key awareness training, which will form the bedrock of this project.

KENYA

Out of Africa

Skills Development and Training Centre for Income Generation and Long-term Sustainability, Central Province

£17,500

The overall aim is to equip orphans, vulnerable and disadvantaged children, youths and women in Thika District, Central Province, with the necessary skills that will lead them to become self sufficient by providing training in practical and technical skills such as Information Communication Technology (to bridge the digital divide), agriculture and food nutrition, basic HIV/AIDS education and advocacy work, shoe making/repair, dressmaking, car mechanic, plumbing, building, carpentry etc. Increasing the start up of micro and small enterprises will create productivity in order to contribute towards improved incomes and productive employment. Out of Africa will work with communities at grass root levels to identify the beneficiaries who will be trained enabling them to exert control over their lives and to participate in their societies in meaningful and effective ways. The long-term effect of the project on the lives of the community will have a long-term impact on poverty eradication. On completion of secondary school education, jobs are not forthcoming and are not guaranteed in Kenya. The rate of unemployment is rising despite the government's pledge to create more jobs. Formal education is no longer sufficient to guarantee employment in the job market. There is a lack of vocational training centres due to lack of government funding, training opportunities in the non-formal sector need to be enhanced and revitalised to meet current needs. Funding will be used to construct and equip 3 workshops for vocational skills training that will meet the demands of the job market and create short and long term local employment. This project will benefit approximately 1,500 students (beneficiaries) in a year and extend to around 5,000 members of the local community.

KENYA

Oxfam

Assistance for Street Children, Mombasa

£25,000

To further enable WEMA Centre's Street Children Rehabilitation Programme which aims to rehabilitate street children in Mombasa, with a special focus on street girls. The Centre was established in 1993. It is located in the Utange District of Mombasa, itself extremely poor, and is home to 100 girls. It offers them a chance to lead normal lives by providing non-formal education, vocational training and links to formal schools as part of their rehabilitation. Pastoral care, counselling, HIV/AIDS awareness and lobbying are also key components of their time at the Centre. An additional 150 pupils from the neighbouring poor community of Utange also attend the Centre's information education classes. The project aims to help the girls in the following ways: (1) increasing their education and vocational training opportunities; (2) providing basic health care and counselling; (3) reducing the spread of HIV/AIDS through education and (4) lobbying the government to change policies and laws affecting street children. Funding is for start-up costs for a Drop-in Centre at WEMA, to provide non-formal education, catering initially for up to 2,000 children. For about 60% of the street children in Mombasa, one parent is probably dead, or not there. About 30% are orphans, often due to AIDS. There are about 20,000 children on the streets in Mombasa, 5,000 of them girls, and as they get older, they work in prostitution. The government requires that for any child to join a formal school, they require a birth certificate. Most street children do not have such papers and this makes entry to formal schools difficult. WEMA has been lobbying the children's department in Mombasa to waive such restrictions for street children. This lobbying has enabled many street children from WEMA access to formal education opportunities. The majority of children in Utange do not have access to formal schooling. The Drop-in Centre will bridge the education gap for many young people. Non-formal education and training will enable the children at WEMA to earn a sustainable living when they leave the Centre. Most of the children have limited experience of farming and agricultural techniques, and the techniques they learn at the Centre will help them supplement their diet, lead healthier lives and earn a living to provide for themselves and their families.

MADAGASCAR

Azafady

Lanirano Training Centre, Anosy Region

£16,106

The aim of the project is to provide training in alternative livelihood strategies in Anosy Region, to provide additional income to poverty stricken households or food security to

an area where thirty three percent of the under fives are moderately or severely underweight (UNICEF). This project forms part of the second stage of Azafady's award-winning Sustainable Livelihood Initiative that started in 2000 (Sting and Trudie Styler Award for conservation and Human Rights in 2001). It will increase the capacity of an area with low employment and seventy one percent of population living under the poverty line. The Training Centre will be located on an existing agricultural field site and will provide skills training free of charge to the rural and urban population, both classroom and practical field training, in the areas surrounding Fort Dauphin, which number an estimated 150,000 people. The Training Centre will create a valuable resource for the Region. The activities taught at the Training Centre will all provide sustainable alternatives to slash and burn agriculture, which is currently the main economic activity, which, together with the charcoal industry, have both created mass deforestation not only in the Region but also throughout Madagascar. The training has been decided on through interactions with the local communities as what skills they felt would allow them to provide for their and their families' basic needs. The initial training offered will be: woodwork; embroidery; textiles; bee keeping; bird breeding; fish farming; fruit tree grafting; cassava grafting; fruit drying; animal husbandry; improved farming of food staples, such as rice; farming for children and tourism and basic language skills. There will be on average 14 lessons a week; this will be made up of 2 full day lessons and 12 two hour lessons. On average 268 students will be trained each week. Some of the two-hour lessons will be in the form of a course and some will be a once-off. Therefore with 40 weeks of lessons, it is anticipated that approximately 7,000 - 8,000 people will be trained in the first nine months, with the number increasing in the second year to over 10,000. Skills will be perpetuated by a small seed grant facility.

MOZAMBIQUE

HelpAge International

Improved Food Security and Access to Clean Water for Older People and their Dependents, Tsalala District

£25,000

The project will provide Tsalala with clean and potable water reducing disease while distribution of agricultural seeds and tools will increase the ability of older people to feed themselves, children and their families. HelpAge International's partner, Hipfuneni, through their nuclei in Tsalala, will strengthen the older people in communication with the local government authorities lobbying for their rights and their involvement in solving the community problems. In particular, the project will promote food security and nutritional health through increased access to potable water by providing 1 new borehole and repairing 4 others, plus agricultural inputs, as well as developing a market garden to produce a variety of vegetables and cereals for consumption and sale. Hipfuneni will have further strengthened links with local government structures for older people's sustainable support: the local Municipality of Matola has already granted the project 6 hectares of land to carry out the market

gardening. The local authority will also support the project with an extension worker to provide agricultural advice, and provide training to the community water management animators in water pump maintenance. Mozambique is a least developed and low-income, food-deficit country, still struggling to recover from the 17-year civil war. Tsalala is located approximately 20km from Matola City where livelihoods depend on agriculture for income and food security. The community suffers from a lack of income and access to agricultural inputs as well as limited access to potable water. All 9 boreholes were damaged during Mozambique's 17-year civil war and water is only accessible from open-dug wells at a distance of 4km. Older people, representing 6% of the 30,000 inhabitants, are particularly affected, as traveling such distances and carrying heavy water containers is challenging due to their limited mobility and physical strength. This problem is intensified as older people are burdened with caring for growing numbers of orphaned and vulnerable children with diminishing capacity to meet even their most basic needs through agriculture, thus increasing their nutritional and health vulnerability.

NICARAGUA

Peace and Hope Trust

Solar Powered Charging Station, La Barra and Surrounding Communities, Autonomista Atlantico Sur Region

£19,770

The key aims of this project area to disseminate renewable energy technology and provide affordable and reliable rural electrification through the provision of a Solar Powered Charging Station to serve the remote village of La Barra and the surrounding communities. The project will include the provision of access to purified drinking water to be administered by local medical personnel for the treatment of diarrhoea. Pilot projects and extensive research conducted by Peace & Hope Trust (PHT) have proven that the target population want access to renewable technology and cannot afford other means of conventional power generation. The information gathered has been used to formulate the design for the Solar Powered Charging Station that will be a multi-panel modular array to charge up to 5 batteries every cycle (12-24 hours). The charging will be done on a fee-for-service basis within the parameters derived from the survey data. The fees will be devoted exclusively for project use for such costs as a local station manager/engineer and to finance maintenance of the charging station in the future. This project is in keeping with the Peace and Hope Trust's holistic approach to development in that it will have a significant impact in the areas of health, education and community development. It will enable access to medicines that require refrigeration and/or freezing and will address the problem of diarrhoea, especially amongst children, by providing purified drinking water. It will impact education through the provision of electricity for vocational training and by imparting knowledge on renewable energy technology. It will improve community strength by providing lighting for evening "town meetings". The villages on the Atlantic coast are representative of some of Nicaragua's poorest people groups situated in remote rural

communities. Every household (approximately 90) at La Barra will be able to benefit from the Station and hundreds more from at least 10 surrounding communities will be able to make the journey to recharge batteries and benefit from the services provided.

SIERRA LEONE

Village Aid

Empowering Young People to Build Sustainable Communities, Tonkolili District

£22,880

This project will work in the Chiefdoms of Malal-Mara and Kholifa Mabang in Tonkolili District, Sierra Leone. The area is still emerging from the aftermath of a terrible civil war that destroyed local infrastructure and land, and led to the severe marginalisation of young people within society. This project will seek to establish food security within 24 vulnerable communities, and provide young people with economic opportunities for them to generate income, releasing the positive contribution young people have to make in building more sustainable communities. An existing and successful network of learning circles will be built upon, delivering the key functional skills of literacy, numeracy, and negotiation that serve as a platform from which beneficiaries can drive their own development. The project will provide training for 650 young people in vocational skills and sustainable agricultural techniques that make effective use of local resources. An existing pilot micro-credit system will be extended, increasing its circulating funds from a current level of £5,000 to a total of £10,000, directly investing in youth entrepreneurship and income generating potentials. Finally, a mixture of needs-based training and learning through doing will build the capacity of two existing community based organizations. The management of the micro-credit fund will be passed over to these organisations during the process of implementation, sustaining the benefits of this project for future generations.

SOMALIA

ActionAid

Rainwater Harvesting in Sanaag and Togdheer Regions

£25,000

To address the lack of permanent water sources in the Sanaag and Togdheer Regions of Somaliland. Togdheer region has no permanent water sources during the dry season, and Sanaag has very dispersed shallow wells around which pastoral families congregate and overgraze during the dry times. The water available is sulphurous and unsustainable for human consumption. Lack of water causes poor sanitation and disease (diarrhoea, dysentery and other waterborne diseases), affects food preparation and forces women and children to travel long distances to fetch water. It is also a cause of social conflict between clans as it can lead to fighting over the few remaining water

sources. This project will support five communities in Sanaag and Togdheer to build a berkhed in each village. A berkhed is an underground reservoir storing water for domestic and livestock use, located in depressions to collect rainwater. Each berkhed stores 300,000 litres of water, which is approximately a three-month supply. They will be refilled twice a year during the rainy seasons (March/May and October/November) and store water delivered in the dry season by tanker from other sources (such as shallow wells, boreholes and town water systems). These berkheds will provide clean, soft rainwater (i.e. without sulphur) directly benefiting 150 families (750 individuals) as well as 500 heads of livestock belonging to the families. The project will purchase and transport construction materials, pay skilled labour (masons and carpenters) and buy equipment to build the berkheds. The benefits include improving the general health of the population, reducing travelling times/workloads for women and children and contributing to the clans' peaceful co-existence - an important part of developing and improving Somaliland as a nation.

SOUTH AFRICA

The Ellen Jane Rihoy Charitable Trust

Baphumelele ("Progress" in Xhosa) Children's Home, Khayelitsha

£10,000

The aim of the project is the renovation, rationalisation and reorganisation of two existing buildings at Baphumelele Children's Home, an orphanage in Khayelitsha, one of the poorest townships in South Africa. The existing facilities are extremely cramped and dilapidated and the buildings are not purpose built, originally intended as offices and storage space, with some wooden shacks built on. There are no proper cooking facilities, one bathroom for 65 children, no dining, laundry, recreational or working areas. Children sleep 2-3 to a single bed, between 10-15 in tiny rooms and leaking shacks, increasing the risk of spreading infections. Those cared for include AIDS orphans as well as children who are infected with TB and HIV positive. Funding will enable the creation of a multipurpose room (dining-, play and study room), a kitchen, an adequate laundry, more dormitory space and more hygienic bathing facilities. The provision of an area within which to study will benefit the children in the completion of their school work. In addition to providing support to desperately needy children in the marginalised and poverty-stricken community of Khayelitsha, the project will also help to raise awareness of HIV/AIDS within the community and assist in removing the stigma of AIDS. Providing suitable accommodation will improve health standards within the orphanage. All construction and renovation activities will be undertaken by local craftsmen and companies, and where appropriate, equipment will be made by the orphanage's woodwork and sewing workshops. Funding will generate a further £10,000 from The Ellen Jane Rihoy Charitable Trust (which has provided financial support to Baphumelele over the last three years) until the sponsorship scheme is operational, and equipment (cookers etc) will be donated by other donors. The educational needs of the children are being met, with children attending local primary and secondary schools, and the Baphumelele crèche. Staff and volunteers provide the children with love and

affection, as well as meeting their physical needs. Basic health care, as well as anti-retroviral treatment, is provided by the Government. The main outstanding problem remains the poor physical environment in which the children live. This project will address this problem in a cost-effective manner by utilising existing structures.

SRI LANKA

International Childcare Trust

Construction of Girls' Centre at Dikkelle Estate, North-West Province

£24,000

The aim is to construct a transitory centre on the Dikkelle Estate at Goniwilla, in rural northwest Sri Lanka, for the rehabilitation of girls between 6-18 years old who have been displaced by the recent internal conflict, abuse, neglect, abandonment and extreme poverty. The local implementing partner will be the Sri Lankan registered Makandura Village Projects (MVP) who established and now manage a Boys' Centre on the same estate which benefits 100 boys each year. The building will consist of dormitories, a recreation room, a study area, bathrooms, toilets, a cookery classroom, a laundry room, store rooms and staff quarters and, when complete, will provide residential shelter for 100 girls. The residents will also benefit from the other facilities on the Dikkelle Estate which include; a fully equipped vocational training centre, water pumps, carpentry workshop and agricultural training facilities. The existing Centre has been rehabilitating boys since 1991 and has been extremely successful; but unfortunately, most Sri Lankan children's centres provide facilities only for boys and there are virtually none that cater for boys and girls together. To enable girls and boys to grow up together side by side in a more 'family like' and natural environment, MVP plan to add a girls' building to the Dikkelle site. The girls will stay in the Centre for an average of three months to three years, although orphans may stay longer. The Dikkelle Estate is an ideal site for a Girls' Centre, as it a safe and green 17-acre site with coconut plantations, fruit trees and vegetable gardens. The troubled girls that enter the Centre will be in an environment which will enable them to make the transition from confusion and pain to stability and confidence about their future. The majority of the girls who enter the home will be referred there by their families, social workers, refugee camp officials or local authorities. The majority of the necessary funds for the first year of this project will be provided by Terre Des Hommes, Netherlands.

SRI LANKA

International Childcare Trust

Shilpa Development Centre and Tsunami Response, Hambanthota District

£27,580

On December 26th 2004, a devastating tsunami smashed against eastern and southern

coasts of Sri Lanka, leaving over 38,000 people dead and at least 860,000 displaced. International Childcare Trust (ICT) has been working with partners in Sri Lanka for over 20 years and is therefore committed to assisting the long-term rehabilitation of the country. The aim of this project is therefore two-fold: (1) dealing with the immediate needs of the children, and (2) ensuring that they are given every opportunity to reach their full potential. Firstly, the project aims to assist in the provision of basic needs; specifically safe shelter, access to education and emotional support, to children directly affected by the tsunami. The project will assist Shilpa Children's Trust with the provision of trauma counselling, family tracing and reunification services for children from Hambanthota District, placing at least 300 children with suitable guardians. To facilitate this process, a District Co-ordinator and 3 Social Workers will be employed who will be able to provide the children with necessary emotional support as well as ensure that they are placed in secure and loving family environments wherever possible. Secondly, the project will support vocational training and non-formal education for 50 displaced girls and young women who use the ICT supported Shilpa Development Centre in Colombo. This Centre provides shelter, support, education and training for girls at risk who require refuge or rehabilitation. The Centre currently supports girls who have been neglected, abused or abandoned or who were displaced by the civil war. It is likely that some of the children affected by the tsunami, who cannot be placed with guardians, will spend at least some time in the Shilpa Development Centre. In addition to the provision of the basic needs of children affected by the tsunami, funding is to improve and expand upon the vocational training currently offered by the Centre so that it can include: home nursing, sewing, bakery and pre-school training. Funds will also be used to introduce non-formal education opportunities at a local school which will comprise of after hours lessons in: maths, English, computing, sports, dance, drama and vegetable growing, to encourage more girls to attend school.

SRI LANKA

Mines Awareness Trust

Equipment for Mine Detection Dog Post-tsunami Assistance in Locating, Mapping and Marking Dangerous Areas for Clearance, Seven Districts

£28,126

To provide equipment (vehicles, communications equipment etc.) to the local NGO Mine Free Planet to enable them to go operational with Mine Detection Dogs (MDD) in seven tsunami-hit districts of Sri Lanka, namely Jaffna, Mullaithievu, Pulmottai, Batticola, Amparai, Trincomalee and Killinochchi, to assist a national capacity-building project, in terms of re-assessing dangerous areas caused by the movement of landmines following the tsunami disaster on 26 December 2004, by using the MDDs to locate, map and mark dangerous areas for clearance. The rationale is as follows: (1) Previously recorded mined areas in coastal areas have had their marking washed away, and this includes landmines taken from recorded dangerous areas into previously known safe areas. (2) People have been displaced in large numbers, 800,000 to 1,000,000 (UNDP) in each of the seven identified districts as a direct result of the tsunami, many of whom

now languish in IDP camps and 'host' communities away from their devastated homes. This is on top of the estimated 386,104 persons (UNHCR) still displaced because of the conflict. (3) Many of the newly-displaced persons have moved inland and come into contact with landmines in areas previously unrecorded as dangerous, or into areas where they have little knowledge about the location of dangerous areas. The mobilisation of an area reduction tool such as MDD's is vital to ensuring casualties are kept to a minimum at this stage and in the future. (4) The areas where people are coming into contact with landmines and UXO are recorded as a priority, the MDD's will provide a valuable asset in the location and area reduction of either landmines or areas suspected of being contaminated by landmines or UXO. This will assist in future prioritisation of clearance in support for the community's eventual resumption of normalised activities. (5) The UN estimates that 200 million square metres (end 2003) are suspected to be mine affected. The UN also estimates 3,000 dangerous areas with 1 million active landmines. The Sri Lankan army indicates that it mined 50million square metres of land. The implementation of a MDD capacity will help reduce the suspected areas and be able to rapidly identify any post-tsunami movement of landmines and UXO.

[The Mines Awareness Trust subsequently advised that owing to insecurity and instability in the region, they withdrew from Sri Lanka and the equipment and MDD's have been re-located to the International Mine Action Centre in Kenya]

SUDAN

SOS SAHEL International (UK)

Empowering Women through Training and Education, the Beja People, Khor Arba'at Delta, Red Sea State

£8,979

This project is the final component of the Khor Arba'at Rehabilitation Programme (KARP) to which the Overseas Aid Committee contributed in 2000 and 2001. These earlier grants were spent on farmer training, in such activities as managing the distribution of the annual flood waters, crop diversification and environmental awareness etc. These earlier farmer training components have now ended. KARP was designed with an in-built system for ultimate handover, and responsibility for physical activities have now been successfully passed on to the Ministry of Agriculture, the Red Sea State and the community. This new capacity building component is the final stage of the KARP programme and focuses on supporting women as an important part of the rural development process, where the emphasis in past components has been on farmers in general. The purpose of this project is to develop a comprehensive training programme that provides the Beja women with the skills and confidence to manage their own activities. This will reduce their workload and enable them to fully participate in local rural development. The main objectives of the project are: 1. To build the capacity of the women's organisations through training on topics such as bookkeeping, revolving loan fund management and project cycle management. 2. To educate and raise awareness via literacy classes and the training of literacy teachers in

Participatory Learning in Action (PLA) to link education with development. 3. To increase women's income in Arba'at by supplying home gardens with forest and horticulture seedlings, as well as providing agricultural extension training and technical support. 4. To improve the health and nutrition of families in Arba'at by diversifying production. This will be achieved by facilitating nutrition and childcare activities at Women's Development Centres, in addition to income-generating activities such as sewing and the sale of handicrafts. Funding is for the following project activities: (i) Supporting families owning 17 home gardens and 7 collective farms by providing basic inputs such as fruit seedlings, seeds and farm tools; (ii) Supporting 7 Women's Development Centres to continue functioning and meeting the community's need for literacy classes, teacher training and a meeting place to discuss and plan future interventions.

THAILAND

Pattaya Orphanage Trust

Equipping of New Street Children's Home and Clinic, Chonburi Province

£24,818

The overall aim of the Pattaya Orphanage's work with street children in Pattaya, Chonburi Province, is to end their suffering and abuse and offer them a nurturing environment, an education and the opportunity to develop into healthy, productive and independent young adults. This project is part of that work and will increase the number of children who can live safely in the Orphanage and away from the streets. It will also, through the clinic, better protect their health and that of the former street children already resident in the complex. Street children often suffer exploitation and violence at the hands of criminal gangs or individuals. Many are forced to work in sweat shops. Many are forced to work as prostitutes. The street children's home provides a nurturing, safe environment and keeps children away from those who exploit them. In order to protect more children a new home has been built within the grounds of the two existing homes. Funding is for the provision of necessary furniture such as beds, tables and chairs, to enable 65 children to move off the streets and into the home in 2005. Funding is also required to equip a small clinic in the home. Currently, a nurse makes twice daily visits to the street children's complex to treat day-to-day ailments and minor injuries such as cuts and sprains. A local doctor holds weekly clinics at the complex. However, there is no set space for the nurse and doctor to examine and treat the children and no facilities for sterilising and storing the equipment and supplies. A room in the most recently constructed home has been set aside for use as a clinic. Funding will enable the room to be fitted out appropriately so it can be used for this purpose. Around 150 children are currently resident at the complex; this will rise to 450 when the new home is full. With so many children at the complex there is a constant demand for medical assistance. This demand will increase as the number of residents increases and a properly equipped and stocked clinic will become ever more important in ensuring the children are well looked after and healthy.

UGANDA**African Community Health & Research Organisation (ARCHRO)****Reintegration of Formerly Abducted Child Soldiers, Gulu District****£24,200**

The aim is to reintegrate young people in Gulu District formerly abducted by the Lord's Resistance Army (LRA) by empowering them through counselling, training and income-generating activities. The nature and 18-year duration of the conflict in Northern Uganda has created tremendous humanitarian, social, and economic costs for all of Uganda, particularly for children and young people. The war has caused much displacement in the three Districts Gulu, Pader and Kitgum of Northern Uganda. Government statistics released in August 2004 indicate that over 2million people are displaced, most of who are children and women. Over 20,000 children have been violently abducted. Some of the abducted children escape from LRA captivity, while others have been rescued by government troops. Other former abducted child soldiers are responding to the Amnesty Act 2000. But these former LRA child soldiers are often seen as unacceptable outsiders (returnees are alienated because they are known to have committed atrocities, despite the fact that they were forced to do so). According to World Vision, over 7,000 children rescued from LRA captivity and sent into the community with no formal education and/or integration support. As a result, Northern Uganda has scores of desperate young people who have returned to the community and are in dire need to get reintegrated and resettled to normal life in the community. This has raised the challenge of what should be done so that the former child soldiers cope up with life in the community after coming back from the bush. In view of the current situation, this proposal aims to support the reintegration of formerly abducted children who have been soldiers with the LRA. The project will provide counselling and vocational skill/apprentice training (brick laying, motor vehicle mechanic, carpentry, pottery and tailoring) for 60-80. ARCHRO has already secured tools and equipment from Tools With A Mission which will be used for income-generating activities by the formerly abducted children.

UGANDA**Christian Aid****Rehabilitation of Returnee Child Mothers, Gulu District****£15,000**

The overall aim of the project, implemented by Christian Aid's partner organisation Concerned Parents' Association (CPA), is to assist the resettlement programmes with the long-term reintegration of returnees into society in Gulu District, working with a very vulnerable section of the community affected by the conflict in Northern Uganda with the Lord's Resistance Army (LRA). CPA's organisational objectives are: (1) To

advocate for the immediate and unconditional release of all abducted children by and halt further abduction of children; (2) To rehabilitate and reintegrate formerly abducted children in the community with emphasis on health and education; (3) To contribute to building sustainable peace for all Ugandans. This project specifically responds to the plight of returnee mothers. There will be 50 direct Returnee Child Mothers and 250 indirect beneficiaries. During the war in Northern Uganda over the last 18 years, women and girls have been captured and used as sex slaves by rebel leaders and soldiers. Some have managed to escape, while others have left the bush under the amnesty act. CPA provides these women and girls with psychosocial support to facilitate their reintegration into society. The project responds to several issues: unplanned parental responsibilities on the part of older siblings whose parents have been killed; multiple gynaecological problems, sexually transmitted infections and malnutrition among returnee mothers; and social stigmatisation as a result of coming from the bush (returnees are alienated because they are known to have committed atrocities, despite the fact that they were forced to do so). Other issues include lack of self-esteem, withdrawal, isolation, post-traumatic stress disorder, violent or suicidal thoughts and extreme poverty. The project activities are: (i) Supporting voluntary medical check-ups and providing psycho-social support to returnee mothers and children born in captivity; (ii) Training returnees in micro-enterprise/income generating activities; (iii) Giving seed money to returnees for starting up their own businesses (50 start up grants); (iv) Sensitising communities and local leaders on how to deal with returnees; (v) Organising sub-county and parish training workshops on human rights issues; (vi) Making routine visits to returnees for counselling and support.

UGANDA

International Care and Relief

Vulnerability Reduction for Poor Communities, Rakai District

£17,914

To promote environmental awareness and encourage the conservation of natural resources to reduce the threat of food shortages in Rakai District. The project will reduce the vulnerability of over 3,000 community members in the sub-countries of Kakuuto, Kyotera and Kooki in Rakai. The project will: train local farmers in methods of soil conservation thus boosting agricultural output and food security as well as income; train young people to sustain natural wood resources and encourage conservation by planting tree nurseries and woodlots both in schools and the community; educate young people attending ten schools and education centres about energy conservation and the environment using culturally appropriate methods of learning such as drama, songs and poetry; train local households and secondary schools to build and utilise Energy Saving Stoves (ESS) to reduce wood consumption and the risk of smoke-induced health complications related to traditional stoves. The harmful effects of traditional farming practices have led to soil erosion and low agricultural output, leaving the community exposed to poverty and food shortage. Agricultural training to farmers will enable the community to increase agricultural output and

income whilst conserving natural resources, and will reduce the vulnerability of the community to food shortages. Forests have been destroyed to clear land to farm and meet the demand for wood and fuel consumption. Previous environmental projects have emphasised tree planting in order to replenish forest reserves, but little attention has been given to methods of reducing energy consumption. This project will ensure that wood consumption is reduced through the introduction of energy saving stoves. Tree planting and the establishment of woodlots will also be promoted through the community to ensure the replenishment of natural sources is sustained, and these practical initiatives will be reinforced by the provision of environmental education. The introduction of soil and energy conservation methods will benefit the community which has an HIV/AIDS prevalence rate of nearly double the national average, and will ensure the protection of the environment for future generations.

UGANDA

Opportunity International UK

Support for Poor Women's Business Initiatives, Ntungamo District

£25,000

Previous funding by the Overseas Aid Committee has enabled Opportunity's partner in Uganda, UGAFODE, to develop its group-lending programme for women in Kampala and the surrounding areas. UGAFODE now has a strong and growing programme focused on reaching the poorest in this area, as well as working in 9 other areas. This project will support its continued expansion by forming ten new women's groups and providing the necessary training for project officers. This project aims to provide loans to a further 350 entrepreneurs, in order to enable them to provide regular income for their families, some 1,750 beneficiaries in total; encourage mutual support within the groups formed; improve the quality of life of the women and their dependants.

ZAMBIA

St Joseph's Roman Catholic Church

Construction of Multipurpose Hall at Tikondane Community Centre, Eastern Province

£20,500

The main aim is to construct a big hall on the premises of Tikondane Community Centre (TIKO). Tiko is a non-political, inter-denominational, non-profit making community-based organisation devoted to the development of Katete community, one of the poorest in Zambia's Eastern Region. This hall will help the community in a number of ways. It will contribute to the self-sufficiency of the Centre by providing a conference hall big enough to host seminars and workshops, as requested by organisations who find the existing facilities inadequate. It will further provide an

income as the venue for a fee-paying preschool three days a week (built- in cupboards all around the hall will house the items needed for a preschool and will allow storage for them when required). Education for the poorest of the poor will be possible providing a venue for a second community preschool three days a week, by providing facilities to the community school on site and by providing a venue for the community for the varied purposes: TIKO AGM, lectures, drama, weddings and other social occasions, including entertainment and meeting opportunities. TIKO acts as a primary source of AIDS prevention by giving theoretical and practical education and a wide curriculum of other subjects, as well as having its staff of 65 in a capacity building training programme, teaching various income-generating skills and running two primary schools within a catchment area of 36 villages. The multipurpose hall will be the confirmation of the efforts of its Zambian staff to demonstrate that Africa can be helped, but can also help itself.

Emergency Disaster Relief

NIGER/MALI/MAURITANIA/BURKINA FASO

Grants to Six Agencies' Appeals for Niger/West Africa

Niger/West Africa Crisis Appeals

£50,000

In response to the dire food shortages in Niger in particular, and in several other countries in the Sahel region of Africa, to enable the six British aid agencies that have launched appeals for Niger/West Africa, to provide food, water, medical supplies and seeds to those in need particularly in Niger, and in Mali, Mauritania and Burkina Faso. The six agencies, members of the Disasters Emergency Committee (DEC), are as follows:- The British Red Cross Society, CARE International UK, Concern Worldwide, Oxfam, Save the Children Fund (UK) and World Vision UK. This grant is made in the context that several DEC members are already working in Niger providing essential aid. Also, that member agencies are collectively assessing further needs both in Niger and across other countries of the Sahel region of West Africa, and the DEC Trustees are actively considering whether it is appropriate to launch a public appeal. The Commission has taken an alternative route on this occasion and has decided to make grants direct to the agencies. Accordingly, the Commission's grant of £50,000 has been divided equally between the above six member agencies of the DEC that have launched their own appeals. Crop devastation following the worst locust invasion in twenty years coupled with low rainfalls and drought, has left several countries in the region with a severe food crisis and malnutrition. Reports indicate that almost 8 million people are threatened by the crisis across the region. In Niger alone, the world's second poorest country after Sierra Leone, approximately 3.6 million of the 12 million inhabitants are directly affected, including around 800,000 children, a significant proportion of whom are at immediate risk.

PAKISTAN/INDIA**Disasters Emergency Committee****Donation to Asia Quake Appeal****£100,000**

To enable the thirteen British aid agencies participating in the Disasters Emergency Committee's Asia Quake Appeal to provide emergency relief following the devastating earthquake that struck near the Pakistan/India border, affecting in particular Kashmir and Pakistan's North-West Frontier Province. The earthquake is believed to be the most devastating to strike the region in a century and has affected approximately 4 million people. The funds will assist to provide immediate essentials such as food, drinking water, emergency shelter, medicine, blankets, basic sanitation etc

<i>Distribution of Funding 2005</i>
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Africa

<i>Agriculture/Fisheries</i>	<i>£30,103.00</i>
<i>Education</i>	<i>£192,798.00</i>
<i>Health</i>	<i>£448,204.00</i>
<i>Integrated Development</i>	<i>£292,129.00</i>

Total Grant Aid Given to Africa	£963,234.00
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Total Emergency Disaster Relief Given to Africa	£50,000.00
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Indian Sub-Continent

<i>Agriculture/Fisheries</i>	<i>£70,850.00</i>
<i>Education</i>	<i>£45,988.00</i>
<i>Health</i>	<i>£103,620.00</i>
<i>Integrated Development</i>	<i>£169,980.00</i>

Total Grant Aid Given to Indian Sub-Continent	£390,438.00
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Total Emergency Disaster Relief Given to Indian Sub-Continent	£100,000.00
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Latin America & Caribbean

<i>Integrated Development</i>	<i>£32,200.00</i>
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Total Grant Aid Given to Latin America & Caribbean	£32,200.00
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Other Asia & Pacific

<i>Agriculture/Fisheries</i>	<i>£56,228.00</i>
<i>Health</i>	<i>£53,277.00</i>
<i>Integrated Development</i>	<i>£24,818.00</i>

Total Grant Aid Given to Asia & Pacific	£134,323.00
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Total Grant Aid Contribution to Aid Overseas	£1,520,195.00
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Total Emergency Disaster Relief Contribution to Aid Overseas	£150,000.00
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TOTAL	£1,670,195.00
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OVERSEAS AID COMMISSION

Grant Aid Policy

The Commission's policy is to fund specific projects in accordance with the following criteria:-

- (a) the prime objective of each project must be to reduce human vulnerability;
- (b) projects must be in respect of locations in developing countries in Africa, the Indian sub-continent, Latin America and the Caribbean and Asia and the Pacific – the Commission does not fund projects in Eastern Europe;
- (c) priority is given to projects located in least developed countries as designated by the UN.
- (d) projects must meet basic human needs by helping communities achieve self-sufficiency and, to help achieve this objective, people in the communities where the project is located should be involved in the planning or implementation of the project;
- (e) projects are not for the provision of emergency disaster relief – projects which provide rehabilitation following a disaster may be funded;
- (f) projects should fall within the following categories:-

- (i) **Women**

providing literacy for women is essential if communities are to benefit from education, health care and economic development;

providing economic development opportunities, such as employment and income generation projects, to women is crucial;

- (ii) **Health/Water/Sanitation**

providing clean water and good sanitation is fundamental to the success of communities in poor countries;

providing primary health care within communities including both curative and preventative medicine and awareness raising covering such issues as HIV/AIDS, mother and child health, nutrition, health education, birth control and immunisation;

(iii) **Rural Development**

providing economic development opportunities, which tackle rural poverty and strengthen the rural economy and so curb migration to the cities, which is a major problem in many developing countries;

(iv) **Education/Training**

providing basic literacy skills, training of trainers, educational opportunities particularly for young adults, technical skills and training for employment opportunities;

(v) **Environment**

providing conservation and environmental rehabilitation programmes and training in improved agricultural techniques to counter problems caused by drought, flooding and deforestation leading to soil erosion and desertification;

- (g) grants will normally only be made in respect of projects submitted by non-governmental organisations (NGOs) including many well known charities – the Commission will occasionally respond to requests from local persons to support particular projects but it does not sponsor individuals or make donations nor does it give bilateral government-to-government aid or funding for conferences or seminars;
- (h) individual grants will not normally exceed £40,000;
- (i) grants do not meet the running costs of the NGOs; a small proportion of the grant may be allocated to help cover the administration costs involved in setting up/running a project on the ground; and
- (j) reports must be submitted to the Commission by the NGOs within six months of the grant having been made and on completion of each project;
- (k) in considering an application for a grant the Commission will wish to be satisfied as to the validity and capability of the organisation making the application, and that the proposed project meets the criteria set out above;
- (l) although several of the organisations with which the Commission deals are Christian-based, the Commission does not take this fact into account and aid is distributed irrespective of race or religion. The Commission would not make a grant to a project whose purpose was to advance the interests of a particular church or religion.

APPENDIX II

PUBLIC SECTOR REMUNERATION COMMITTEE

**ESTABLISHED STAFF OF THE STATES OF GUERNSEY -
THE SALARY MINIMA AND MAXIMA OF THE GENERAL GRADES**

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

5th June 2006

Dear Sir

In accordance with States Resolution XXXVI of 28 October 1987, as amended, I have the honour to enclose, for publication as an Appendix to a Billet d'Etat, details of the salary minima and maxima of the Established Staff general grades applying from 1 May 2006. The number of staff in each grade is also detailed.

Yours faithfully

J P Le Tocq
Chairman

ESTABLISHED STAFF OF THE STATES OF GUERNSEY
The Salary Minima & Maxima of the General Grades

	At 1.05.06 £	
Senior Officer 12	102658/115747	} Note 1
Senior Officer 11	93818/105780	
Senior Officer 10	85744/96675	
Senior Officer 9	78366/88353	
Senior Officer 8	71618/80753	
Senior Officer 7	65459/73801	
Senior Officer 6	59823/67455	
Senior Officer 5	54673/61648	
Senior Officer 4	49966/56339	
Senior Officer 3	45666/51489	
Senior Officer 2	41736/47056	
Senior Officer 1	38141/43008	
Executive Grade V	36081/38118	} Note 2
Executive Grade IV	33232/35106	
Executive Grade III	30262/32243	
Executive Grade II	27320/29247	
Executive Grade I	24317/26278	
Administrative Assistant 2	20118/22927	} Note 3
Administrative Assistant 1	15441/19649	
Clerical Assistant	12119/15441	
Personal Assistant 2	26809/29697	} Note 4
Personal Assistant 1	23446/25914	
Typist C	20821/22711	
Typist B	14460/20821	
Typist A	12183/17736	
Other Grades	10051/37047	} Note 5

NOTES:

There are 1865 Established Staff in total on the general grades. (All establishment figures are as at 31 January 2006.)

1. There are 325 staff (17% of total) on the Senior Officer grades.
2. There are 846 staff (45% of total) on the Executive Grades.
3. There are 430 staff (23% of total) on the Administrative Assistant, Clerical Assistant and equivalent grades.
4. There are 106 staff (6% of total) on the Personal Assistant and Typist grades.
5. There are 158 staff (9% of total) on other grades i.e. Non-Standard, Miscellaneous, Home Staff, School Administration Assistant whose salaries broadly span Clerical Assistant to Executive Grade V.

APPENDIX III

HOUSE COMMITTEE

**RECORD OF MEMBERS' ATTENDANCE AT MEETINGS OF
THE STATES OF DELIBERATION, THE POLICY COUNCIL,
DEPARTMENTS AND COMMITTEES**

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

14 June 2006

Dear Sir

On 28 January 2004 the States resolved, inter alia:

“That Departments and Committees shall maintain a record of their States Members’ attendance at, and absence from, meetings, including sub-committee meetings and the reasons for absence given shall also be recorded.

“That the records of States Members’ attendance at, absence from and reasons for absence from meetings, shall be made available to the House Committee to monitor and to take such action as it sees fit within its powers and the records shall also be available for inspection by the public.”.

This report deviates from the States resolution in that, at the request of the Policy Council, statistics relating to attendance at meetings of the States of Deliberation have also been included.

The House Committee would be grateful if the Policy Council would agree to publish this report, in respect of statistics provided by H. M. Greffier, Departments and Committees for the six months ended 30 April 2006, as an appendix to a Billet d’État.

Yours faithfully

D. P. Le Cheminant
Chairman

PART I - REPORT BY DEPARTMENT/COMMITTEE

NAME OF MEMBER	TOTAL NUMBER OF MEETINGS	MEMBER PRESENT		Indisposed	MEMBER ABSENT		
		Whole Meeting	Part of Meeting		Absent from Island		Other
					States business	Personal business/ holiday	
POLICY COUNCIL							
L. C. Morgan	13	11	1			1	
B. M. Flouquet.	13	13					
S. J. Falla, MBE	13	9	2			2	
P. R. Sirett	13	11			1	1	
M. A. Ozanne	13	11	2				
P. J. Roffey	13	12				1	
M. W. Torode	13	8	2		2	1	
D. B. Jones	13	12		1			
W. M. Bell	13	10	2			1	
M. M. Lowe	13	13					
L. S. Trott	13	12	1				
Alternate Members:							
B. L. Brehaut	1	1					
D. A. Grut	1	1					
C. H. Le Pelley	2	2					
T. M. Le Pelley	1	1					
C. S. McNulty-Bauer	1	1					
F. W. Quin	3	3					
COMMERCE AND EMPLOYMENT DEPARTMENT							
S. J. Falla, MBE	12	11				1	
C. S. McNulty Bauer	12	12					
L. R. Gallienne	12	9			2	1	
M. G. O'Hara	12	9				3	
D. W. Staples	12	11			1		
CULTURE AND LEISURE DEPARTMENT							
P. R. Sirett	6	5				1	
C. H. Le Pelley	6	6					
M. G. O'Hara	6	5					1 - Bereavement
J. Honeybill	6	5				1	
C. S. McNulty Bauer	6	6					
EDUCATION DEPARTMENT							
M. A. Ozanne	12	11	1				
W. J. Morgan	12	11			1		
D. A. Grut	12	11				1	
A. H. Adam	12	12					
D. P. Le Cheminant	12	12					
ENVIRONMENT DEPARTMENT							
B. M. Flouquet	16	16					
I. F. Rihoy	16	11	2			3	
C. D. Brock	16	13				3	
J. M. Le Sauvage	16	15	1				
D. de G. De Lisle	16	16					

NAME OF MEMBER	TOTAL NUMBER OF MEETINGS	MEMBER PRESENT		Indisposed	MEMBER ABSENT		Other
		Whole Meeting	Part of Meeting		States business	Absent from Island Personal business/ holiday	
Special Meeting with the Public Services Department							
W. M. Bell	1	1					
A. H. Brouard	1	1					
R. J. Le Moignan	1	1					
T. M. Le Pelley	1	1					
S. J. Ogier	1	1					
HEALTH AND SOCIAL SERVICES DEPARTMENT							
P. J. Roffey	12	11				1	
D. A. Grut	12	9				3	
A. H. Adam	12	11				1	
B. L. Brehaut	12	11	1				
D. E. Lewis	12	12					
HOME DEPARTMENT							
M. W. Torode	10	8	1		1		
F. W. Quin	10	10					
G. Guille	10	9		1			
S. J. Maindonald	10	5	4	1			
G. H. Mahy	10	10					
HOUSING DEPARTMENT							
D. B. Jones	13	13					
M. H. Dorey	13	13					
L. R. Gallienne	13	12			1		
B. L. Brehaut	13	10			1	2	
J. A. B. Gollop	13	12				1	
PUBLIC SERVICES DEPARTMENT							
W. M. Bell	10	10					
A. H. Brouard	10	9				1	
R. J. Le Moignan	10	9				1	
T. M. Le Pelley	10	7				3	
S. J. Ogier	10	10					
Special Meeting with the Environment Department							
B. M. Flouquet	1	1					
I. F. Rihoy	1						1 – Unknown
C. D. Brock	1		1				
J. M. Le Sauvage	1	1					
D. de G. De Lisle	1	1					
SOCIAL SECURITY DEPARTMENT							
M. M. Lowe	13	13					
D. P. Le Cheminant	13	12		1			
G. H. Mahy	13	12	1				
D. E. Lewis	13	13					
S. J. Ogier	13	11			2		

NAME OF MEMBER	TOTAL NUMBER OF MEETINGS	MEMBER PRESENT		MEMBER ABSENT			
		Whole Meeting	Part of Meeting	Indisposed	Absent from Island		Other
States business	Personal business/ holiday						
TREASURY AND RESOURCES DEPARTMENT							
L. S. Trott	24	24					
C. N. K. Parkinson	24	23				1	
J. P. Le Tocq	24	22				2	
M. H. Dorey	24	23				1	
J. Honeybill	24	22				2	
HOUSE COMMITTEE							
D. P. Le Cheminant	6	6					
C. H. Le Pelley	6	6					
G. Guille	6	6					
S. J. Falla, MBE	6	3	1	1		1	
E. W. Walters	6	6					
LEGISLATION SELECT COMMITTEE							
C. H. Le Pelley	6	6					
P. R. Sirett	6	4				2	
J. A. B. Gollop	6	5				1	
T. M. Le Pelley	6	4				2	
A. H. Brouard	6	5				1	
PUBLIC ACCOUNTS COMMITTEE							
L. R. Gallienne	7	7					
C. D. Brock	7	6				1	
B. J. Gabriel	7	6	1				
S. J. Ogier	7	5	1				1 – Unknown
J. Tasker	5	4				1	
PUBLIC SECTOR REMUNERATION COMMITTEE							
J. P. Le Tocq	12	12					
A. H. Adam	12	9	1			2	
G. H. Mahy	12	11				1	
J. Honeybill	12	10				2	
B. L. Brehaut	12	9			1	2	
SCRUTINY COMMITTEE							
J. A. Pritchard	10	8				2	
S. J. Maindonald	10	9					1 – Other States business on- Island
B. R. de Jersey	10	10					
B. J. Gabriel	10	7	2			1	
R. H. F. Cox	10	5			1		3 – Other States business on- Island; 1- Alderney States;
J. A. B. Gollop	10	8				2	
E. W. Walters	10	8	1	1			
R. J. Le Moignan	10	8	1				1 – Other States business on- Island
D. W. Staples	10	8					1 – Wrong date; 1 – Conflict of interest

NAME OF MEMBER	TOTAL NUMBER OF MEETINGS	MEMBER PRESENT		MEMBER ABSENT			Other
		Whole Meeting	Part of Meeting	Indisposed	Absent from Island		
					States business	Personal business/ holiday	
INHERITANCE LAW REVIEW COMMITTEE							
J. A. Pritchard	2	2					
C. H. Le Pelley	2	2					
P. R. Sirett	2	1				1	
PAROCHIAL ECCLESIASTICAL RATES REVIEW COMMITTEE							
B. R. de Jersey	18	18					
J. A. B. Gollop	18	17				1	
G. Guille	18	15		2		1	
T. M. Le Pelley	18	16				2	
D. E. Lewis	18	18					

PART II - REPORT BY SUB-COMMITTEES

NAME OF MEMBER	TOTAL NUMBER OF MEETINGS	MEMBER PRESENT		Indisposed	MEMBER ABSENT		Other
		Whole Meeting	Part of Meeting		States business	Personal business/ holiday	
POLICY COUNCIL – Strategic Population Review Group							
M. M. Lowe	7	7					
S. J. Falla, MBE	7	6					1 - unknown
D. B. Jones	7	7					
M. W. Torode	7	5			1	1	
R. J. Le Moignan	2	2					
J. Tasker	2	1			1		
POLICY COUNCIL – Social Policy Steering Group							
P. J. Roffey	3	3					
D. B. Jones	3	2					1 - unknown
M. M. Lowe	3	3					
M. A. Ozanne	3	3					
M. W. Torode	3	3					
W. J. Morgan	1						1 - unknown
B. L. Brehault	1	1					
POLICY COUNCIL – Strategic Land Planning Group							
L. S. Trott	3	3					
C. D. Brock	3	2				1	
S. J. Falla, MBE	3	2				1	
B. M. Flouquet	3	2				1	
D. B. Jones	3	3					
P. R. Sirett	3	3					
POLICY COUNCIL – Fiscal and Economic Policy Steering Group							
L. C. Morgan	6	6					
B. M. Flouquet.	6	5					1 – Other States business on-Island
L. S. Trott	6	6					
S. J. Falla, MBE	6	2				2	2 – Other States business on-Island
POLICY COUNCIL – Energy Policy Steering Group							
B. M. Flouquet	1	1					
C. N. K. Parkinson	1	1					
G. Guille	1	1					
M. G. O’Hara	1	1					
S. J. Ogier	1	1					
POLICY COUNCIL – External Relations Group							
L. C. Morgan	2	2					
B. M. Flouquet.	2	2					
P. R. Sirett	2	2					
S. J. Falla MBE	2	2					
D. B. Jones	2	2					

NAME OF MEMBER	TOTAL NUMBER OF MEETINGS	MEMBER PRESENT		MEMBER ABSENT			
		Whole Meeting	Part of Meeting	Indisposed	Absent from Island		Other
					States business	Personal business/ holiday	
POLICY COUNCIL – Emergency Powers Authority							
L. C. Morgan	1	1					
M. W. Torode	1	1					
B. M. Flouquet	1	1					
L. S. Trott	1						1 – Urgent T&R business
P. J. Roffey	1	1					
M. M. Lowe	1	1					
W. M. Bell	1	1					
POLICY COUNCIL – Legal Aid Group							
W. M. Bell	4	4					
C. N. K. Parkinson	4	4					
POLICY COUNCIL – Waste, Water and Stone Review Steering Group							
L. C. Morgan	2	2					
B. M. Flouquet	2	2					
W. M. Bell	2	2					
P. J. Roffey	2					2	
D. A. Grut	1	1					
POLICY COUNCIL – Staff Steering Group							
S. J. Falla	4	3				1	
M. M. Lowe	4	4					
L. C. Morgan	4	4					
M. W. Torode	4	2			2		
POLICY COUNCIL – Government Business Plan Task Group							
L. C. Morgan	6	6					
B. M. Flouquet	6	6					
S. J. Falla MBE	6	4			1	1	
P. J. Roffey	6	5				1	
COMMERCE AND EMPLOYMENT DEPARTMENT and TREASURY AND RESOURCES DEPARTMENT– Construction Industry Joint Steering Group							
B. M. Flouquet	3	3					
S. J. Falla, MBE	3	2			1		
L. S. Trott	3	3					
M. G. O’Hara	3				2	1	
J. P. Le Tocq	3	3					
COMMERCE AND EMPLOYMENT DEPARTMENT – Resources Group							
L. R. Gallienne	3	3					
D. W. Staples	3	2				1	
COMMERCE AND EMPLOYMENT DEPARTMENT – Dairy Management Board							
D. W. Staples	3	2			1		

NAME OF MEMBER	TOTAL NUMBER OF MEETINGS	MEMBER PRESENT		MEMBER ABSENT			
		Whole Meeting	Part of Meeting	Indisposed	Absent from Island		Other
					States business	Personal business/ holiday	
COMMERCE AND EMPLOYMENT DEPARTMENT – Business Guernsey Group (formerly named Business Development Workgroup)							
C. S. McNulty Bauer	6	6					
M. G. O’Hara	6	4				2	
COMMERCE AND EMPLOYMENT DEPARTMENT – Competition Working Group							
L. R. Gallienne	2	2					
C. S. McNulty Bauer	2	2					
COMMERCE AND EMPLOYMENT DEPARTMENT – Finance Sector Group							
L. C. Morgan	4	4					
S. J. Falla, MBE	4	4					
C. S. McNulty Bauer	4	4					
COMMERCE AND EMPLOYMENT DEPARTMENT – Client Services Working Group							
D. W. Staples	4	4					
COMMERCE AND EMPLOYMENT DEPARTMENT – Marketing Guernsey Group							
S. J. Falla, MBE	1	1					
M. G. O’Hara	1	1					
P. R. Sirett	1	1					
CULTURE AND LEISURE DEPARTMENT – Liberation Day Committee							
M. G. O’Hara	4	4					
CULTURE AND LEISURE DEPARTMENT – KGV Management Committee							
J. Honeybill	4	4					
CULTURE AND LEISURE DEPARTMENT – Channel Islands Lottery Advisory Panel							
J. Honeybill	1	1					
CULTURE AND LEISURE DEPARTMENT – Guernsey Sports Commission							
M. G. O’Hara	5	5					
CULTURE AND LEISURE DEPARTMENT – Guernsey Sports Commission - Achievement Awards Committee							
M. G. O’Hara	3	2					1 - Bereavement
CULTURE AND LEISURE DEPARTMENT – Events Group							
M. G. O’Hara	2	2					
CULTURE AND LEISURE DEPARTMENT – Events Group – Chairmen of Specialist Interest Groups Sub-Meeting							
M. G. O’Hara	1	1					
EDUCATION DEPARTMENT – Appointments Panel							
M. A. Ozanne	3	3					
W. J. Morgan	2	2					
D. P. Le Cheminant	2	2					
A. H. Adam	3	3					

NAME OF MEMBER	TOTAL NUMBER OF MEETINGS	MEMBER PRESENT		Indisposed	MEMBER ABSENT		Other
		Whole Meeting	Part of Meeting		Absent from Island		
					States business	Personal business/ holiday	
EDUCATION DEPARTMENT – Project Board for Les Nicolles Project							
M. A. Ozanne	1	1					
W. J. Morgan	1	1					
D. A. Grut	1				1		
C. N. K. Parkinson	1					1	
M. H. Dorey	1	1					
J. Honeybill	1	1					
EDUCATION DEPARTMENT – Training Agency							
W. J. Morgan	2	1				1	
EDUCATION DEPARTMENT – Guille-Allès Library							
A. H. Adam	4	4					
EDUCATION DEPARTMENT – Blanchelande Girls’ College							
W. J. Morgan	1						1 - Administrative problem
D. P. Le Cheminant	1	1					
EDUCATION DEPARTMENT – Playscheme							
D. P. Le Cheminant	2	2					
EDUCATION DEPARTMENT – Youth Service Finance Sub-Committee							
D. P. Le Cheminant	3	3					
EDUCATION DEPARTMENT – The Ladies’ College							
D. A. Grut	4	3				1	
EDUCATION DEPARTMENT – Elizabeth College							
D. A. Grut	3	3					
EDUCATION DEPARTMENT – e-Learning							
A. H. Adam	4	4					
EDUCATION DEPARTMENT – Youth Service Committee							
D. P. Le Cheminant	3	3					2 - Unknown
M. G. O’Hara	3				1		
EDUCATION DEPARTMENT – College of Further Education Development Committee							
M. A. Ozanne	3	2				1	
W. J. Morgan	3	3					
EDUCATION DEPARTMENT – Apprenticeship Committee							
M. A. Ozanne	1					1	
W. J. Morgan	1	1					
D. W. Staples	1	1					
EDUCATION DEPARTMENT – Higher Education Strategy Group							
W. J. Morgan	1	1					

NAME OF MEMBER	TOTAL NUMBER OF MEETINGS	MEMBER PRESENT		MEMBER ABSENT			
		Whole Meeting	Part of Meeting	Indisposed	Absent from Island		Other
					States business	Personal business/ holiday	
EDUCATION DEPARTMENT – Higher Education Awards Working Party							
A. H. Adam	5	5					
W. J. Morgan	5	5					
EDUCATION DEPARTMENT – Grammar School							
M. A. Ozanne	2	2					
A. H. Adam	2	2					
EDUCATION DEPARTMENT – Joint Advisory Committee							
M. A. Ozanne	2	2					
W. J. Morgan	2	1					1 – Meeting date changed at short notice
EDUCATION DEPARTMENT – Lifelong Learning							
M. A. Ozanne	5	3		1		1	
W. J. Morgan	5	5					
D. P. Le Cheminant	5	5					
D. W. Staples	1	1					
C. S. McNulty Bauer	3	3					
EDUCATION DEPARTMENT – Priaulx Library Council							
A. H. Adam	5	4				1	
C. H. Le Pelley	5	5					
W. M. Bell	4	4					
EDUCATION DEPARTMENT – Standing Advisory Council for Religious Education							
M. A. Ozanne	2	1				1	
W. J. Morgan	2	2					
D. P. Le Cheminant	2	2					
EDUCATION DEPARTMENT – Amherst Primary and Vauvert Primary Schools’ Committee							
A. H. Adam	1				1		
L. R. Gallienne	1				1		
EDUCATION DEPARTMENT – Castel Primary School Committee							
A. H. Adam	2	2					
EDUCATION DEPARTMENT – Forest Primary School							
M. A. Ozanne	2	1				1	
EDUCATION DEPARTMENT – La Mare de Carteret Primary School Committee							
A. H. Adam	1	1					
EDUCATION DEPARTMENT – La Houquette Primary School Committee							
M. A. Ozanne	1				1		
EDUCATION DEPARTMENT – St Andrew’s Primary School Committee							
M. A. Ozanne	2			1	1		
EDUCATION DEPARTMENT – St Martin’s Primary School Committee							
D. P. Le Cheminant	1	1					

NAME OF MEMBER	TOTAL NUMBER OF MEETINGS	MEMBER PRESENT		Indisposed	MEMBER ABSENT		
		Whole Meeting	Part of Meeting		Absent from Island	Other	
					States business	Personal business/holiday	
EDUCATION DEPARTMENT – St Mary and St Michael Roman Catholic Primary School Committee							
D. P. Le Cheminant	2	2					
EDUCATION DEPARTMENT – Notre Dame du Rosaire Roman Catholic Primary School Committee							
D. P. Le Cheminant	2	2					
EDUCATION DEPARTMENT – Hautes Capelles Infants and Junior School Committee							
D. P. Le Cheminant	2	1			1		
M. M. Lowe	2	2					
EDUCATION DEPARTMENT – Vale Infant and Junior and St Sampson's Infant Schools' Committee							
W. J. Morgan	2	1					1 – Undertaking Interviews
EDUCATION DEPARTMENT – St Sampson's Secondary School Committee							
W. J. Morgan	2	2					
EDUCATION DEPARTMENT – Les Beaucamps Secondary School Committee							
A. H. Adam	1	1					
EDUCATION DEPARTMENT – La Mare de Carteret Secondary School Committee							
A. H. Adam	1	1					
EDUCATION DEPARTMENT - St Anne's School Committee							
W. J. Morgan	2	2					
ENVIRONMENT DEPARTMENT – Waste Procurement Panel							
B. M. Flouquet	7	7					
I. F. Rihoy	7	6				1	
C. D. Brock	7	5				2	
J. M. Le Sauvage	7	7					
D. de G. De Lisle	7	6		1			
C. N. K. Parkinson	7	6				1	
M. H. Dorey	7	7					
S. J. Ogier	7	5	1			1	
G. Guille	7	7					
HEALTH AND SOCIAL SERVICES DEPARTMENT – no sub-committees							
HOME DEPARTMENT – Gambling Sub-Committee							
G. Guille	3	3					
S. J. Maindonald	3	3					
HOME DEPARTMENT – Liquor Licensing Working Group							
F. W. Quin	1	1					
G. H. Mahy	1	1					

NAME OF MEMBER	TOTAL NUMBER OF MEETINGS	MEMBER PRESENT		Indisposed	MEMBER ABSENT		Other
		Whole Meeting	Part of Meeting		States business	Absent from Island Personal business/ holiday	
HOME DEPARTMENT – Police Staffing Sub-Group							
G. Guille	3	2					1 - Other States business on-Island
S. J. Maindonald	3	3					
HOUSING DEPARTMENT – no sub-committees							
PUBLIC SERVICES DEPARTMENT – Roads Working Party							
A. H. Brouard	1	1					
T. M. Le Pelley	1	1					
S. J. Ogier	1	1					
PUBLIC SERVICES DEPARTMENT – Alderney Airport Working Party							
W. M. Bell	2	2					
T. M. Le Pelley	2	2					
R. J. Le Moignan	2	2					
PUBLIC SERVICES DEPARTMENT – Project Board for Runway/Taxiway/Apron Rehabilitation							
T. M. Le Pelley	1	1					
PUBLIC SERVICES DEPARTMENT – External Transport Group (Joint Working Group with Commerce and Employment)							
W. M. Bell	9	9					
T. M. Le Pelley	9	6				2	1 - Unknown
A. H. Brouard	2	2					
S. J. Falla MBE	9	9					
C. S. McNulty Bauer	9	9					
SOCIAL SECURITY DEPARTMENT – no sub-committees							
TREASURY AND RESOURCES DEPARTMENT – no sub-committees							
HOUSE COMMITTEE – no sub-committees							
LEGISLATION SELECT COMMITTEE – no sub-committees							
PUBLIC ACCOUNTS COMMITTEE – Contract Review Working Party							
L. R. Gallienne	1	1					
B. J. Gabriel	2	1	1				
J. Tasker	1	1					
PUBLIC ACCOUNTS COMMITTEE – Public Trading Operations Working Party							
C. D. Brock	1	1					
S. J. Ogier	1		1				
PUBLIC ACCOUNTS COMMITTEE – Audit Working Party							
L. R. Gallienne	2	2					

NAME OF MEMBER	TOTAL NUMBER OF MEETINGS	MEMBER PRESENT		MEMBER ABSENT			Other
		Whole Meeting	Part of Meeting	Indisposed	Absent from Island States business	Personal business/ holiday	
PUBLIC ACCOUNTS COMMITTEE – Procedure Working Party							
L. R. Gallienne	4	4					
J. Tasker	3	2	1				
S. J. Ogier	1	1					
PUBLIC SECTOR REMUNERATION COMMITTEE – Pensions Consultative Committee							
J. P. Le Tocq	3	3					
A. H. Adam	3	2	1				
G. H. Mahy	3	3					
J. Honeybill	3	2				1	
B. L. Brehaut	3	3					
PUBLIC SECTOR REMUNERATION COMMITTEE – Public Service Employees’ Joint Council							
J. P. Le Tocq	2	2					
A. H. Adam	2	2					
G. H. Mahy	2	2					
J. Honeybill	2	1				1	
B. L. Brehaut	2	1				1	
PUBLIC SECTOR REMUNERATION COMMITTEE – Teachers and Lecturers’ Joint Council							
J. P. Le Tocq	1	1					
A. H. Adam	1	1					
G. H. Mahy	1	1					
J. Honeybill	1	1					
B. L. Brehaut	1	1					
SCRUTINY COMMITTEE – no sub-committees							
INHERITANCE LAW REVIEW COMMITTEE – no sub-committees							
PAROCHIAL ECCLESIASTICAL RATES REVIEW COMMITTEE – no sub-committees							

PART III - REPORT BY MEMBER/ELECTORAL DISTRICT**Summary of Attendances at Meetings of The Policy Council, Departments and Committees**

NAME OF MEMBER	TOTAL NUMBER OF MEETINGS	MEMBER PRESENT		MEMBER ABSENT			
		Whole Meeting	Part of Meeting	Indisposed	Absent from Island		Other
					States business	Personal business/ holiday	
ST PETER PORT SOUTH							
L. C. Morgan	38	36	1			1	
B. J. Gabriel	19	14	4			1	
J. A. B. Gollop	47	42				5	
C. S. McNulty Bauer	43	43					
B. L. Brehaut	45	37	1		2	5	
ST PETER PORT NORTH							
L. R. Gallienne	45	40			4	1	
J. Honeybill	54	47				7	
R. R. Matthews							
J. A. Pritchard	12	10				2	
C. D. Brock	35	27	1			7	
W. J. Morgan	44	38			1	1	1 – Unknown; 1- Administrative problem; 1 – Meeting date changed at short notice; 1 – Undertaking interviews
D. E. Lewis	43	43					
ST. SAMPSON							
L. S. Trott	50	48	1				1 – Urgent T&R business
D. P. Le Cheminant	56	54		1	1		
S. J. Maindonald	26	20	4	1			1 – Other States business on- Island
S. J. Ogier	42	35	3		2	1	1 – Unknown
I. F. Rihoy	24	17	2			4	1 – Unknown
R. J. Le Moignan	25	22	1			1	1 – Other States business on- Island
VALE							
G. H. Mahy	42	40	1			1	
P. J. Roffey	37	32				5	
D. B. Jones	41	39		1			1 - Unknown
M. M. Lowe	43	43					
G. Guille	48	43		3		1	1 – Other States business on- Island
B. R. de Jersey	28	28					
D. W. Staples	35	30			2	1	1 – Unknown; 1 – Other States business on- Island

NAME OF MEMBER	TOTAL NUMBER OF MEETINGS	MEMBER PRESENT		Indisposed	MEMBER ABSENT		
		Whole Meeting	Part of Meeting		Absent from Island	Other	
					States business	Personal business/ holiday	
CASTEL							
S. J. Falla, MBE	75	57	3	1	2	9	1 – Unknown; 2 – Other States business on- Island
M. H. Dorey	45	44				1	
E. W. Walters	16	14	1	1			
J. P. Le Tocq	45	43				2	
B. M. Flouquet	61	59				1	1 – Other States business on- Island
A. H. Adam	67	60	2		1	4	
T. M. Le Pelley	53	43				9	1 - Unknown
WEST							
D. A. Grut	35	28			1	6	
M. A. Ozanne	51	40	3	2	2	4	
D. de G. De Lisle	24	23		1			
C. H. Le Pelley	25	25					
P. R. Sirett	33	27			1	5	
A. H. Brouard	20	18				2	
SOUTH-EAST							
M. W. Torode	38	27	3		6	2	
C. N. K. Parkinson	37	34				3	
W. M. Bell	46	43	2			1	
F. W. Quin	14	14					
J. M. Le Sauvage	24	23	1				
M. G. O'Hara	47	34			3	6	2 – Bereavement; 2 - Unknown
ALDERNEY REPRESENTATIVES							
P. F. Walter, MBE, MC							
R. H. F. Cox, TD	10	5			1		3 – Other States business on- Island; 1 – Alderney States

**PART IV – REPORT OF ATTENDANCE AT
MEETINGS OF THE STATES OF DELIBERATION**

NAME OF MEMBER	TOTAL NUMBER OF DAYS (or part)	DAYS ATTENDED (or part)
ST PETER PORT SOUTH		
L. C. Morgan	14	13
B. J. Gabriel	14	14
J. A. B. Gollop	14	14
C. S. McNulty Bauer	14	12
B. L. Brehaut	14	14
J. M. Tasker	14	13
ST PETER PORT NORTH		
L. R. Gallienne	14	14
J. Honeybill	14	13
R. R. Matthews	14	12
J. A. Pritchard	14	14
C. D. Brock	14	14
W. J. Morgan	14	13
D. E. Lewis	14	14
ST SAMPSON		
L. S. Trott	14	14
D. P. Le Cheminant	14	14
S. J. Maindonald	14	12
S. J. Ogier	14	14
I. F. Rihoy	14	14
R. J. Le Moignan	14	14
VALE		
G. H. Mahy	14	14
P. J. Roffey	14	14
D. B. Jones	14	14
M. M. Lowe	14	14
G. Guille	14	14
B. R. de Jersey	14	14
D. W. Staples	14	13
CASTEL		
S. J. Falla, MBE	14	11
M. H. Dorey	14	14
E. W. Walters	14	14
J. P. Le Tocq	14	13
B. M. Flouquet	14	14
A. H. Adam	14	14
T. M. Le Pelley	14	10

NAME OF MEMBER	TOTAL NUMBER OF DAYS (or part)	DAYS ATTENDED (or part)
WEST		
D. A. Grut	14	14
M. A. Ozanne	14	14
D. de G. De Lisle	14	14
C. H. Le Pelley	14	14
P. R. Sirett	14	14
A. H. Brouard	14	14
SOUTH-EAST		
M. W. Torode	14	13
C. N. K. Parkinson	14	13
W. M. Bell	14	14
F. W. Quin	14	13
J. M. Le Sauvage	14	14
M. G. O'Hara	14	11
ALDERNEY REPRESENTATIVES		
P. F. Walter, MBE, MC	14	10
R. H. F. Cox, TD	14	11

*APPENDIX IV***PUBLIC ACCOUNTS COMMITTEE**

ANNUAL REPORT

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

13th June 2006

Dear Sir

In accordance with Billet d'Etat XXIV of 2003, I am pleased to present the Public Accounts Committee's second Annual Report for the year ended 30 April 2006.

1 Executive Summary

The Public Accounts Committee has been extremely active in establishing the direction it should take in ensuring that value for money is achieved in all States' activities. In this regard, the Committee will identify areas where it is necessary to gain States' support for its activities.

The Public Accounts Committee has identified savings or the generation of additional monies of £1.3m per annum. This is equivalent to seven times the annual cost of running the Committee.

The Committee is a vital part of government, and continues to require the support and cooperation of Departments in fulfilling its role. However, the extent to which the Committee can make progress is dependent upon resources allocated to it and these have been limited.

During the year ended 30 April 2006, the Committee has produced;

- a States Report on the redevelopment of Beau Sejour,
- a report (published as an appendix to the Billet) on the St Sampson's Pumping Station and Fire Main,
- the NAO report on "Income Generation in Guernsey".

It has also been working on six further reviews which will be presented to the States during the next year.

2. The Role of the Public Accounts Committee

Public Accounts Committees investigate whether government departments, and non-government organisations using public money, make proper use of the funds entrusted to them.

In the United Kingdom, the National Audit Office works on the principle that it should achieve savings equivalent to eight times the cost of its own operation. This principle is carefully monitored, with the departments investigated confirming the actual savings that have been made.

The States Public Accounts Committee commenced its work in May 2004 and, as a result of the reviews carried out on its behalf (such as Off Island Placements and Income Generation in Guernsey), it has already identified potential savings as well as increases in income totalling £1,383,200 annually. This is approximately seven times the annual cost of running the Committee.

The process of conducting an investigation, producing the report, holding a hearing, and then drafting and presenting a report to the States is a protracted one. In addition, there needs to be a period of time for Departments to implement recommended changes. It is only after this period that the true savings will be realised and the effectiveness of the Committee's work fully recognised.

During its third year of operation, the Committee will be presenting at least six reports to the States. This excludes any additional work on known overspends.

As 2008 and the change in tax strategy approaches, the demands on States finances will become greater. It is therefore vital that the Committee ensures that value for money is achieved in all areas of States' work. To this end, the Committee needs the support of all Departments, and given sufficient powers and a clear direction from the States to help identify where efficiencies can be made.

3. Summary of States Financial Performance

In the 2006 Budget Report (Billet d'Etat XXII 2005), the Treasury and Resources Department indicated the need for public sector financial restraint and for Departments to embrace a culture of continuing efficiencies and cost reductions.

The Treasury and Resources Department has also provided indicative cash limits for 2007 and 2008 and re-iterated that "efficiencies and savings must be delivered".

In the States Treasurer's report for the year ended 31 December 2005, it was reported that expenditure for 2005 was £291.6m, an increase of £15.9m on the previous year, but a decrease of £6 million against authorised budgets due to the use of accumulated unspent balances.

The 2006 budget is £294 million. The effects of inflation have to be absorbed by Departments within their existing budgets or by the use of any unspent balances. Expenditure is not yet capped and continues to creep upwards and it will be interesting to monitor how the States contain expenditure in the second full financial year of the new system of Government.

The Committee's main function is to ensure that value for money is achieved. As Departments strive to reduce costs, the Committee must work with all Departments to highlight areas of inefficiency. Often, Departments have insufficient resources, skills or experience to review areas that may need thorough investigation and it is in this area that the Committee can assist in examining possible reductions in expenditure.

4. Value for Money Audits

In January 2004, the National Audit Office (NAO) was commissioned to carry out a number of reviews and to ensure that the Committee had a number of significant projects to follow up when it was set up in May 2004.

The NAO's contract has been the main provider of value for money reviews during 2005/2006 albeit the pace has been slower than anticipated due to involvement of the NAO team in other States' studies such as the "Energy from Waste" and "Commercialisation" reviews.

In addition to the value for money reviews, the NAO, under the auspices of the Committee, completed a review of States' income generation. This document is one for all States' Departments to use as a reference source for the generation of income. As a result of this report, a number of Departments have come forward with initiatives to generate more income, such as:

Billet d'Etat II, 2006

Public Services Department - Visiting Mooring Charges 2006. A change in charging structure on the figures provided in the NAO report should result in the generation of **£75,000** more income per year.

Billet d'Etat VI, 2006

Policy Council - Minor Fees, Charges and Civil Penalties. A change in the way in which these fees are regulated allows fees to be increased in an easier manner. This should eventually lead to the generation of more income.

Billet d'Etat VII, 2006

Treasury and Resources Department - Document Registration Fees and Fees for Birth, Marriage and Death Registration. Income should be increased by **£159,000** for document fees, with a further **£32,000** from certificates.

Commerce and Employment Department - Company Registration, Review of Fees. Increase in income should be **£117,200**.

In 2004, the first value for money review carried out for the Committee was on ‘Off Island Placements’ which involved the Education and Health and Social Services Departments. A year later, in October 2005, the Committee wrote to these Departments to ascertain how much progress had been made to achieve the **£1m** savings per annum identified by the National Audit Office.

The Committee was disappointed to learn that, despite the severe financial constraints in both Departments, there has been little activity in changing the way they operated off-island placements. In February 2005¹ (Billet d’État II), the States resolved that the Public Accounts Committee should report back to the States on the action taken by the relevant Departments and it has now commissioned a follow-up review on off-island placements in order to bring this matter back to the States later this year.

In February 2005, the Committee published a report on “Inter-Island Co-operation”. At that time, there was much media interest in this area and the Policy Council took the lead in ensuring that co-operation was promoted.

Although the Policy Council endorsed closer cooperation with Jersey, there has been little visible progress in this area. The Committee is currently awaiting a response from the Policy Council on the matter.

During the last year, the Committee has been working on the following reviews which will be presented to the States shortly:

- Industry Support Schemes, and
- Risk Management and Insurance.

The report on industry support schemes administered by the Commerce and Employment Department indicates that savings could be re-directed or saved if the schemes were re-evaluated and re-focused.

The Committee has now entered the second phase of the contract with the National Audit Office (NAO). The NAO will be producing a further four reports before the contract expires in 2007. Research work for two of these reviews was carried out during this past year. In addition, a further review was commenced by another provider - the Wales Audit Office.

5. Project Overspends

Despite its wide mandate, the Committee has come to be identified with reviews on project overspends.

During the last year, hearings were held on overspends incurred on the re-development of Beau Sejour² and on the St Sampson Pumping Station and Fire Main³. The results of

¹ Billet d’État II, 23 February 2005, page 250

² Billet d’État III, 25 January 2006

³ Billet D’Etat VIII, 26 April 2006

these hearings were reported to the States and measures put in place to reduce likelihood of re-occurrence in future projects.

In reviewing any project overspend, the Committee brings a complementary opinion to that achieved by the technical consultants. In questioning the senior staff involved in a project, the Committee endeavours to ensure that lessons are learnt, whether good or bad, and that accountability rests with those responsible.

There are still a number of “overspends” to be investigated, such as the Airport and New Jetty. The Committee is unable to progress these reviews whilst the States is negotiating the final stages of the contracts.

The Committee is determined to prevent future projects encountering the same problems that have been experienced in the past.

6. Procedures

One area of the Committee’s work during the year has been establishing how best it should operate and the powers it needs to operate effectively and efficiently.

Unlike most Departments following the government reforms, the Committee inherited no procedures or processes. Proposals on the creation of the Public Accounts Committee did not detail how it would operate and it was assumed that the Committee would operate in the same way as in other jurisdictions - ‘feeding’ from reports generated by an Auditor General. The previous States deferred any decision on the role of an Auditor General, leaving the production of ‘value for money’ reports to be filled by the NAO which were already under contract with the States of Guernsey.

Having such a prestigious organisation in Guernsey, has meant that the States of Guernsey has taken full opportunity of the NAO skills and knowledge. The NAO allocated one director for Guernsey and all work carried out in the Channel Islands was led by him, but using the expert resources from the UK to support him.

Last year, the Committee indicated that NAO involvement in other States’ reviews delayed the work of the Committee and this still occurred in 2005/06. The NAO completed reports for the Home Department and for the Commerce and Employment and Treasury and Resources Departments on ‘Commercialisation’. Although good for the States, the involvement of the NAO in these other reviews has had an adverse impact on the timing of the Committee’s outputs.

This has led to the Committee reviewing the way in which it operates, comparing the approach to value for money investigations with other jurisdictions and assessing how this can be adapted for use in Guernsey.

For instance, guidelines for witnesses attending Public Accounts Committee hearings are well-established in other jurisdictions and include training courses for civil servants attending such hearings. Accordingly, in consultation with senior civil servants and Association of Guernsey Civil Servants, the Committee has established its own

‘Guidelines to Witnesses Attending a Private Hearing’. This document outlines the process for private hearings and confirms the confidentiality of the hearing content. It is a document which will develop as the Committee itself evolves.

To help departmental staff gain an understanding of the hearing process, the Committee has put forward a proposal for a training course to be held for senior civil servants who might be invited to attend a private hearing. Although this proposal was not practical last year, the Committee intends to revisit this idea in 2006 in order to ensure that best practice is achieved by both the Committee and witnesses attending a hearing.

The Committee will shortly be presenting clear proposals on its operations to the States. These proposals will endeavour to ensure that the community sees that there is openness, transparency and accountability in all areas of public administration.

As a new States’ Committee, it is important that information on its functions, as well as its published reports, are available to all. Therefore, the Committee was pleased to publish its own web pages on the States’ internet site. The pages include information on the role of the Committee and its Members, including their membership of current and former States Departments/Committees and Working Parties.

The website link is www.gov.gg/ccm/navigation/government/public-accounts-committee/.

7. Membership of the Public Accounts Committee

There were a number of changes to Committee membership during the last year.

In October 2005, Deputy Rhoderick Matthews stood down as Chairman. In November 2005, the Vice-Chairman Deputy Leon Gallienne was elected unopposed as Chairman of the Committee.

In September 2005, non-States member Jenny Tasker was successfully voted in as a States Deputy and, therefore, had to relinquish her seat on the Committee. However, she was elected back on to the Committee in December 2005 replacing the seat vacated by Deputy Gallienne.

Mrs Susie Farnon was nominated as a member of the Guernsey Financial Services Commission and, therefore, due to a potential conflict of interest, she resigned from the Committee in November 2005.

In December, the remaining two non-States members’ vacancies were filled by Mr Eifion Thomas and Mr Tony Wills.

In January 2006, Deputy Chris Brock was elected as the Committee’s Vice-Chairman.

The full membership of the Committee can be found in Appendix 2.

As part of the training process for new members, an Induction Pack was compiled during 2005. This provides new Committee members with an overview of the work of the Committee. The pack also includes the “Guideline to Witnesses Attending a Private Hearing”, “Media Guidelines” and “Members’ Profile Form”.

The “Members’ Profile Form” was drafted to avoid potential conflicts of interest with Committee review topics. The “Members’ Profile Form” is completed by both States’ and Non-States’ Members upon joining the Committee.

The Committee also established its own set of media guidelines in order to deal with media inquiries efficiently and effectively. These guidelines are based upon the Policy Council’s media guidelines, and have provided a useful framework for both Members and staff to follow when dealing with all types of media inquiry.

8. Public Accounts Committee Resources

During the year, the Committee had an establishment of one full time equivalent member of staff who was supported by a Junior Executive. It is essential that external resources experienced in carrying out ‘value for money’ reviews are contracted to support the large proportion of the work, and until such time the matter of the Auditor General is resolved. The Committee also uses the Government Business Unit to support it administratively.

9. Dialogue with Third Parties

The Committee delegated a number of functions to its four Working Parties.

As work has progressed and developed, these Working Parties mainly assess possible areas for review and then take responsibility for the report once drafted. In addition, the Chairman and Vice Chairman meet in their elected capacity with representatives of other bodies and Departments.

The following briefly outlines those bodies that the Committee has met during the past year.

Scrutiny Committee

The Committee’s Chairman and Vice-Chairman regularly meet with their counterparts from the Scrutiny Committee. These meetings are valuable in keeping dialogue open between the two bodies and in identifying areas of work to be undertaken. Through this the two Committees have avoided duplication of effort.

Internal Audit

The Internal Audit Unit presents a quarterly update to the Committee’s Audit Working Party. These updates identify the progress made on reports, staffing issues and highlight any review areas which may warrant further investigation by the Committee.

One deficient report was brought to the Committee's attention during the year. Deficient audits are where the Internal Audit Unit identifies particular areas for development in internal controls.

During the past year, two senior members of the Internal Audit staff have left the Civil Service and have not been replaced. Although savings have been made, the section is now severely depleted in both staff numbers and qualification which may seriously impact on the effectiveness of internal audit control. The Committee is monitoring the situation.

One of the changes introduced this year is that Internal Audit reports no longer bear a grading of 'satisfactory', 'deficient', etc. The Committee's Executive Officer now has sight of all Internal Audit reports and brings to the Committee's attention any report with which she is concerned.

External Audit

The Committee is responsible for appointing the external auditors for the States of Guernsey. In this regard, it monitors performance. The Committee's Audit Working Party meets the main external auditors annually.

Auditors General of Jersey and Wales

As a result of the value for money review outlined above, the Committee Chairman and Vice Chairman, and the Chairman of the Procedure Working Party have had the opportunity to meet with the Auditor General for Wales. This has been opportune as the Committee is currently considering the need for an Auditor General in Guernsey.

In 2005, the Comptroller and Auditor General for the States of Jersey was appointed on a part time contract and, at the end of the year, he was able to visit Guernsey to establish links with the Committee's Chairman and Vice-Chairman. He also had the opportunity of meeting with the Chief Officers' Group.

Departments

It is the role of the Committee's Working Parties to establish links with Departmental staff representatives. Similarly, during the year, members and staff of the Committee have gone out to Departments to discuss their role, specific projects, and to work with the Departments in the provision of value for money. It is hoped that this work will be expanded upon during the third year of operation.

Yours faithfully

Leon Gallienne
Chairman

Appendix 1**PUBLIC ACCOUNTS COMMITTEE****MANDATE**

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

Appendix 2**PUBLIC ACCOUNTS COMMITTEE****MEMBERSHIP****Full Committee**

Deputy Leon Gallienne (Chairman)
Deputy Chris Brock (Vice-Chairman)
Deputy Brian Gabriel
Deputy Scott Ogier
Deputy Jenny Tasker
Mr Michael Best
Mr Chris Bradshaw
Mr Eifion Thomas
Mr Tony Wills

Contract Review Working Party

Deputy Jenny Tasker (Chairman)
Deputy Brian Gabriel
Mr Michael Best

Public Trading Operations Working Party

Deputy Chris Brock (Chairman)
Deputy Scott Ogier
Mr Chris Bradshaw

Audit Working Party

Deputy Leon Gallienne
Mr Eifion Thomas
Mr Tony Wills

Procedure Working Party

Mr Chris Bradshaw (Chairman)
Deputy Leon Gallienne
Deputy Jenny Tasker

Appendix 3**Visitors to PAC Full Committee**

Visitors have included:

- Chief Executive
- NAO Director
- States Treasurer

In addition a hearing was held on the Redevelopment of Beau Sejour involving:

- Chief Officer, Culture and Leisure Department
- Chief Officer, Treasury and Resources Department
- Director of Strategic Property Unit, Treasury and Resources Department

A further hearing was held on St Sampson's Pumping Station and Fire Main:

- Chief Officer, Public Services Department
- Director and Staff of the former Guernsey Technical Services, then part of Public Services Department
- Former Secretary of the Public Thoroughfares Committee, through the former Committee Secretariat
- Director and Staff of Strategic Property Unit, Treasury and Resources Department.

Appendix 4**Visitors to PAC Working Parties****Visitors to the Contract Review Working Party:**

- Chief Officer, Housing Department
- Former Director of States Houses, Housing Department
- Director of Finance and IT, Housing Department
- Property Manager, Housing Department
- Contract Law Officer, Law Officers of the Crown
- Director of Former Strategic Property Unit, Treasury and Resources Department

The Contract Review Working Party visited Le Rondin School, where Members meet with:

- Project Director, Education Department
- Former Project Operations Director (Special Education), Education Department
- Project Operations Director (11-16 Years), Education Department
- Client Representatives

Visitors to the Public Trading Operations Working Party:

- Chief Officer, Treasury and Resources Department
- Chief Officer, Public Services Department
- Deputy Chief Officer, Public Services Department

The Public Trading Operations Working Party visited Jersey Water and Jersey Post, where Members met with:

- Managing Director and Staff of Jersey Water
- Chief Executive Officer and Staff of Jersey Post

In addition, Members visited the Harbour Authority, where they met with:

- Former Harbour Master, Harbour Authority, Public Services Department
- Commercial Manager, Harbour Authority, Public Services Department

A further visit was made to Guernsey Airport, where Members met with:

- Airport Director, Public Services Department
- Deputy Airport Director, Public Services Department

Visitors to the Audit Working Party:

Quarterly meetings with the Internal Audit Unit have been transferred from the main Committee to the Audit Working Party.

- Former Director of Risk and Assurance, Internal Audit Unit, Treasury and Resources Department
- Former Deputy Director of Risk and Assurance, Internal Audit Unit, Treasury and Resources Department
- Audit Manager, Audit and Assurance Unit, Treasury and Resources Department
- Lead Director and Staff, KPMG
- Director and Staff, PwC
- NAO Director

Visitors to the Procedure Working Party

- Chief Executive
- Head of Human Resources, Policy Council Human Resources Unit, Policy Council
- HM Procureur, Law Officers of the Crown
- Crown Officer, Law Officers of the Crown
- President and Vice-President, Association of Guernsey Civil Servants

IN THE STATES OF THE ISLAND OF GUERNSEY

ON THE 26TH DAY OF JULY, 2006

The States resolved as follows concerning Billet d'État No. XIII
dated 7th July, 2006

PROJET DE LOI

entitled

**THE CRIMINAL JUSTICE (ATTEMPTS, CONSPIRACY AND JURISDICTION)
(BAILIWICK OF GUERNSEY) LAW, 2006**

I.- To approve the Projet de Loi entitled "The Criminal Justice (Attempts, Conspiracy and Jurisdiction) (Bailiwick of Guernsey) Law, 2006" 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 (MISCELLANEOUS PROVISIONS)
(BAILIWICK OF GUERNSEY) LAW, 2006**

The States are asked to decide:-

II.- To approve the Projet de Loi entitled "The Criminal Justice (Miscellaneous Provisions) (Bailiwick of Guernsey) Law, 2006" 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 FORGERY AND COUNTERFEITING
(BAILIWICK OF GUERNSEY) LAW, 2006**

III.- To approve the Projet de Loi entitled "The Forgery and Counterfeiting (Bailiwick of Guernsey) Law, 2006" 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 SOCIAL INSURANCE (GUERNSEY) (AMENDMENT) LAW, 2006

IV.- At the instance of the Minister for the Social Security Department to grant leave for this Article to be WITHDRAWN.

PROJET DE LOI

entitled

**THE VEHICULAR TRAFFIC (CAUSING DEATH BY DRIVING)
(GUERNSEY) (AMENDMENT) LAW, 2006**

V.- To approve the Projet de Loi entitled “The Vehicular Traffic (Causing Death by Driving) (Guernsey) (Amendment) Law, 2006” and to authorise the Bailiff to present a most humble petition to Her Majesty in Council praying for her Royal Sanction thereto.

**THE ENVIRONMENTAL POLLUTION (GUERNSEY) LAW, 2004
(COMMENCEMENT AND DESIGNATION OF WASTE DISPOSAL
AUTHORITY) ORDINANCE, 2006**

VI.- To approve the draft Ordinance entitled “The Environmental Pollution (Guernsey) Law, 2004 (Commencement and Designation of Waste Disposal Authority) Ordinance, 2006” and to direct that the same shall have effect as an Ordinance of the States.

**THE HUMAN RIGHTS (BAILIWICK OF GUERNSEY) LAW, 2000
(COMMENCEMENT) ORDINANCE, 2006**

VII.- To approve the draft Ordinance entitled “The Human Rights (Bailiwick of Guernsey) Law, 2000 (Commencement) Ordinance, 2006” and to direct that the same shall have effect as an Ordinance of the States.

**THE UNIFORM SCALE OF FINES (BAILIWICK OF GUERNSEY)
(AMENDMENT) ORDINANCE, 2006**

VIII.- To approve the draft Ordinance entitled “The Uniform Scale of Fines (Bailiwick of Guernsey) (Amendment) Ordinance, 2006” and to direct that the same shall have effect as an Ordinance of the States.

THE VEHICULAR TRAFFIC (AMENDMENT) ORDINANCE, 2006

IX.- To approve the draft Ordinance entitled “The Vehicular Traffic (Amendment) Ordinance, 2006” and to direct that the same shall have effect as an Ordinance of the States.

PRIAULX LIBRARY

NEW TRUSTEE

X.- To elect Mr. W. Le R. Robilliard as a Trustee of the Priaulx Library to replace Mr D Le Sueur who has resigned as a Trustee.

POLICY COUNCIL

THE REGULATION OF CIVIL AVIATION IN THE BAILIWICK AND GUERNSEY AND ALDERNEY AIRPORTS

XI.- After consideration of the Report dated 5th June, 2006, of the Policy Council:-

1. To approve the changes to the Bailiwick of Guernsey’s regulatory framework for Civil Aviation and the licensing of Guernsey and Alderney airports and related safety matters as set out in that Report.
2. That political responsibility for the new regulatory framework should rest with the Commerce and Employment Department.
3. That legislation shall be enacted in order to provide the necessary framework for the regulation of Civil Aviation in the Bailiwick of Guernsey and of Guernsey and Alderney airports and to establish the position of Director of Civil Aviation as a Statutory Official as set out in that Report.
4. That a Director of Civil Aviation shall be appointed as a Statutory Official by the Commerce and Employment Department.
5. To direct the preparation of such legislation as may be necessary to give effect to their above decisions.

POLICY COUNCIL

EU SAVINGS TAX DIRECTIVE – BILATERAL AGREEMENTS WITH BULGARIA AND ROMANIA

XII.- After consideration of the Report dated 19th June, 2006, of the Policy Council:-

1. To add Bulgaria and Romania to Schedule 1 of the Foreign Tax (Retention Arrangements) (Guernsey and Alderney) Ordinance, 2005.
2. To direct the preparation of such legislation as may be necessary to give effect to their above decision.

TREASURY AND RESOURCES DEPARTMENT

INTERIM FINANCIAL REPORT

XIII.- After consideration of the Report dated 1st June, 2006, of the Treasury and Resources Department:-

To note that Report.

TREASURY AND RESOURCES DEPARTMENT

THE INCOME TAX (GUERNSEY) (EMPLOYEES TAX INSTALMENT SCHEME) (AMENDMENT) REGULATIONS, 2006

XIV.- After consideration of the Report dated 13th June, 2006, of the Treasury and Resources Department:-

In pursuance of the provisions of subsection (5) of section 81A of the Income Tax (Guernsey) Law, 1975, as amended, to approve the Regulations entitled “The Income Tax (Guernsey) (Employees Tax Instalment Scheme) (Amendment) Regulations, 2006” made by the Treasury and Resources Department on 13th June, 2006.

PUBLIC SERVICES DEPARTMENT

INTERNATIONAL CONVENTION ON LIABILITY AND COMPENSATION FOR DAMAGE IN CONNECTION WITH THE CARRIAGE OF HAZARDOUS AND NOXIOUS SUBSTANCES BY SEA 1996 (THE HNS CONVENTION)

XV.- After consideration of the Report dated 10th May, 2006, of the Public Services Department:-

1. To give effect in the Bailiwick of Guernsey to the International Convention on Liability and Compensation for Damage in connection with the Carriage of Hazardous and Noxious Substances by Sea, 1996, following its ratification by the United Kingdom, thereby providing access to compensation in respect of loss or damage to persons, property and the environment arising from the carriage of hazardous and noxious substances by sea.

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

HEALTH AND SOCIAL SERVICES DEPARTMENT

NURSING HOMES AND RESIDENTIAL HOMES – CHARGES FOR REGISTRATION AND INSPECTION

XVI.- After consideration of the Report dated 15th May, 2006, of the Health and Social Services Department:-

1. That charges be made to the providers of residential and nursing homes.
2. That charges be set at a rate of 50% of the full cost of the registration and inspection service, for the first year of charge, and these charges shall be increased incrementally until full cost recovery is achieved.
3. To authorise the Health and Social Services Department to adjust charges in future years to ensure that costs continue to be covered.
4. To authorise the Health and Social Services Department, at its discretion, to reduce or waive charges where the provider does not charge for services and/or is a not for profit organisation and/or relies totally on charitable funding.
5. That Les Bourgs Hospice and the Guernsey Cheshire Home be exempt from charges.
6. To direct the preparation of such legislation as may be necessary to give effect to their above resolutions.

HEALTH AND SOCIAL SERVICES DEPARTMENT

IMPLEMENTING CHARGES FOR MOTORISED VEHICLE ACCIDENTS

XVII.- After consideration of the Report dated 24th May, 2006 of the Health and Social Services Department:-

1. To amend the States Resolution (Billet d'Etat XXI, November, 1983) Section 2, item 3, (b) from-

“persons who receive treatment following a road traffic accident where the fees could be recovered under the terms of a motor insurance policy.”

to

“persons who receive treatment following a motor vehicle accident where the fees could be recovered under the terms of a motor insurance policy or where the person is not insured, through the courts.”

2. To amend the States Resolution (Billet d’Etat XI, May, 1986) page 529, Section 4, (c) from

“charges may be made for such examinations to persons who receive treatment following a road traffic accident where the fees could be recovered under the terms of a motor insurance policy”

to

“charges may be made for such examinations to persons who receive treatment following a motor vehicle accident where the fees could be recovered under the terms of a motor insurance policy or where the person is not insured, through the courts.”

3. To authorise the Health and Social Services Department to make a charge for the use of the Accident and Emergency and Outpatient Department facilities to:-
 - a. Persons who receive treatment following a motor vehicle accident where the fees can be recovered under the terms of a motor vehicle insurance policy or where the person is not insured, through the courts.
4. To authorise the Health and Social Services Department to determine, and annually review, a scale of charges for treatment of people following a motor vehicle accident, in consultation with the insurance companies, these charges being no higher than those in the NHS scale of charges.
5. To approve that the resolutions apply to all motorised vehicle users, as determined by the Health and Social Services Department and are not purely related to Road Traffic Accidents.

ORDINANCES LAID BEFORE THE STATES

THE BELARUS (FREEZING OF FUNDS) (GUERNSEY) ORDINANCE, 2006

In pursuance of the provisions of the proviso to Article 66 (3) of the Reform (Guernsey) Law, 1948, as amended, the Belarus (Freezing of Funds) (Guernsey) Ordinance, 2006, made by the Legislation Select Committee on the 12th June, 2006, was laid before the States.

THE BURMA (RESTRICTIVE MEASURES) (GUERNSEY) ORDINANCE, 2006

In pursuance of the provisions of the proviso to Article 66 (3) of the Reform (Guernsey) Law, 1948, as amended, the Burma (Restrictive Measures) (Guernsey) Ordinance, 2006, made by the Legislation Select Committee on the 12th June, 2006, was laid before the States.

STATUTORY INSTRUMENTS LAID BEFORE THE STATES

THE DRIVING TESTS AND DRIVING LICENCES (INCREASE OF FEES) REGULATIONS, 2006

In pursuance of section 2B (e) of the Motor Taxation and Licensing (Guernsey) Law, 1987, the Driving Tests and Driving Licences (Increase of Fees) Regulations, 2004, made by the Environment Department on 7th June, 2006, were laid before the States.

THE HEALTH SERVICE (BENEFIT) (LIMITED LIST) (PHARMACEUTICAL BENEFIT) (AMENDMENT NO. 3) REGULATIONS, 2006

In pursuance of section 35 of The Health Service (Benefit) (Guernsey) Law, 1990, the Health Service (Benefit) (Limited List) (Pharmaceutical Benefit) (Amendment No. 3) Regulations, 2006 made by the Social Security Department on 21st June, 2006, were laid before the States.

IN THE STATES OF THE ISLAND OF GUERNSEY

ON THE 27TH DAY OF JULY, 2006

(Meeting adjourned from 26th July 2006)

The States resolved as follows concerning Billet d'État No. XIII
dated 7th July, 2006

COMMERCE AND EMPLOYMENT DEPARTMENT

PROMOTING COMPETITION AND PREVENTING MARKET ABUSE

XVIII.- After consideration of the Report dated 26th May, 2006, of the Commerce and Employment Department:-

1. To enact enabling legislation to give the States powers to enact Ordinances which would incorporate measures to promote competition in the Island's economy in respect of abuse of a dominant market position, anti competitive behaviour, mergers and acquisitions and Fair Trading on the lines set out in this Report.
2. That when the new enabling legislation has been enacted Ordinances shall be laid before the States as soon as possible incorporating specific measures to control:
 - (a) Anti-competitive arrangements by undertakings;
 - (b) Abuse of a dominant market position by undertakings;
 - (c) Mergers and acquisitions by undertakings.
3. That the legislation shall include the following provisions:
 - (a) A requirement for a Resolution of the States for an investigation to be carried out into a specified market sector;
 - (b) Powers to investigate the circumstances of the operation of any such market sector;
 - (c) Powers to publish the results of such investigations and to make recommendations and give directions;.
 - (d) Appropriate penalties and powers of enforcement and appeals in respect thereof.

- (e) Such other provisions as are necessary for the purpose of giving effect to that Report.
4. That a Statutory Official known as the Director General of Competition shall be established in order to undertake such statutory reviews of specific market sectors as directed by the States.
 5. That the administration costs and all expenses, including staff and associated costs, of the Director General of Competition shall be met by a separate vote of the States, initially of a maximum of £300,000 per annum, such sum to be negotiated annually and allocated on a ringfenced basis to the budget of the Commerce and Employment Department.
 6. To note that informal investigations will be undertaken into areas of the Island's economy, in particular the energy market, and specifically gas and the importation of bulk fuels, with a view to deciding on the appropriateness of either bringing them within the remit of the Regulation of Utilities Law, 2001, or of making them subject to a formal investigation under the legislation proposed in this Report.
 7. To direct the preparation of such legislation as may be necessary to give effect to their above decisions.

COMMERCE AND EMPLOYMENT DEPARTMENT

AMENDMENTS TO FINANCIAL SERVICES LEGISLATION

XIX.- After consideration of the Report dated 14th June, 2006, of the Commerce and Employment Department:-

1. To enact legislation to enable the finance sector legislation identified in that Report to be amended by Ordinance.
2. To direct the preparation of such legislation as may be necessary to give effect to their above decision.

HOME DEPARTMENT

DATA PROTECTION COMMISSIONER

XX.- After consideration of the Report dated 26th May, 2006, of the Home Department:-

In pursuance of the provisions of section 6 (2) of the Data Protection (Bailiwick of

Guernsey) Law, 2001 to reappoint Dr P R Harris to the office of Data Protection Commissioner with effect from 1st October, 2006.

HOME DEPARTMENT

FRENCH NUCLEAR POWER FACILITIES – PROPOSED DEVELOPMENT OF THE FLAMANVILLE NUCLEAR POWER PLANT

XXI.- After consideration of the report dated 26th May, 2006, of the Home Department:-

- 1 To make a formal representation to the French authorities which expresses the Island's concerns over safety and requests assurances that all reasonable measures will be taken to mitigate any safety risks associated with the proposed development of the Flamanville Nuclear Power Station and that the Island authorities will be kept fully informed of the situation as the development progresses.
2. To direct the Home Department, in consultation with the Policy Council, to prepare such a formal representation as may be necessary to highlight the concerns of the States.

HOME DEPARTMENT

PROCEEDS OF CRIME - RECOVERY OF MONEY IN CIVIL PROCEEDINGS

XXII.- After consideration of the Report dated 26th May, 2006, of the Home Department:-

1. To approve the Home Department's proposals to amend legislation as set out in Her Majesty's Procureur's letter quoted in section 2 of that Report.
2. To direct the preparation of such legislation as may be necessary to give effect to their above decision.

HOME DEPARTMENT

PROCEEDS OF CRIME - CUSTOMER INFORMATION AND ACCOUNT MONITORING ORDERS

XXIII.- After consideration of the Report dated 26th May, 2006, of the Home Department:-

1. To approve the Home Department's proposals to amend legislation as set out in Her Majesty's Procureur's letter quoted in section 2 of that Report.
2. To direct the preparation of such legislation as may be necessary to give effect to their above decision.

HOME DEPARTMENT

DISCLOSURE OF INFORMATION

XXIV.- After consideration of the Report dated 26th May, 2006, of the Home Department:-

1. To approve the Home Department's proposals to introduce legislation as set out in Her Majesty's Procureur's letter quoted in section 2 of that Report.
2. To direct the preparation of such legislation as may be necessary to give effect to their above decision.

HOME DEPARTMENT

THE GUERNSEY GAMBLING CONTROL COMMISSION: 2005 ANNUAL REPORT

XXV.- After consideration of the report dated 30th May, 2006, of the Home Department:-

1. To note the Report.
2. To approve the accounts of the Guernsey Gambling Control Commission for the year ended 31st December, 2005.

3. To appoint KPMG Channel Islands Limited as auditors of the Guernsey Gambling Control Commission for the year ending 31st December, 2006.
4. To note the suspension of the Commission for the foreseeable future.
5. To note that the Commission's loan facility is now unlikely to be repaid.

K. H. TOUGH

HER MAJESTY'S GREFFIER

IN THE STATES OF THE ISLAND OF GUERNSEY

ON THE 28TH DAY OF JULY, 2006

(Meeting adjourned from 27th July 2006)

The States resolved as follows concerning Billet d'État No. XIII
dated 7th July, 2006

ENVIRONMENT DEPARTMENT

EXPORT OF WASTE

XXVI.- After consideration of the Report dated 17th May, 2006, of the Environment Department:-

TO NEGATIVE THE PROPOSITION to approve the export, for landfill, of 30,000 tonnes of waste per annum to France for a minimum period of 3 years.

S. M. D. ROSS

HER MAJESTY'S DEPUTY GREFFIER