



BILLET D'ÉTAT

WEDNESDAY, 26th SEPTEMBER, 2018

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2018

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BILLET D'ÉTAT

TO THE MEMBERS OF THE STATES OF THE ISLAND OF GUERNSEY

I hereby give notice that a Meeting of the States of Deliberation will be held at **THE ROYAL COURT HOUSE**, on **WEDNESDAY**, the **26th September, 2018** at **9.30a.m.**, to consider the items listed in this Billet d'État which have been submitted for debate.

R. J. COLLAS
Bailiff and Presiding Officer

The Royal Court House
Guernsey

23rd July, 2018

**ELECTION OF A MEMBER OF THE
STATES' TRADING SUPERVISORY BOARD**

The States are asked:

Further to the Resolution of the States of the 20th July, 2018 and in accordance with Rule 16 of The Rules of Procedure of the States of Deliberation and their Committees, to elect a sitting Member of the States as an additional member of the States' Trading Supervisory Board to hold office until the 30th June 2020.

(N.B. Pursuant to the Mandate of the States' Trading Supervisory Board, a Member of the Board shall not be the President or a member of the Transport Licensing Authority.)

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

COMMITTEE *for* ECONOMIC DEVELOPMENT

APPOINTMENT OF THE DIRECTOR OF CIVIL AVIATION

The States are asked to decide:-

Whether, after consideration of the policy letter entitled “Appointment of the Director of Civil Aviation”, dated 29 June 2018, they are of the opinion:-

1. In accordance with paragraph 1(2) of the Aviation (Bailiwick of Guernsey) Law, 2008, to agree to appoint Mr Dominic Lazarus as Director of Civil Aviation for a period of five years, with immediate effect.

The above Proposition has been submitted to Her Majesty's Procureur for advice on any legal or constitutional implications in accordance with Rule 4(1) of the Rules of Procedure of the States of Deliberation and their Committees.

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

COMMITTEE *for* ECONOMIC DEVELOPMENT

APPOINTMENT OF THE DIRECTOR OF CIVIL AVIATION

The Presiding Officer
States of Guernsey
Royal Court House
St Peter Port

29 June 2018

Dear Sir

1 Executive Summary

- 1.1 The office of the Director of Civil Aviation is established in the Aviation (Bailiwick of Guernsey) Law, 2008 and, at the time of writing, the extant Director of Civil Aviation has resigned with effect from 12:00 on 9 July 2018.
- 1.2 The Committee *for* Economic Development (“the Committee”) has identified a suitable candidate as his replacement and recommends that the States appoint Mr Dominic Lazarus as Director of Civil Aviation for the Bailiwick of Guernsey, for a period of five years with immediate effect.
- 1.3 The functions and powers of the Director of Civil Aviation are set out in the Aviation (Bailiwick of Guernsey) Law, 2008 (“the Law”) and the office-holder will undertake the same statutory role in the Bailiwick of Jersey and will therefore have relevant responsibilities for all of the Channel Islands airspace. The post is funded between both Islands and is a constructive example of pan Island working. An outline job description is detailed in Appendix 1.
- 1.4 Mr Angus Paterson has resigned from the position of Director of Civil Aviation and the Committee would like to publicly extend its thanks to him for the work that he has undertaken in this role.

2 Appointment of the Director of Civil Aviation

- 2.1 Paragraph 1(2) of the Aviation (Bailiwick of Guernsey) Law, 2008 provides that the States shall, on the recommendation of the Committee, appoint the Director of Civil Aviation, and the Law further states that the appointment may not exceed

five years (although a person may be appointed to the office of Director of Civil Aviation for more than one term).

- 2.2 Further, in the event of a vacancy in the office, paragraph 7 of Schedule 1 to the Law provides for the Committee to appoint an individual who is considered eligible for appointment as Director of Civil Aviation to the role of Acting Director of Civil Aviation until such time as the States makes an appointment to the role of Director of Civil Aviation.
- 2.3 The post of Director of Civil Aviation was advertised within relevant trade journals and a total of 36 applications received, 9 of which were followed with a telephone interview. 4 candidates were then interviewed in person by officers from both the States of Guernsey and the States of Jersey, given that the office-holder undertakes the same statutory role in the Bailiwick of Jersey.
- 2.4 Following the recruitment process, Mr Dominic Lazarus was offered and accepted the role of Director of Civil Aviation, subject to the approval of the States of Deliberation. The Committee subsequently appointed Mr Lazarus as Acting Director of Civil Aviation, with effect from 12:00 on 9 July 2018.
- 2.5 The Committee is pleased to recommend that the States appoint Mr Dominic Lazarus as Director of Civil Aviation, as it is satisfied that Mr Lazarus is suitably qualified and competent to carry out the role. A brief resume of his background and experience is set out in Appendix 2.
- 2.6 There are no additional finance or resource implications with regard to this successor appointment.

3 Recommendation

- 3.1 The Committee is pleased to recommend that the States appoint Mr Dominic Lazarus as Director of Civil Aviation, and further recommends that the appointment should be for five years with immediate effect.

4 Compliance with Rule 4

- 4.1 In accordance with Rule 4(1) of the Rules of Procedure of the States of Deliberation and their Committees, the Proposition has been submitted to Her Majesty's Procureur for advice on any legal or constitutional implications.
- 4.2 In accordance with Rule 4(4), it is confirmed that the Proposition above has the unanimous support of the Committee.

- 4.3 In accordance with Rule 4(5), the Proposition relates to the duty of the Committee to recommend to the States a suitable person to be appointed as the Director of Civil Aviation, as set out in paragraph 1(2) of the Aviation (Bailiwick of Guernsey) Law, 2008.
- 4.4 Also in accordance with Rule 4(5), the Committee consulted with relevant stakeholders before submitting the Proposition, including officers of the States of Jersey and extant staff of the Office of the Director of Civil Aviation, and received legal advice from the Law Officers of the Crown.

Yours faithfully

C N K Parkinson
President

A C Dudley-Owen
Vice-President

J I Mooney
D A Tindall
D de G De Lisle



CIVIL AVIATION

DIRECTOR OF CIVIL AVIATION (DCA)

SO8 OR SO9

JOB DESCRIPTION

JOB SUMMARY:

The *Director – Civil Aviation* (DCA) acts as the aviation security regulator for the Bailiwicks of Guernsey and Jersey. The post holder is responsible for licensing and regulating civil aviation activities in the Bailiwicks and ensures compliance with all international requirements in accordance with the relevant provisions of the Aviation (Bailiwick of Guernsey) Law, 2008 (as amended), the Air Navigation (Bailiwick of Guernsey) Law, 2012, Civil Aviation (Jersey) Law 2008, Air Navigation (Jersey) Law 2014, and other relevant laws and regulations.

The postholder is responsible for the oversight and monitoring of the implementation of aviation security standards for the Channel Islands. The DCA ensures compliance with the relevant international and national standards in respect of aviation security for the Bailiwick. The post holder is assisted in this task by the *Aviation Security Regulator* for Guernsey and Jersey, who reports directly to Director of Civil Aviation.

In accordance with the Civil Aviation (Jersey) Law 2008 and ensuring compliance with the Air Navigation (Jersey) Law 2014 and other relevant regulations, the DCA acts as the aviation safety and the aviation security regulator for Jersey under the terms of the contract between the Office of the Committee for Economic Development and the Ministry of External Relations in Jersey.

The DCA is the regulator for the Channel Islands Controlled Airspace and is responsible for the approval of air traffic services provision to ensure the safe operation of air navigation services provided within Channel Islands airspace. The role also includes responsibility for regulation of the meteorological services for the purpose of air navigation.

The DCA has regulatory oversight of the technical approvals for both the Guernsey Aircraft registry, 2-Reg under the Air Navigation (Bailiwick of Guernsey) Law 2012 and the Jersey Aircraft Registry under the Air Navigation (Jersey) Law 2014.

The DCA monitors and reviews developments in international civil aviation law, regulations and standards and maintains the Bailiwicks' civil aviation regulatory framework in compliance with such standards. This responsibility includes developing and proposing appropriate amendments to the civil aviation legislation in both Guernsey and Jersey.

The DCA monitors and reviews developments in international and EU civil aviation matters and assesses their relevance to the Bailiwicks in the light of their constitutional status and relationship with the EU. The postholder also consults with and advises the relevant bodies in each Bailiwick on how to respond appropriately to these developments to protect and secure maximum benefit to their interests and to represent those interests at inter-governmental level.

RELATIONSHIPS:

The postholder reports through the Committee *for* Economic Development in Guernsey and to the Minister for External Relations in Jersey. The DCA is required to provide advice for Ministers and deal with senior management at the Airports and other entities having responsibilities for aviation safety and security regarding matters of policy and operational safety and security. The postholder also liaises with the appropriate technical staff regarding the detailed implementation of safety regulations and security directions and instructions.

This position is based in Guernsey, but as the DCA reports equally to both Guernsey and Jersey, he/she regularly travels between the Islands. The DCA will need to establish a good working relationship and maintain regular contact in person with the Head of International Compliance in Jersey, who is responsible for managing the relationship between the Minister for External Relations and the DCA.

The DCA is responsible for establishing and maintaining direct links with the appropriate officers in the United Kingdom Department for Transport. This is to ensure that the Channel Islands complies with the Memoranda of Understanding between that Department and the DCA for Guernsey and for Jersey, ensuring compliance with the Chicago Convention of 1944 and its associated Annexes and other international agreements and obligations in respect of civil aviation. With respect to security, the DCA ensures that the Bailiwicks are fully informed of all relevant aviation security measures which are to be made applicable in the Channel Islands.

The DCA will maintain contacts with French aviation authorities to ensure compliance with the Memorandum of Understanding between the Government of the United Kingdom and the Government of the French Republic relating to the application of the Eurocontrol route charges joint system in the Channel Islands Control Zone.

The post-holder must establish and maintain a strong working relationship with the Law Officers Chambers in Guernsey and Jersey in relation to legislative matters (i.e. drafting of proposed amendments and for compliance and enforcement).

MAIN DUTIES AND RESPONSIBILITIES:

1. To undertake the regulation and licensing of Guernsey, Jersey and Alderney Airports. This process includes safety assurance audits of all aerodromes covering Aerodrome Standards, Rescue and Fire Fighting Services, Air Traffic Control and Air Traffic Control Engineering; ensuring the appropriate implementation of safety management systems at all of the airports;
2. To work with the Airport Authorities in the application of each Bailiwicks' civil aviation legislation. The DCA will be required to grant (or to refuse to grant) ad-hoc exemptions, permissions, approvals and other certificates to the airports and other applicants as required in accordance with the aviation laws;
3. To work within policy framework and contribute to the continuing development of each Bailiwick's civil aviation regulatory framework including, where appropriate, opportunities for developing new legislation to further enhance and develop the local economy;
4. Line management responsibility for Aviation Security Regulator, who also acts as Deputy Director of Civil Aviation.
5. To maintain close working relationships with the International Civil Aviation Organisation (ICAO), the UK Department for Transport, the UK Civil Aviation Authority (CAA) and subsidiaries, the European Aviation Safety Agency (EASA), the European Commission and other similar industry representative bodies on civil aviation regulatory, technical and commercial matters;
6. To contribute toward discussions with HM Government on civil aviation strategic policy and regulation in the Bailiwicks;
7. To monitor developments in UK, European and International civil aviation legislation and, if appropriate, to make recommendations for developments in local aviation legislation to ensure continued compliance by the Bailiwicks with civil aviation regulation and current best practice;
8. To act as an ambassador for the Office of the DCA and raise the profile and enhance the reputation of aviation and the Islands internationally;
9. Grant (or refuse to grant) the issue of certificates of Registration, Certificates of Airworthiness and Type Acceptance Certificates relating to aircraft registered or to be registered in Guernsey and Jersey;

10. In all respects, ensure that the aircraft registries operates in such a way as to avoid reputational or financial damage to Guernsey, Jersey and the United Kingdom.

KEY CRITERIA:

ESSENTIAL

1. A knowledge and understanding of, and preferably recent experience at a senior level, of civil aviation regulation covering such areas as flight operations, airfield operations, air traffic engineering and air traffic control service provision;;
2. Completed (or ability to complete a) Counter Terrorism Check;
3. A knowledge and understanding of current and developing international civil aviation law and regulations including the ongoing transfer of competency in such matters from member states to the EU;
4. An ability to gain an understanding of local legislation, the Channel Islands constitutional status and relationships with the EU and an appreciation of the economic and commercial implications to the islands of developments in aviation matters; and to function professionally and successfully within that framework;
5. A familiarity with the structure and responsibilities of the UK, EU and other international bodies dealing with aviation matters;
6. A proven track record in effective and persuasive consultation and negotiation with the civil aviation industry, Government Departments and other civil aviation safety authorities;
7. Self-motivated with the personal qualities and experience to effectively regulate a vital part of the Channel Islands infrastructure and to represent their interests at inter-governmental level;
8. Familiarity with the key international agreements, legislation and standards relating to aviation security together with Integrity and impartiality, and a high degree of confidentiality with regard to sensitive security-related information;
9. Good organisational, analytical and evaluative skills;
10. The ability to develop policy and advice based on reliable evidence;
11. Willingness to work flexible hours and to travel between the Channel Islands on a regular basis

DESIRABLE

1. A broad network of contacts within the aviation industry, particularly in other aviation regulatory bodies.
2. A formal legal qualification will afford a distinct advantage.

KEY COMPETENCIES:

LEADERSHIP:

- Understand where their own service / function sits within the organisation and what part it plays in achieving the organisations' visions and objectives
- Create a culture of flexibility and responsiveness so that their set of services / function is able to respond swiftly to changing priorities
- Navigate and balance a range of political, national and international pressures to shape public service strategy and priorities

ACCOUNTABILITY:

- Role model strong leadership, influence and accountability for the achievement of commercial outcomes relevant to organisational goals
- Ensure that commercial considerations and risks are fully considered in policy and implementation decision making, formation and delivery
- Drive and deliver a culture that emphasises continuous improvement, efficiency and value for money

TEAMWORK:

- Be highly articulate and credible at the most senior levels across and outside the Public Sector, consistently delivering inspiring, engaging and meaningful messages about the future direction
- Develop and maintain organisational commitment to problem solving, empowering people to experiment and achieve organisational results together
- Build a strong network of collaborative relationships and partnerships across the Public Service, at the highest levels in the States and beyond (UK, EU and globally) to help own area / Services and wider Public Service objectives

APPENDIX 2

Mr Dominic Lazarus

Since 2015 Mr Lazarus has undertaken various specialist consultancy roles within the aviation insurance sector, including advising on potential wider issues within the aerospace sector.

Mr Lazarus has over ten years of experience in advising on regulatory affairs in the aviation sector, most notably in his role as Head of Regulatory Affairs (Asia & Oceania) for CAE Inc, a manufacturer of simulation and modelling technologies and provider of training services to airlines. In this post he established a number of regional aviation academies and was the liaison throughout the region for all regulatory matters and compliance approvals.

Mr Lazarus worked with the National Aviation Authorities towards the development of regulations within the Asia region, and was a representative in the Association of Southeast Asian Nations (ASEAN) working groups on an Asian Single Aviation Market. He has also been responsible for liaising with the International Civil Aviation Organisation (ICAO) on matters concerning operational safety and airworthiness.

Previously, he was a Flight Training Manager and Fleet Manager for Boeing, where he was part of the Business Development Airline Consultancy Group, liaising with international carriers to pursue opportunities in Europe, Africa, Asia and the Middle East. Prior to this, Mr Lazarus worked for a number of International airlines, in his role as a commercial pilot and Senior Captain.

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

COMMITTEE *for* ECONOMIC DEVELOPMENT

APPOINTMENT OF THE DIRECTOR OF CIVIL AVIATION

The President
Policy & Resources Committee
Sir Charles Frossard House
La Charroterie
St Peter Port

29 June 2018

Dear Sir,

Preferred date for consideration by the States of Deliberation

In accordance with Rule 4(2) of the Rules of Procedure of the States of Deliberation and their Committees, the Committee *for* Economic Development requests that the Proposition entitled "Appointment of the Director of Civil Aviation" be considered at the States' meeting to be held on 26 September 2018.

The resignation of the extant Director of Civil Aviation with effect from 12:00 on 9 July 2018 has required the Committee *for* Economic Development to appoint Mr Dominic Lazarus as Acting Director of Civil Aviation with effect from 12:00 on 9 July, in accordance with paragraph 7(1)(b) of Schedule 1 to the Aviation (Bailiwick of Guernsey) Law, 2008.

On the recommendation of the Committee *for* Economic Development, the relevant authorities in Jersey will shortly consider the appointment of Mr Dominic Lazarus as Director of Civil Aviation in Jersey. However, as the States of Deliberation will not have the opportunity to consider Mr Lazarus' appointment as Director of Civil Aviation until after the summer recess, the Committee requests that the Proposition is considered at the earliest possible opportunity thereafter.

Yours faithfully,

C N K Parkinson
President

A C Dudley-Owen
Vice-President

J I Mooney
D A Tindall
D de G De Lisle

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

STATES' TRADING SUPERVISORY BOARD

APPOINTMENT OF NON-EXECUTIVE DIRECTORS – GUERNSEY ELECTRICITY LIMITED

The States are asked to decide:-

Whether, after consideration of the policy letter entitled 'Appointment of Non-Executive Directors – Guernsey Electricity Limited' dated 29 June 2018 they are of the opinion:-

1. To approve the appointment of Gillian Browning as a non-executive director of Guernsey Electricity Limited with immediate effect.
2. To approve the appointment of Richard Denton as a non-executive director of Guernsey Electricity Limited with immediate effect.
3. To approve the appointment of Peter Shaefer as a non-executive director of Guernsey Electricity Limited with immediate effect.

The above Propositions have been submitted to Her Majesty's Procureur for advice on any legal or constitutional implications in accordance with Rule 4(1) of the Rules of Procedure of the States of Deliberation and their Committees.

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

STATES' TRADING SUPERVISORY BOARD

APPOINTMENT OF NON-EXECUTIVE DIRECTORS – GUERNSEY ELECTRICITY LIMITED

The Presiding Officer
States of Guernsey
Royal Court House
St Peter Port

29th June, 2018

Dear Sir

1 Executive Summary

- 1.1 The purpose of this policy letter is to seek the States' approval for the appointment of three new non-executive directors to the Board of Guernsey Electricity Limited (GEL).

2 Background

- 2.1 Under the terms of the States Trading Companies (Bailiwick of Guernsey) Ordinance, 2001 (as amended), non-executive directors of the States Trading Companies¹ are appointed by the States upon the recommendation of the States' Trading Supervisory Board (STSB).
- 2.2 Following a review of the company's succession plan by GEL in consultation with the STSB and, as a result of current and anticipated vacancies on the GEL Board, the company undertook an open recruitment process during early 2018 to identify candidates. Before doing so, it undertook an analysis of the skills against which it wanted to recruit and then consulted with the STSB to agree and finalise these. An advert was then placed in the Guernsey Press to seek applications from interested individuals, which were then shortlisted against the agreed set of key criteria.
- 2.3 A total of fifty applications were received, of which twenty were selected for a

¹ For the purposes of the Ordinance, only Guernsey Electricity Limited and Guernsey Post Limited are designated as STATES Trading Companies.

long list and ultimately a short list of eight candidates were put forward for second interview by GEL's Remuneration and Nominations Committee.

- 2.4 Following the recruitment process, GEL recommended to the STSB the appointment of Gillian Browning, Richard Denton and Peter Shaefer as non-executive directors of the company. Having carefully considered these recommendations, the STSB supports these proposed appointments, which GEL is recommending become effective immediately.
- 2.5 Summaries of the candidates' curriculum vitae are included in Appendix 1.

3 Compliance with Rule 4

- 3.1 Rule 4 of the Rules of Procedure of the States of Deliberation and their Committees sets out the information which must be included in, or appended to, motions laid before the States.
- 3.2 In accordance with Rule 4(1), the Propositions have been submitted to Her Majesty's Procureur for advice on any legal or constitutional implications. She has advised that there is no reason in law why the Propositions should not to be put into effect.
- 3.3 In accordance with Rule 4(4) of the Rules of Procedure of the States of Deliberation and their Committees, it is confirmed that the propositions above have the unanimous support of the Board.
- 3.4 In accordance with Rule 4(5), the Propositions relate to the duties of the STSB to carry out the States' role as shareholder of any incorporated companies which are owned by the States and which the States have resolved to include in the mandate of the Board.

Yours faithfully

P T R Ferbrache
President

J C S F Smithies
Vice-President

S J Falla MBE
Non-States Member

J C Hollis
Non-States Member

CURRICULUM VITAE

Mrs Gillian Browning

Mrs Browning is the current Director, Supervisory Oversight and Fiduciary, Guernsey Financial Services Commission (GFSC) with responsibility for a number of areas including strategic oversight of the GFSC's Financial Crime and Investment Divisions. Her role also includes: responsibility for the risk based regulatory supervision of over 200 Guernsey financial services firms, developing Regulatory Policy, leading and developing the Fiduciary and Innovations Division, representing the GFSC on local and international stages, building strong networks with key stakeholders and Executive Director responsibilities as a member of the GFSC's Executive Committee.

Having been educated in the UK, Mrs Browning has a degree in History and Politics from the University of Exeter.

Prior to joining the GFSC she worked in a number of roles including with the UK Cabinet Office from 2004 to 2007, holding the positions of Senior Policy Advisor and latterly Private Secretary to Ministers. These roles included providing advice and support at political level and developing government policy.

She has also worked with the Financial Services Authority as a Senior Associate (2007 – 2012) taking on roles as Lead Supervisor for a large insurer and a range of asset management and financial advisory firms and as Lead Charge in Control Case Officer, responsible for assessing merger/acquisition applications.

Before moving to Guernsey, she held the position of Lead Associate, Major Retail Banks Supervision, Financial Conduct Authority (2012 – 2014) which included responsibility as a Lead Conduct Supervisor for a UK high street bank/building society.

Mrs Browning's skills include managing change and developing corporate strategies (including in relation to regulatory scrutiny), risk management, analysis and interpretation of management and strategic information and advising on matters of good corporate governance.

Since 2017, Mrs Browning has been enrolled in the NED Development Programme and has attended Guernsey Electricity board meetings during this period as part of her placement with the company.

Mr Richard (Rick) Denton

Mr Denton is the founding member of Denton Lovel Associates which is a Guernsey-based business providing non-executive directorships, consultancy, corporate governance, fund-raising and structuring services to family offices, fiduciaries, professional services and investment groups. He also holds a number of related board

positions internationally and in Guernsey including Chair of the Guernsey Banking Deposit Protection Scheme and international representative on the National Council of the Institute of Directors.

Having been educated in the UK and worked in London for 13 years, he has a History degree and a Post Graduate Certificate in Education from Nottingham University and a Masters with distinction in Business Administration from Warwick University. Alongside professional qualifications in banking, investments and trust and estate planning, he has also achieved the Henley Certificate in Executive Coaching and the Institute of Director's Diploma in Company Direction.

Mr Denton has over thirty years' experience of leadership roles in financial services. After originally moving to Guernsey in 1997 with Coutts Group as the senior officer, overseeing their banking, investment and fiduciary business, he subsequently was appointed Executive Vice President for Bank of Bermuda (1999-2004), overseeing their European private client businesses from Guernsey. More recent roles have included Group Commercial Director, Fortis Channel Islands/Fortis Offshore (2004 to 2010) with responsibility as a member of the Management Board for the Channel Islands business for all commercial and business improvement initiatives across banking, investment, fiduciary, fund and tax businesses. He has also held the position of Managing Director/Head of International Wealth Advisory, Barclays Wealth and Investment Division (2010 to 2013) with responsibility as a member of the Management Committee for the Wealth Advisory business for all aspects of performance, risk management and service delivery to private and institutional clients across 12 jurisdictions.

More recently, he was Chief Executive Officer of the Triangle Group (2013 to 2016), a private family office operating from Guernsey where he was responsible for their property and private equity investment businesses.

Mr Denton's skills include delivery of strategic change programmes, leadership of specialist international financial businesses, strategy evolution and risk management, corporate governance, business development and communications.

Mr Peter Shaefer

Mr Shaefer currently holds a number of executive and non-executive positions, most recently being appointed as a Director of Synapcon (a global clinical research organisation) and a non-executive director and Chairman of PRTN AG (a global luxury baggage company).

Mr Shaefer is also a Member of the Chartered Institute of Public Finance and Accountancy and the Institute of Directors and holds a degree in Geology with Industrial Management from the University of Liverpool.

He has enjoyed a varied career, including joining the global beauty company Coty Inc in 2000 which culminated in his appointment as Senior Vice President of Business Transformation in 2014 with responsibility for overseeing a company-wide reorganisation and restructuring programme.

His previous roles with Coty Inc included: Senior Vice President, CFO Europe and Asia (2002-2005) with overall responsibility for a team of 300, including the finance, IT and general services teams; and, Senior Vice President, Business Development (2005-2013) with responsibility for overseeing the integration of the Unilever Cosmetics International business and accelerating international development.

Mr Shaefer also previously worked for Japan Tobacco International between 1996 and 2000, undertaking a number of roles across Europe, including Manager, Audit – Netherlands (1996-1997), Director, Finance – Switzerland (1997-1998) and General Auditor and Senior Finance Director of Finance Transformation – Switzerland (1998 - 2000). His work with the company included responsibility for the management of the Global International Audit function.

Mr Shaefer's skills include managing strategic change and international development, project management, corporate governance and risk management, developing business and financial strategy and financial planning and analysis.

STATUTORY INSTRUMENTS LAID BEFORE THE STATES

The States of Deliberation have the power to annul the Statutory Instruments detailed below.

No. 20 of 2018

THE DATA PROTECTION (INTERNATIONAL COOPERATION AND ASSISTANCE) (BAILIWICK OF GUERNSEY) REGULATIONS, 2018

In pursuance of sections 66 and 109 of the Data Protection (Bailiwick of Guernsey) Law, 2017, The Data Protection (International Cooperation and Assistance) (Bailiwick of Guernsey) Regulations, 2018, made by the Committee for Home Affairs on 18th May 2018, is laid before the States.

EXPLANATORY NOTE

These Regulations are made under the Data Protection (Bailiwick of Guernsey) Law, 2017 ("**the Law**"). These Regulations confer additional functions on the Authority in relation to international co-operation and international mutual assistance, in connection with the GDPR and the Council of Europe Convention for the Protection of Individuals with regard to Automatic Processing of Personal Data (1981).

Regulation 1 requires the Authority to have particular regard to articles 60 (cooperation between the lead supervisory authority and the other supervisory authorities concerned), 61 (mutual assistance) and 62 (joint operations of supervisory authorities) of the GDPR when performing its functions under section 65 of the Data Protection Law. So far as appropriate and consistent with its other functions under the Law, the Authority is required to act in a manner consistent with those provisions of the GDPR.

Regulation 2 requires the Authority, on request by a foreign supervisory authority, to provide that foreign supervisory authority with information on the Law and the Authority's administrative practices, as well as to take steps to obtain factual information relating to any processing of personal data carried out in the Bailiwick. The Authority is authorised to make a similar request to a foreign supervisory authority.

Regulation 3 requires the Authority, on request by an individual who is not a Bailiwick resident, to assist the individual to exercise a right protected by the Convention or a data subject right under the Law against a controller established in the Bailiwick.

Regulation 4 requires the Authority, on request by a Bailiwick resident, to assist that resident to exercise, in a country outside the Bailiwick, a right protected by the Convention, a data subject right under the Law or a right conferred by the GDPR or required to be conferred by the Law Enforcement Directive. In this case, the Authority is required to submit the request to the supervisory authority of the country concerned.

Regulation 5 prohibits the Authority from using any information provided by a foreign supervisory authority as a result of a request made by or to the Authority under these Regulations for any purpose other than the purpose specified in the request.

Regulation 6 sets out the interpretation provisions. Regulations 7 and 8 are the citation and commencement provisions, respectively.

These Regulations come into force on the 25th May, 2018.

No. 21 of 2018

**THE DATA PROTECTION (GENERAL PROVISIONS) (BAILIWICK OF GUERNSEY)
REGULATIONS, 2018**

In pursuance of sections 7(1), 16(5)(b), 37(1)(a) and (c), 39, 40, 59(1)(k), 96 and 109 of, and paragraph 17(a) of Schedule 2, paragraphs 1(2), 2 and 3(b) of Schedule 4, and paragraph 19 of Schedule 8 to, the Data Protection (Bailiwick of Guernsey) Law, 2017, section 6(5)(b) of, and paragraph 7(a) of Schedule 2 to, the Data Protection (Law Enforcement and Related Matters) (Bailiwick of Guernsey) Ordinance, 2018, The Data Protection (General Provisions) (Bailiwick of Guernsey) Regulations, 2018, made by the Committee *for* Home Affairs on 18th May 2018, is laid before the States.

EXPLANATORY NOTE

These Regulations prescribe a range of matters for the purposes of the Data Protection (Bailiwick of Guernsey) Law, 2017 ("the Law") and the Data Protection (Law Enforcement and Related Matters) (Bailiwick of Guernsey) Ordinance, 2018 ("the Law Enforcement Ordinance").

Regulation 1 prescribes the form and manner in which individuals carrying on a business in partnership may apply for registration as controllers under the Law.

Regulation 2 prescribes the fee payable in respect of an application for registration. The fee is set out in Schedule 1 as the registration fee. Non profit organisations and elected representatives pay a nil fee.

Regulation 3 prescribes the information to be included in an application for registration and requires the Data Protection Authority to notify the controller or processor concerned after registration is effected.

Regulation 4 requires the Authority to maintain the most up-to-date register particulars available in the register of controllers and processors and to publish those particulars.

Regulation 5 requires registered controllers and registered processors to notify the Authority of any changes in the register particulars or the general description of security measures provided to the Authority. Failure to do so is an offence punishable by a fine.

Regulation 6 requires registered controllers and registered processors to pay an annual levy

to the Authority and imposes penalties for late payment of the levy. The annual levy and late payment penalties are set out in Schedule 1. Non profit organisations and elected representatives are exempt from the levy.

Regulations 7 and 8 require controllers and processors, respectively, to keep records in relation to processing activities.

Regulation 9 exempts controllers or processors with fewer than 250 employees from those record-keeping duties where the processing is occasional, excludes special category data and is not high-risk processing.

Regulation 10 prescribes the time for which records required under the Law (including any Ordinance or regulations made under it) must be kept.

Regulation 11 authorises personal data, including in certain cases, special category data, to be processed by specified persons for specified purposes under specified conditions, as set out in Schedule 2. Such processing of personal data would be lawful for the purposes of section 7 of the Law, and in the case of rows 13 to 16 of the table in Schedule 2, would also be lawful for the purposes of the Law Enforcement Ordinance.

Regulation 12 authorises the transfer of personal data to a person in an unauthorised jurisdiction by the Guernsey Financial Services Commission or International Stock Exchange Authority Limited, where the transfer is in the form of a disclosure authorised or required by any enactment and takes place under the conditions set out in Schedule 3. Such a transfer would be authorised for the purposes of the Law.

Regulation 13 amends Schedule 8 to the Law to insert a number of further exemptions, exceptions and modifications in relation to designated provisions of that Law (such as data subject rights and the duty to notify data subjects of personal data breaches in certain circumstances). Many of these are similar to exemptions, exceptions and modifications that were provided for in Orders made under the Data Protection (Bailiwick of Guernsey) Law, 2001, as well as provisions of that Law itself.

Regulation 14 disapplies section 16(2), (3) and (4) of the Law in circumstances where education, health or social assistance data would be disclosed relating to identifiable or identified individuals in the education, health or social assistance sectors who would normally expect their identity, etc. to be disclosed in response to a request made by the data subject for such data. The exception to this disapplication is where the controller has reason to be concerned that the disclosure of that data would be likely to result in a real and substantial risk to a vital interest of the individual concerned.

Regulation 15 continues the register of controllers formerly kept under the now-repealed Data Protection (Bailiwick of Guernsey) Law, 2001 ("**the former Law**") as the register to be maintained under the new Data Protection (Bailiwick of Guernsey) Law, 2017 subject to any necessary revisions.

Regulation 16 deems controllers notified under the former Law to be temporarily registered

under the new Data Protection (Bailiwick of Guernsey) Law, 2017, until the first anniversary of the previous notification, unless the controller is registered earlier.

Regulation 17 exempts processors and controllers that were not required to be notified under the former Law from the requirement to register. But this exemption does not apply to high-risk processing and in any case expires on the 25th May, 2019.

Regulation 18 sets out the interpretation provisions. Regulations 19 and 20 are the citation and commencement provisions respectively.

These Regulations come into force on the 25th May, 2018.

No. 24 of 2018

THE INCOME SUPPORT (GUERNSEY) LAW, 2017 (COMMENCEMENT) REGULATIONS, 2018

In pursuance of section 9 of the Income Support (Guernsey) Law, 2017, The Income Support (Guernsey) Law, 2017 (Commencement) Regulations, 2018, made by the Committee *for* Employment & Social Security on 12th June, 2018, are laid before the States.

EXPLANATORY NOTE

These Regulations commence the Income Support (Guernsey) law, 2018 (Income Support Law) from 6th July, 2018.

The Income Support Law gives effect to the change of name of supplementary benefit to income support by changing the titles and citation clauses of the relevant legislation and substituting all other references supplementary benefit to income support.

These Regulations will come into force on the 6th July, 2018.

No. 25 of 2018

THE STATES HOUSING (RENT AND REBATE SCHEME) (GUERNSEY) (AMENDMENT) REGULATIONS, 2018

In pursuance of sections 3 and 5 of the States Housing (Tenancies, Rent and Rebate Scheme) (Guernsey) Law, 2004, the States Housing (Rent and Rebate Scheme) (Guernsey) (Amendment) Regulations, 2018, made by the Committee *for* Employment & Social Security on 12th June, 2018, are laid before the States.

EXPLANATORY NOTE

These Regulations amend the States Housing (Rent and Rebate Scheme) (Guernsey) Regulations, 2005 ("2005 Regulations") to provide for a new rent rebate scheme. The new scheme is a transitional one providing for payments of rent rebate to those States Housing

tenants most detrimentally affected by the phasing out of rent rebate, for a maximum of 3 years up to 1st July 2021, with interim phased reductions of rebate. Regulations 2 to 4 largely substitute the current provisions relating to applications for rent rebate, eligibility for the same and the amount of rebate to which a tenant is entitled.

As rent rebate is being phased out, there is no provision for new applications for rebate so that the application provisions apply only to those applications for rent rebate which have been made (but not finally determined) when these Regulations come into force (see the provisions inserted by regulations 2 and 3). However, tenants who have not applied for rent rebate by that date may make a claim for income support (former supplementary benefit). Conditions for eligibility for rent rebate are changed so that only those States Housing tenants who will receive less income support than the previous supplementary benefit and rent rebate (the benefit changes) may be eligible for rent rebate. In addition, the tenant and any partner living in their household must meet work requirements under Income Support legislation to be eligible irrespective of whether or not the tenant is claiming income support (see new regulation 5 inserted by regulation 4).

The amount of weekly rent rebate to which a tenant is entitled is based on the amount by which the tenant is detrimentally affected by the benefit changes, applied to their circumstances when these Regulations come into force on 6th July, 2018 and determined in accordance with the rent rebate formula set out in the new Schedule 3 (see the new Regulation 6 inserted by regulation 4 and Part I of the Schedule to these Regulations).

There is a duty to review the amount of rent rebate to which a tenant is entitled if any of the events set out in new inserted regulation 6A(1) occur; these events are significant changes which may affect financial and other relevant circumstances. There is also a power for the amount of rent rebate to be reviewed in specified circumstances (inserted regulation 6A(2)). The amount of weekly rent rebate to which a tenant is entitled on a review is determined on the same basis as the original determination or a previous review except that it is based on the tenant's circumstances as at the date of the relevant change of circumstances to which the review relates (see inserted regulation 6A(3) and Part II of the Schedule to these Regulations).

These Regulations also make consequential and minor amendments to other parts of the 2005 Regulations (see regulations 5 to 11).

These Regulations come into force on the 6th day of July, 2018.

No. 26 of 2018

WASTE DISPOSAL AND RECOVERY CHARGES REGULATIONS, 2018

In pursuance of Section 32(3)(c) and (4) and section 72 of the Environmental Pollution (Guernsey) Law, 2004 and all other powers enabling it in that behalf, the Waste Disposal and Recovery Charges Regulations, 2018, made by the Waste Disposal Authority on 21st June 2018, is laid before the States.

EXPLANATORY NOTE

These Regulations prescribe the charges, or rates of charge, payable from 2nd September 2018 as a pre-condition of the acceptance of waste of particular descriptions by the Waste Disposal Authority for disposal or recovery at specified public waste management sites (see Table 1 in Schedule 1). They also set out charges in 2018 for the reloading of waste which is not accepted at specified public waste management sites (see Table 2 in Schedule 1).

The main changes from the previous Waste Disposal and Recovery Charges Regulations, 2017 are to amend Schedule 1 (which sets out the rates of charge) to add categories for the new public waste management facilities at Longue Hougue and new categories of charge for food waste and glass waste and to amend Schedule 2 to add categories of recyclable waste for which higher charges are payable when delivered to site as part of a mixed load rather than segregated for recycling.

These Regulations and the new charges or rates of charge come into force on 2nd September, 2018.

No. 27 of 2018

THE ELECTORAL SYSTEM REFERENDUM (AVAILABILITY OF ELECTORAL ROLL) REGULATIONS, 2018

In pursuance of section 30(1)(c) of the Electoral System Referendum (Guernsey) Law, 2018, the Electoral System Referendum (Availability of Electoral Roll) Regulations, 2018, made by the States' Assembly & Constitution Committee on 22nd June, 2018, are laid before the States.

EXPLANATORY NOTE

These Regulations provide for copies of the Electoral Roll to be available to campaign groups appointed under the Electoral System Referendum (Guernsey) Law, 2018, in the same way as a copy of the Roll is available to candidates in an election. It also places restrictions on the use of a copy of the Roll so provided.

These Regulations came into force on 22nd June, 2018.

The full text of the statutory instruments and other legislation included in this document can be found at: <http://www.guernseylegalresources.gg/article/163343/2018>

**THE INTERPRETATION AND STANDARD PROVISIONS (BAILIWICK OF GUERNSEY) LAW,
2016 (COMMENCEMENT AND AMENDMENT) ORDINANCE, 2018**

The States are asked to decide:-

Whether they are of the opinion to approve the draft Ordinance entitled "The Interpretation and Standard Provisions (Bailiwick of Guernsey) Law, 2016 (Commencement and Amendment) Ordinance, 2018", and to direct that the same shall have effect as an Ordinance of the States.

This proposition has been submitted to Her Majesty's Procureur for advice on any legal or constitutional implications in accordance with Rule 4(1) of the Rules of Procedure of the States of Deliberation and their Committees.

EXPLANATORY MEMORANDUM

This Ordinance commences, with effect from the 1st October, 2018, the Interpretation and Standard Provisions (Bailiwick of Guernsey) Law, 2016. The Ordinance also amends the Law as follows:

1. Definition of "made" in relation to a Law (section 2(a) and (d)(ii)): the Law contains (at section 9) a provision which largely replicates a provision in the current Interpretation Law (and the UK Act) relating to 'anticipatory exercise of powers', which enables certain powers in a piece of legislation to be exercised after that legislation is "made" but before that legislation is brought into force. The amendment makes clear what "made" means for these purposes.
2. References to other enactments (section 2(b) and (c)(i)): the amendment makes clear that references to other enactments in legislation are, unless the contrary intention appears, references to those enactments as "from time to time" amended etc. This is standard wording appearing in the current Law.
3. Definition of "European Union", "EU instrument", "the Treaties" and "the EU Treaties" (section 2(c)(ii)): the amendment brings these references into line with the European Union (Brexit) (Bailiwick of Guernsey) Law, 2018 and will only come into force when that Law is itself commenced.
4. Definition of "officer of police" (section 2(c)(iii)): the amendment relates to the process of appointment of a special constable in Sark.

Under the provisions of section 21 of the Law, the Policy & Finance Committee of the States of Alderney and the Policy & Performance Committee of the Chief Pleas of Sark have been consulted and have confirmed they are content for the Ordinance to proceed.

The Interpretation and Standard Provisions (Bailiwick of Guernsey) Law, 2016 (Commencement and Amendment) Ordinance, 2018

THE STATES, in pursuance of their Resolution of the 29th June, 2005^a, and in exercise of the powers conferred on them by sections 12(2), 20 and 30 of the Interpretation and Standard Provisions (Bailiwick of Guernsey) Law, 2016^b, and after consultation with the Policy and Finance Committee of the States of Alderney and the Policy and Performance Committee of the Chief Pleas of Sark, hereby order:-

Commencement of the Law.

1. The Interpretation and Standard Provisions (Bailiwick of Guernsey) Law, 2016 ("**the Law**") shall come into force on the 1st October 2018.

Amendments.

2. The Law is amended as follows -

(a) immediately after section 9(3), insert the following subsection -

"(4) For the avoidance of doubt and for the purposes of this section, "**made**", in relation to a Law, has the meaning given in Part II of the Schedule."

^a Article XI of Billet d'État No. IX of 2005.

^b No. V of 2018.

- (b) in section 19, immediately after "that other enactment as" insert "from time to time",
- (c) in Part I of the Schedule -
 - (i) at the end of the definition of "**enactment**", insert "and any reference in an enactment to another enactment is a reference to that other enactment as from time to time amended, re-enacted (with or without modification), extended or applied,"
 - (ii) in the definition of "**European Union**", "**EU instrument**", "**the Treaties**" and "**the EU Treaties**", for the words "section 1 of, and Schedule 1 to the European Communities (Bailiwick of Guernsey) Law, 1973", substitute "section 12 of, and Schedule 2 to, the European Union (Brexit) (Bailiwick of Guernsey) Law, 2018", and
 - (iii) in paragraph (c)(iii) of the definition of "**officer of police**", for the words "by the Court of the Seneschal" substitute "under section 54 of the Reform (Sark) Law, 2008^c, and
- (d) in Part II of the Schedule -

^c No. V of 2008; as amended by Order in Council No. VI of 2008; No. XXVII of 2008; No. XIV of 2010; No. XII of 2011; No. XI of 2014; No. IX of 2016; No. II of 2017; Sark Ordinance Nos. II and VI of 2015); Sark Ordinance No. XI of 2017.

- (i) in the definition of "**document**", for "." substitute ", and", and
- (ii) immediately after the definition of "**document**", insert the following definition -

""**made**", in relation to a Law, is a reference to its approval by -

- (i) where it applies in Alderney only, the States of Alderney,
- (ii) where it applies in Sark only, the Chief Pleas of Sark,
- (iii) where it applies in Alderney and Sark only, the final legislature the approval of which is required before the Law may be transmitted to the Committee for the Affairs of Jersey and Guernsey of Her Majesty's Most Honourable Privy Council, and
- (iv) in any other case, the States of Deliberation."

Citation.

3. This Ordinance may be cited as the Interpretation and Standard Provisions (Bailiwick of Guernsey) Law, 2016 (Commencement and Amendment) Ordinance, 2018.

Commencement.

4. (1) Subject to subsection (2), this Ordinance shall come into force on the 1st October 2018.

(2) Section 2(c)(ii) shall come into force when section 12 of, and Schedule 2 to, the European Union (Brexit) (Bailiwick of Guernsey) Law, 2018, comes into force.

THE INCOME TAX (GUERNSEY) (AMENDMENT) ORDINANCE, 2018

The States are asked to decide:-

Whether they are of the opinion to approve the draft Ordinance entitled "The Income Tax (Guernsey) (Amendment) Ordinance, 2018", and to direct that the same shall have effect as an Ordinance of the States.

This proposition has been submitted to Her Majesty's Procureur for advice on any legal or constitutional implications in accordance with Rule 4(1) of the Rules of Procedure of the States of Deliberation and their Committees.

EXPLANATORY MEMORANDUM

This Ordinance amends section 65 of the Income Tax (Guernsey) Law, 1975, such that a settlor is only liable to tax on distributions from a company or other entity held or under the control of trustees of a revocable settlement, without prejudice to the application by the Director of Income Tax of the anti-avoidance provisions of section 67 of the Law.

The Income Tax (Guernsey)

(Amendment) Ordinance, 2018

THE STATES, in pursuance of their Resolution of the 7th November, 2017^a, and in exercise of the powers conferred on them by sections 203A and 208C of the Income Tax (Guernsey) Law, 1975^b and all other powers enabling them in that behalf, hereby order:-

Amendment of 1975 Law.

1. The Income Tax (Guernsey) Law, 1975, as amended, is further amended as follows.

2. In section 65(3C)(a)^c after the words "chargeable to tax under this Law" insert ", but subject to the provisions of subsection (3CA)".

3. After section 65(3C) insert the following subsections -

"(3CA) Notwithstanding the preceding provisions of this section, but subject to the provisions of section 67 (general provisions against legal avoidance), a settlor is taxable only in respect of income -

^a Billet d'État No. XX of 2017 (proposition 12).

^b Ordres en Conseil Vol. XXV, p. 124; section 203A was inserted by Order in Council No. XVII of 2005 and section 208C was inserted by Order in Council No. V of 2011.

^c Section 65 was substituted by the Income Tax (Amendment) (Guernsey) Law, 1979 (Ordres en Conseil Vol. XXVII, p. 84); subsection (3C) was inserted by the Income Tax (Zero 10) (Guernsey) (No. 2) Law, 2007 (No. VI of 2011).

- (a) arising under or comprised in the settlement, or arising by virtue or in consequence of the settlement, and
- (b) which is the income of a company or other entity held by, vested in or otherwise under the control (direct or indirect) of the trustees of the settlement (whether alone or with any other person) for the purposes of the settlement,

being income attributable to the settlement, to the extent that the income is actually distributed (whether or not to the settlor) by or from the company or entity.".

Citation.

3. This Ordinance may be cited as the Income Tax (Guernsey) (Amendment) Ordinance, 2018.

Commencement.

4. This Ordinance shall come into force on the 1st October, 2018.

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

POLICY & RESOURCES COMMITTEE

REVISIONS TO THE PROCEEDS OF CRIME FRAMEWORK

The States are asked to decide:

Whether, after consideration of the Policy Letter entitled 'Revisions to the Proceeds of Crime Framework', dated 2nd July 2018, they are of the opinion:

1. That the anti-money laundering and combatting terrorist financing framework in the Bailiwick should be updated to meet the revised standards of the Financial Action Task Force, and recommendations made by MoneyVal;
2. That the relevant provisions should be set out primarily in new Schedules to the Criminal Justice (Proceeds of Crime) Law, 1999, as set out in that Policy Letter;
3. To direct the preparation of legislation necessary to give effect to these proposals.

The above Propositions have been submitted to Her Majesty's Procureur for advice on any legal or constitutional implications in accordance with Rule 4(1) of the Rules of Procedure of the States of Deliberation and their Committees.

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

POLICY & RESOURCES COMMITTEE

REVISIONS TO THE PROCEEDS OF CRIME FRAMEWORK

The Presiding Officer
Royal Court
St Peter Port
Guernsey

2nd July 2018

Dear Sir

1. Executive Summary

- 1.1 This policy letter proposes amendments to the anti-money laundering (“AML”) and combatting of terrorist financing (“CFT”) framework in the Bailiwick.
- 1.2 In particular, it proposes that the provisions contained in regulations issued by the Policy & Resources Committee (“the Committee”) should be updated to meet the revised standards of the Financial Action Task Force (“FATF”) and recommendations made by MoneyVal, and that the regulations should be repealed and replaced by amendments to the Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Law, 1999 (“the Proceeds of Crime Law”).
- 1.3 The proposals in this policy letter have been subject to significant consultation with the private sector.

2. Introduction

- 2.1 Financial services businesses, together with firms of lawyers, accountants and estate agents (“prescribed businesses”) in the Bailiwick have been subject to AML and CFT obligations for many years.
- 2.2 The obligations are wide ranging. They include, for example, customer due diligence (“CDD”) checks on customers to verify their identities and on business relationships more widely to verify the identity of individuals and structures within those relationships, and to prevent the relationships from being used for laundering criminal proceeds or the financing of terrorism (“TF”).
- 2.3 Most of the obligations are contained in two sets of regulations made by the Committee and two handbooks issued by the Guernsey Financial Services Commission (“GFSC”), namely:

- the Criminal Justice (Proceeds of Crime) (Financial Services Businesses) (Bailiwick of Guernsey) Regulations, 2007 as amended;
- the Guernsey Financial Services Commission Handbook for Financial Services Businesses on Combatting Financial Crime and Terrorist Financing (“the FSB Handbook”);
- the Criminal Justice (Proceeds of Crime) (Prescribed Businesses) (Bailiwick of Guernsey) Regulations, 2008 as amended; and
- the Guernsey Financial Services Commission Handbook for Prescribed Businesses on Combatting Financial Crime and Terrorist Financing (“the PB Handbook”).

2.4 Each of the two sets of regulations mentioned above (one for financial services businesses and one for prescribed businesses) is made by the Committee under the Proceeds of Crime Law. Each set of regulations is complemented by a handbook (one for financial services businesses and one for prescribed businesses) issued by the GFSC; the handbooks contain a combination of rules and guidance.

2.5 The States of Guernsey is committed to meeting the standards of the FATF, an inter-governmental body based in Paris, which sets the global requirements for AML/CFT. In light of enhancements to those standards in 2012 and recommendations made by MoneyVal in its evaluation report on the Bailiwick’s AML/CFT framework issued at the beginning of 2016, the Committee has concluded that some revisions should be made to the statutory obligations required of financial services businesses and prescribed businesses in the two sets of regulations referred to above and to modify the structure of the legislative framework imposing the obligations.

2.6 Overall, the revisions will modify the framework, rather than make significant amendments to it. Over more than one and a half decades, independent, international evaluation bodies have concluded that the Bailiwick has a very positive level of compliance with the standards of the FATF, and the objective of the proposals in this policy letter is to seek to ensure that the Bailiwick maintains its reputation as a jurisdiction which is intent on ensuring that criminals cannot launder their proceeds of crime here. In this regard, the Committee is mindful that international finance centres are under ever increasing scrutiny, as demonstrated by recent developments in the UK Parliament and in the EU. Therefore, it is crucial that the Bailiwick continues to meet international standards.

3. Revision of the Proceeds of Crime Law

3.1 One of the changes introduced by the update of the FATF standards in 2012 was a different hierarchy for the way in which certain of the standards, including CDD standards, should be expressed in a jurisdiction’s regime. The Bailiwick has two options in seeking to ensure certainty in addressing this new hierarchy. One option is to include a number of elements of, for example, CDD requirements in primary legislation such as the Proceeds of Crime Law and to address the remaining elements by revisions to the regulations and also revisions to the rules and guidance in the GFSC handbooks. This approach would be very difficult to draft successfully and also cumbersome for

businesses. The second option, which is specified in the paragraphs below (and which has been the subject of consultation), is much easier from every perspective.

- 3.2 Hence, the Committee has concluded that the regulations should be repealed and replaced by new Schedules to the Proceeds of Crime Law, “the second option”. This would remove the need for key legislative CDD requirements to be both in primary and secondary legislation i.e. in the law as well as in regulations and would therefore allow retention of the existing three tiered approach of one principal layer of legislation complemented by rules and guidance in the GFSC handbooks as opposed to having two key layers of legislation complemented by rules and guidance. It will also require some minor amendment of provisions in the main body of the Proceeds of Crime Law.
- 3.3 It is also proposed that the new Schedules should be capable of amendment by regulations made by the Committee. This will mean that there will be no loss of flexibility compared with the existing framework in terms of the speed with which changes could be made to the Schedules.
- 3.4 It is currently envisaged that the changes to the provisions in the main body of the law and the introduction of the new Schedules will come into force on 31 December 2018 (“the effective date”). However, in order to ensure that businesses have sufficient time to implement the Schedules in a proportionate manner (together with the rules and guidance in the revised handbook which will be issued by the GFSC), the Committee has concluded that the law should provide it with regulation-making powers so as to be able to phase in compliance by businesses with different aspects of the requirements.

4. The Proposed New Provisions

- 4.1 As with the existing regulations, the main new schedule should include duties and requirements to be complied by businesses for the purposes of forestalling and preventing money laundering (“ML”) and TF. This should include, by way of example, coverage of risk assessment and mitigation by businesses; CDD; enhanced CDD (“ECDD”); **timing of the identification and verification of customers; how to address inability to comply with customer due diligence measures; measures where there is some reliance on a third party; monitoring transactions and activity;** reporting suspicion of ML or TF; employee screening and training; record-keeping; ensuring compliance, corporate responsibility and related requirements; designation of a supervisory authority (the GFSC); and offences and penalties.
- 4.2 As articulated above, different sets of regulations currently apply to financial services businesses and to prescribed businesses. Each set of regulations was drafted sequentially in conjunction with representatives of the businesses to be covered by them. Prescribed businesses were brought into the AML/CFT framework for the first time in 2008 and it was considered at that time that a separate set of regulations, potentially with quite significant differences to the financial services businesses framework, would be easier for many prescribed businesses to understand as opposed to amending the financial services businesses regulations and carving out different provisions for prescribed businesses where necessary. In the event, the differences between the regulations are minor and,

now that prescribed businesses are used to meeting AML/CFT obligations, it is appropriate for most purposes to have a single set of obligations applying to both financial services businesses and prescribed businesses. It is for this reason that it is envisaged that the proposed main new Schedule will use the new concept of “specified business” to cover both financial services businesses and prescribed businesses.

- 4.3 Two other, much smaller, Schedules are also envisaged to address matters where the concept of specified business does not work well. It is currently intended that one should incorporate requirements relating to the replacement of the existing provisions on the registration with the GFSC by financial services businesses which are money or value transfer services businesses and money or currency changing businesses, while the other should replace the existing requirements relating to registration by prescribed businesses with the GFSC.

5. Important Differences from the Current Framework

- 5.1 The proposed new requirements will modify the obligations of the existing regulations. By way of context, important differences as compared with the current framework include the following matters:

- a. There will be much more focus on risk. For example, it is proposed new provisions should include:
 - a new general duty for specified businesses to identify, assess, understand and mitigate ML and TF risks;
 - more comprehensive provisions for ML and TF business risk assessments and risk assessment of business relationships and occasional transactions;
 - a more demonstrable focus on TF risk by referring to a business risk assessment for ML and a risk assessment for TF (albeit both risk assessments can be included in one document);
 - a requirement that specified businesses must have regard to, and comply with any guidance in, the ML and TF national risk assessment to be published by the Committee upon its completion. Publication is expected before the end of 2018.
- b. As a result of recommendations by MoneyVal in its 2016 report that the list of customers to which ECDD should be applied should be expanded, the requirements on ECDD will be extended to include:
 - customers who are not resident in Guernsey;
 - the provision of private banking services;
 - customers with nominee shareholders; and
 - customers which are legal persons or legal arrangements used for personal asset holding purposes.

The indications from industry are that a significant number of Guernsey businesses are already meeting the proposed requirements in practice.

- c. The provisions on ECDD for politically exposed persons (“PEPs”) will be extended beyond foreign PEPs to cover domestic PEPs and persons entrusted with a prominent function by an international organisation.

The ECDD provisions for PEPs will therefore apply to international and domestic PEPs, including persons who have, or have had, at any time a prominent political function (including members of the States of Deliberation); persons with a prominent function they have been entrusted with by an international organisation; immediate family members of such persons; and close associates of such persons.

Currently, when a person with a prominent political office has stepped down from office, there is no limitation on when ECDD is applicable; this is on the basis that, internationally, PEPs are considered to be high risk. After consideration of both the practical implications of the existing approach and the ML and TF risks to Guernsey, the Committee has decided that the “once a PEP, always a PEP” requirement can be slightly modified to provide some flexibility but only in statutorily specified circumstances.

- 5.2 In addition, there will be differences of language in relation to identifying and verifying beneficial owners of legal persons and legal arrangements and linked provisions. These differences will reflect both the formulation of language in relation to transparency of beneficial ownership in the revised FATF standards and the framework for the registration of beneficial owners of Guernsey legal persons introduced by the States of Guernsey last year (which also reflects the FATF’s revised formulation of language).
- 5.3 However, while the Committee notes the change of language for the purposes of this policy letter and the importance of ensuring as much consistency of language as possible between the definition of beneficial owner in the registration framework and the obligations for businesses under the Proceeds of Crime framework, it also notes the requirements in the regulations and GFSC handbooks are already robust. Businesses in the Bailiwick have been successfully verifying the identity of beneficial owners of structures and arrangements within customer relationships for many years and the modifications can be characterised as linguistic.

6. GFSC Handbooks

- 6.1 The GFSC handbooks are based on the existing regulations. The Committee and the GFSC have worked together on the revisions to the Proceeds of Crime Law arising from this policy letter and a single, updated, GFSC handbook for specified businesses will be issued to complement the legislative revisions.

7. Engagement and Consultation

- 7.1 In order to ensure a joined up approach across the Bailiwick for all businesses subject to AML/CFT obligations, the Committee formed a working group in 2016 comprising representatives of the Committee, the GFSC, the Alderney Gambling Control Commission

("the AGCC") and the Law Officers' Chambers. With regard to financial services businesses and prescribed businesses, in June 2017 the Committee and the GFSC issued consultations on the regulations and the handbook as a combined package in order to ensure that the consultations were as efficient and effective as possible for businesses. Although not the subject of this policy letter, the AGCC consulted with its sector on proposals which were consistent with those by the Committee and the GFSC.

- 7.2 Prior to the consultations, the GFSC had sought feedback on the existing AML/CFT requirements from industry. It also established a working group, consisting of representatives from each sector, together with the Financial Intelligence Service, for practical input. This engagement at both levels helped the formulation of the legislation, rules and guidance which were issued for consultation last summer.
- 7.3 Following receipt of responses to the consultations, the Committee's working group adopted a thematic approach to addressing the comments which had been made. Since then the GFSC has been in regular dialogue with industry associations to address the key issues to emerge from the consultations.
- 7.4 Throughout the formulation of the proposed framework, the Committee and the GFSC have held more than 30 presentations, drop-in sessions and meetings attended by representatives covering all sectors of industry. Additionally, in response to the consultations in excess of 70 submissions were received. Every comment and piece of feedback, from both the consultation and the extensive engagement with industry, has been given careful consideration and has assisted the formulation of the revised framework.

8. Alderney and Sark

- 8.1 The GFSC's engagement has included presentations on the consultations in Alderney and Sark.
- 8.2 The Alderney Policy & Finance Committee and the Sark Policy & Performance Committee have confirmed that they agree with the proposals in this policy letter.

9. Compliance with Rule 4

- 9.1 Rule 4 of the Rules of Procedure of the States of Deliberation and their Committees sets out the information which must be included in, or appended to, motions laid before the States.
- 9.2 In accordance with Rule 4(1), the Propositions have been submitted to Her Majesty's Procureur for advice on any legal or constitutional implications. She has advised that there is no reason in law why the Propositions should not to be put into effect.
- 9.3 In accordance with Rule 4(4) of the Rules of Procedure of the States of Deliberation and their Committees, it is confirmed that the propositions above have the unanimous support of the Committee.

9.4 In accordance with Rule 4(5), the Propositions relate to the duties of the Committee policies on financial assets.

9.5 Also in accordance with Rule 4(5), the Committee has consulted widely as set out in the policy letter.

Yours faithfully

G A St Pier
President

L S Trott
Vice-President

A H Brouard
J P Le Tocq
T J Stephens

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

STATES' ASSEMBLY & CONSTITUTION COMMITTEE

DATES OF STATES' MEETINGS – 2019-2020

The States are asked to decide whether, after consideration of the policy letter entitled “Dates of States’ Meetings – 2019 – 2020” dated 27th June 2018, they are of the opinion:-

1. To agree:

- (a) that the dates on which States’ Meetings shall be convened in the period from the 1st September, 2019 to the 31st August, 2020 shall be as follows:

4 th September
25 th September
16 th October
5 th November (Budget Meeting only)
6 th November
27 th November
18 th December
15 th January
5 th February
26 th February
18 th March
22 nd April
6 th May

- (b) in respect of the twelve-month period beginning on the 1st September, 2019 that statements under the provisions of Rules 10(4) and (5) shall be made by the Presidents and, in the case of the States of Alderney, the nominated Alderney Representative according to the following rota:

States’ Meeting 2019	Committee/s/States of Alderney to make Statement
4 th September	<ul style="list-style-type: none"> • Policy & Resources Committee • Committee <i>for</i> Economic Development
25 th September	<ul style="list-style-type: none"> • Development & Planning Authority • Committee <i>for</i> Education, Sport & Culture

16 th October	<ul style="list-style-type: none"> Committee <i>for</i> Home Affairs Overseas Aid & Development Commission
5 th November	n/a (Budget)
6 th November	<ul style="list-style-type: none"> Committee <i>for the</i> Environment & Infrastructure Committee <i>for</i> Health & Social Care
27 th November	<ul style="list-style-type: none"> Committee <i>for</i> Employment & Social Security The States of Alderney
18 th December	<ul style="list-style-type: none"> Scrutiny Management Committee States' Assembly & Constitution Committee
States' Meeting 2020	Committee/s/States of Alderney to make Statement
15 th January	<ul style="list-style-type: none"> Policy & Resources Committee
5 th February	<ul style="list-style-type: none"> Committee <i>for</i> Economic Development Committee <i>for</i> Education, Sport & Culture
26 th February	<ul style="list-style-type: none"> Committee <i>for the</i> Environment & Infrastructure States' Trading Supervisory Board
18 th March	<ul style="list-style-type: none"> Committee <i>for</i> Employment & Social Security Transport Licensing Authority
22 nd April	<ul style="list-style-type: none"> Committee <i>for</i> Health & Social Care Committee <i>for</i> Home Affairs
6 th May	n/a

OR, only if Proposition 1 shall have been defeated,

2. To agree:

(a) that the dates on which States' Meetings shall be convened in the period from the 1st September, 2019 to the 31st August, 2020 shall be as follows:

End of the month
25 th September
23 rd October
5 th November (Budget)
27 th November
18 th December
29 th January
26 th February

25 th March
29 th April
6 th May
N/A (General Election)

- (b) the following adjournment dates to deal with any unresolved business arising from the States' Meetings convened in the period from the 1st September, 2019 to the 31st August, 2020:

30 th September
6 th November
2 nd December
3 rd February
2 nd March
30 th March

- (c) in respect of the twelve-month period beginning on the 1st September, 2019 that statements under the provisions of Rules 10(4) and (5) shall be made by the Presidents and, in the case of the States of Alderney, the nominated Alderney Representative according to the following rota:

States' Meeting 2019	Committee/s/States of Alderney to make Statement
25 th September	<ul style="list-style-type: none"> • Policy & Resources Committee • Committee <i>for</i> Economic Development • Development & Planning Authority
23 rd October	<ul style="list-style-type: none"> • Committee <i>for</i> Education, Sport & Culture • Committee <i>for</i> Home Affairs
5 th November	n/a(Budget)
27 th November	<ul style="list-style-type: none"> • Committee <i>for the</i> Environment & Infrastructure • Committee <i>for</i> Health & Social Care • Overseas Aid & Development Commission
18 th December	<ul style="list-style-type: none"> • Committee <i>for</i> Employment & Social Security • The States of Alderney
States' Meeting 2020	Committee/s/States of Alderney to make Statement
29 th January	<ul style="list-style-type: none"> • Policy & Resources Committee • Scrutiny Management Committee • States' Assembly & Constitution Committee
26 th February	<ul style="list-style-type: none"> • Committee <i>for</i> Economic Development

	<ul style="list-style-type: none"> • Committee <i>for</i> Education, Sport & Culture
25 th March	<ul style="list-style-type: none"> • Committee <i>for the</i> Environment & Infrastructure • States' Trading Supervisory Board
29 th April	<ul style="list-style-type: none"> • Committee <i>for</i> Employment & Social Security • Transport Licensing Authority
6 th May	<ul style="list-style-type: none"> • Committee <i>for</i> Health & Social Care • Committee <i>for</i> Home Affairs
N/A (General Election)	

- (d) To amend 6.(3)(c) of the Rules of Procedure of the States of Deliberation and their Committees by deleting the words “next scheduled date of a Meeting” and substituting them with the words “first Monday following, unless that day falls on a bank holiday or within school holidays” and to insert 6.(3)(d) and the words “thereafter, in accordance with this paragraph, as if the fourth day was the first day of the Meeting”.

The above Propositions have been submitted to Her Majesty's Procureur for advice on any legal or constitutional implications.

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

STATES' ASSEMBLY & CONSTITUTION COMMITTEE

DATES OF STATES' MEETINGS – 2019-2020

The Presiding Officer,
States of Guernsey,
Royal Court House,
St Peter Port

27th June, 2018

Dear Sir,

1 Executive Summary

- 1.1 As required by Rule 1(1) of the Rules of Procedure of the States of Deliberation and their Committees ("the Rules"), the States' Assembly & Constitution Committee is obliged in September each year to bring a policy letter to the States setting out the dates on which it recommends that States' Meetings should be convened in the period from the 1st September in the following year to the 31st August of the year after that.
- 1.2 It is also required to include proposals setting out the Committee or Committees whose President or Presidents will be obliged to make statements, and for the States of Alderney statement to be made by one of the Alderney Representatives, under the provisions of Rules 10(4) and (5) at each ordinary Meeting during the said period.
- 1.3 This policy letter explains the reasons why the States' Assembly & Constitution Committee is proposing the dates of States' Meetings in the period between the 1st September, 2019 and the 31st August, 2020 as set out in the Propositions to which this policy letter is attached.
- 1.4 The Committee is recommending the States agree the meeting dates and the rota of statements as set out in Proposition 1. If the States is not minded to support this proposal, it has set out an alternative proposition (Proposition 2) for Members' consideration.

2 Background to the proposed dates

- 2.1 For many years, the States generally sat on the last Wednesday of each month, apart from August (no Meeting) and December (brought forward to avoid the inevitable clash with the Christmas period).

- 2.2 In November 2015, the States considered a report from the Committee entitled 'Rules of Procedure of the States of Deliberation and their Committees – Proposed new rules'¹ which proposed that States' Meetings would occur approximately every three weeks. The reasoning for that proposal was set out in paragraphs 3 – 11 of that report. The States subsequently agreed the proposed schedule of States' Meetings in accordance with the Committee's recommendation, and in 2016 again approved the Committee's proposed dates for States' Meetings.
- 2.3 In September 2017, the report entitled 'Dates of States' Meetings – 2018 – 2019'² recommended maintaining the three-weekly cycle of Meetings. However, it was subject to a successful amendment which sought to return States' Meetings to be scheduled to the end of each month.
- 2.4 In considering the Meeting dates for 2019 – 2020, the Committee has created two potential schedules for consideration by the States:
- (a) Returning to the three-weekly cycle of Meetings; or
 - (b) Monthly Meetings being held on the last Wednesday of the month (where possible) with set adjournment dates.
- 2.5 Before considering these two potential schedules, it is important for Members to note a number of points pertinent to both.
- 2.6 On 25th June, 2015³, the States of Deliberation agreed that the term of office of those People's Deputies elected in April 2016 shall expire on the 30th June 2020 and that thereafter the term of office shall revert to four years. Section 29(1) of the Reform Law states "*General Elections for the office of People's Deputy shall be held in 2020 during the month of June*".
- 2.7 The Committee will report to the States with a proposed date for the June 2020 General Election in 2019, once the outcome of the referendum on Guernsey's voting system is known. It concluded that it would be premature, in advance of the outcome of the referendum, to recommend Meeting dates from mid-May to August 2020 at this point in time. The proposed schedules do not therefore include Meeting dates for June or July 2020 and any further Meeting dates to be scheduled before September 2020 will be included in the 2019 policy letter.
- 2.8 On 6th June 2018⁴, the States of Deliberation agreed to amend Rule 1(2) of the Rules of Procedure of the States of Deliberation and their Committees to the following:

¹ Billet d'État XXII, <https://gov.gg/article/150853/States-Meeting-on-24th-November-2015-Billets-XX-XXI-and-XXII>

² Billet XVII, Article 10, <https://gov.gg/article/160644/States-Meeting-on-27-September-2017-Billet-XVIII>

³ Billet d'État XI 2015, Article 10, States Assembly and Constitution Committee - General Election 2016 <https://www.gov.gg/article/120615/States-Meeting-on-24th-June-2015-Billet-XI>

⁴ Billet d'État No. XV, Resolution 2(a) <https://www.gov.gg/CHttpHandler.ashx?id=113614&p=0>

Ordinarily the first day of a Meeting shall be a Wednesday, except for the Meetings held to consider the annual Budget of the States which shall begin on the first Tuesday in November, and the Policy & Resource Plan and States' Accounts which shall be considered at the same dedicated Meeting in June which shall begin on a Tuesday except in general election years when they will be considered at a later date in that year.

- 2.9 The Committee is currently liaising with the Policy & Resources Committee regarding suitable dates for the States' Accounts and the Policy & Resources Plan to be considered in 2020 and will include the proposed dates for these Meetings in its 2019 policy letter.
- 2.10 Rule 1(1) requires the Committee to take into account the dates of school terms and any other information which it considers relevant. There are no Meetings scheduled to start in any States' school holidays or other more general holidays. Both schedules have the Meeting to consider the annual Budget of the States on the first Tuesday in November.
- 2.11 Given the tendency historically for a significant volume of business to be presented to the States in advance of a General Election, the Committee has suggested a Meeting to commence on 6th May, 2020 in both schedules to deal with any unfinished business.

3. The proposed Meeting dates

- 3.1 The table below sets out the two potential schedules of Meeting dates for ease of comparison.
- a) Column (a) shows the proposed dates if the States agrees to return to a three-weekly cycle.
- b) Column (b) shows the proposed dates if the States agrees an 'end of the month' cycle of Meetings.

2019	(a) Three weekly cycle	(b) End of the month
September	4 th September	-
	25 th September	25 th September
October	16 th October	23 rd October
November	5 th November (Budget)	5 th November (Budget)
	6 th November	-
	27 th November	27 th November
December	18 th December	18 th December
2020		
January	15 th January	29 th January

February	5 th February	-
	26 th February	26 th February
March	18 th March	25 th March
April	22 nd April	29 th April
May	6 th May	6 th May
June	N/A (General Election)	N/A (General Election)

- 3.2 The Committee is recommending the States returns to meeting every three weeks as set out in Column (a) of the above (and Appendix 1 and Proposition 1a). It has also recommended a 'Rota of statements by Presidents of Committees of the States and the nominated Alderney Representative.' in line with these Meeting dates as set out in Appendix 2 and Proposition 1b.
- 3.3 If the States considers Meetings should be held on an 'end of the month' cycle, column (b) shows the most practicable dates for these Meetings (and Appendix 3 and Proposition 2a relate).
- 3.4 In the event the States chooses to adopt 'end of the month' Meetings, the Committee believes it is imperative that the States also agrees adjournment dates to deal with any unresolved business from a Meeting, and this is set out in Section 5 (and Proposition 2b) of this report. It has also recommended a 'Rota of statements by Presidents of Committees of the States and the nominated Alderney Representative.' in line with these monthly Meeting dates as set out in Appendix 4 and Proposition 2c.

4. Returning to the three-weekly cycle of Meetings

- 4.1 The Committee remains of the view that the States should meet approximately every three weeks and will recommend the States approve the schedule shown at Appendix 1 to bring this into effect. The Committee set out the reasons why the States should not return to the pre-May, 2016 arrangements in its 2017 policy letter. The reasons provided in that policy letter remain valid and are summarised in the paragraphs below.
- 4.2 Under the pre-May, 2016 arrangements, as the volume of business before the States increased, occasionally there was a need for the States to convene on the Tuesday immediately before the last Wednesday of the month, but four-day sittings were disliked by many Members and should be avoided if possible. Under a three weekly cycle (save for the provisions of Rule 1(2)), these should be avoided given the States would meet more frequently.
- 4.3 One of the key issues of the old system of monthly Meetings related to 'adjournment dates'. Pre-May 2016, where business was not concluded by the Friday, the Rules provided for the Meeting to be adjourned to the second Wednesday next following. Except for August, September and December, Members were advised to ensure they

were available for these standard adjournment days. However, increasingly, that did not happen and at relatively short notice Meetings were adjourned to a day other than the Wednesday a fortnight later, or the standard adjournment day was used and Meetings went ahead when numerous Members were not present. It was often not possible to know if the adjournment days would be needed until towards the end of the monthly Meeting, which made planning ahead more difficult. It was also arguably more disruptive to States' Members and Committees in managing their work.

- 4.4 The Committee is firmly of the view that a three-weekly cycle will enable the States and their committees to discharge business more efficiently and, where necessary, speedily. Under the three-weekly cycle, it is possible for a policy letter to be debated by the States five weeks after it has been submitted. This would be elongated if the Meetings take place at the end of the month. Meeting slightly more frequently will also enable the States to better manage the flow and timing of business which will be of particular use as the volume of business presented to the States increases.
- 4.5 The 'general update' statements given by Presidents of Committees of the States and the nominated Alderney Representative have become an important part of States' Meetings, and alongside the 'question time' session during a Meeting, form important features of parliamentary scrutiny. Holding Meetings on a three-weekly cycle enables two statements to be delivered per Meeting throughout the course of the year. The Committee believes regular and timely scrutiny of the Committees of the States through statements and question time would be lessened should the States resolve to adopt the monthly cycle of Meetings.
- 4.6 The Committee recommends, for the reasons set out above, that the States should adopt the three-weekly schedule and not adopt a schedule of "end of the month Meetings". Given the volume of policy letters likely to be considered in the 2019 – 2020 term prior to the General Election, particular in light of preparations for 'Brexit', the Committee believes it is essential that the States meets frequently to promote a more consistent flow of business to the Assembly. It therefore recommends the schedule of Meetings set out as Appendix 1 is adopted and Proposition 1a relates.

5. Monthly Meetings being held on the last Wednesday of the month

- 5.1 The Committee appreciates that there will remain some Members who wish to retain the "end of the month cycle" for Meetings. If, further to consideration of the points highlighted in section 4, a majority of Members remain of this view, the Committee has drafted an alternative schedule, which includes adjournment dates, for consideration.
- 5.2 If the States wishes to meet on a monthly basis, given this will reduce the number of Meetings held, the Committee believes it is essential the States also schedule in adjournment dates to deal with any unresolved business in a timely manner.

- 5.3 The Committee considered whether it should recommend a return to the pre-May 2016 arrangements whereby the Meeting would be adjourned *‘from the third day of the Meeting, until 09.30 on the second Wednesday following next’* and *‘thereafter ... as if the fourth day was the first day of the Meeting’*.
- 5.4 The Committee concluded it would recommend the Meeting would be adjourned *‘from the third day of the Meeting, until 09.30 on the first Monday following, unless that day falls on a bank holiday or within a school holiday’*. This would mean that propositions could be considered and business concluded without the delay and uncertainty that reverting to the pre-May 2016 arrangements would cause.
- 5.5 In the event the States agree to meet on a monthly basis, it should also agree set adjournment dates for the year, as set out below:

2019	End of the month	Adjournment date
September	25 th September	30 th September
October	23 rd October	6 th November
November	5 th November (Budget)	n/a
	27 th November	2 nd December
December	18 th December	n/a
2020		
January	29 th January	3 rd February
February	26 th February	2 nd March
March	25 th March	30 th March
April	29 th April	n/a – 6 th May Meeting
May	6 th May	n/a
June	N/A (General Election)	

- 5.6 If the States is minded to agree monthly Meetings and adjournment dates, this would require a change to Rule 6.(3) of the Rules of Procedure of the States of Deliberation and their Committees which is set out as Proposition 2(d). The Committee proposes amending 6.(3)(c) by deleting the words “next scheduled date of a Meeting” and substituting them with the words “the first Monday following, unless that day falls on a bank holiday or within school holidays” and inserting 6(3)(d) with the words “thereafter, in accordance with this paragraph, as if the fourth day was the first day of the Meeting”.

6. Compliance with Rule 4

- 6.1 Rule 4 of the Rules of Procedure of the States of Deliberation and their Committees sets out the information which must be included in, or appended to, motions laid before the States.

- 6.2 In accordance with Rule 4(1), the Propositions have been submitted to Her Majesty's Procureur for advice on any legal or constitutional implications.
- 6.3 In accordance with Rule 4(4) of the Rules of Procedure of the States of Deliberation and their Committees, it is confirmed that the propositions to which this policy letter is attached have the majority support of the Committee. Deputy Inder does not support Proposition 1.
- 6.4 In accordance with the provisions of Rule 4(5) of the Rules, the Committee informs the States that its duties and powers include advising the States on "the practical functioning of the States of Deliberation". As set out above, the Rules require the Committee to bring forward this policy letter at this time to fulfil its responsibilities. The Committee is consulting with the Policy & Resources Committee in respect of the dates of the Special States' Meetings.

Yours faithfully,

P. J. Roffey
President

H. L. de Sausmarez
Vice-President

M. H. Dorey
N.R. Inder
M. K. Le Clerc

Appendix 1

Proposed dates for the first day of States' Meetings from September 2019 – May 2020 ("Three-weekly cycle")

2019	First day of States' Meeting
September	4 th September
	25 th September
October	16 th October
November	5 th November (Budget Meeting only)
	6 th November
	27 th November
December	18 th December
2020	First day of States' Meeting
January	15 th January
February	5 th February
	26 th February
March	18 th March
April	22 nd April
May	6 th May
June	N/A (General Election)

Calendar for 2019/2020: all States' Schools (including Voluntary Schools)

Autumn Term 2019	Tuesday	3 rd September	Term starts (Students)
	Mon - Fri	28 th October to 1 st November	Half Term
	Friday	20 th December	Term ends
Spring Term 2020	Tuesday	7 th January	Term starts (Students)
	Mon - Fri	17 th February to 21 st February	Half Term
	Friday	3 rd April	Term ends
Summer Term 2020	Tuesday	21 st April	Term starts (Students)
	Mon - Fri	25 th May to 29 th May	Half Term
	Friday	17 th July	Term ends

**Proposed rota of statements by Presidents of Committees of the States
and the nominated Alderney Representative.
("Three-weekly cycle")**

States' Meeting 2019	Committee/s/States of Alderney to make Statement
4 th September	<ul style="list-style-type: none"> • Policy & Resources Committee • Committee <i>for</i> Economic Development
25 th September	<ul style="list-style-type: none"> • Development & Planning Authority • Committee <i>for</i> Education, Sport & Culture
16 th October	<ul style="list-style-type: none"> • Committee <i>for</i> Home Affairs • Overseas Aid & Development Commission
5 th November	n/a (Budget)
6 th November	<ul style="list-style-type: none"> • Committee <i>for the</i> Environment & Infrastructure • Committee <i>for</i> Health & Social Care
27 th November	<ul style="list-style-type: none"> • Committee <i>for</i> Employment & Social Security • The States of Alderney
18 th December	<ul style="list-style-type: none"> • Scrutiny Management Committee • States' Assembly & Constitution Committee
States' Meeting 2020	Committee/s/States of Alderney to make Statement
15 th January	<ul style="list-style-type: none"> • Policy & Resources Committee
5 th February	<ul style="list-style-type: none"> • Committee <i>for</i> Economic Development • Committee <i>for</i> Education, Sport & Culture
26 th February	<ul style="list-style-type: none"> • Committee <i>for the</i> Environment & Infrastructure • States' Trading Supervisory Board
18 th March	<ul style="list-style-type: none"> • Committee <i>for</i> Employment & Social Security • Transport Licensing Authority
22 nd April	<ul style="list-style-type: none"> • Committee <i>for</i> Health & Social Care • Committee <i>for</i> Home Affairs
6th May	n/a
N/A (General Election)	

Appendix 3

Proposed dates for the first day of States' Meetings from September 2019 – May 2020 ("End of the month cycle")

2019	Meeting Date	Adjournment Date
September	25 th September	30 th September
October	23 rd October	6 th November
November	5 th November (Budget)	n/a
	27 th November	2 nd December
December	18 th December	n/a
2020	Meeting Date	Adjournment Date
January	29 th January	3 rd February
February	26 th February	2 nd March
March	25 th March	30 th March
April	29 th April	n/a – May States' Meeting
May	6 th May	n/a
June	N/A (General Election)	

Calendar for 2019/2020: all States' Schools (including Voluntary Schools)

Autumn Term	Tuesday	3 rd September	Term starts (Students)
2019	Mon - Fri	28 th October to 1 st November	Half Term
	Friday	20 th December	Term ends
Spring Term	Tuesday	7 th January	Term starts (Students)
2020	Mon - Fri	17 th February to 21 st February	Half Term
	Friday	3 rd April	Term ends
Summer Term	Tuesday	21 st April	Term starts (Students)
2020	Mon - Fri	25 th May to 29 th May	Half Term
	Friday	17 th July	Term ends

**Proposed rota of statements by Presidents of Committees of the States
and the nominated Alderney Representative.
("End of the month cycle")**

States' Meeting 2019	Committee/s/States of Alderney to make Statement
25 th September	<ul style="list-style-type: none"> • Policy & Resources Committee • Committee <i>for</i> Economic Development • Development & Planning Authority
23 rd October	<ul style="list-style-type: none"> • Committee <i>for</i> Education, Sport & Culture • Committee <i>for</i> Home Affairs
5 th November (Budget)	n/a
27 th November	<ul style="list-style-type: none"> • Committee <i>for the</i> Environment & Infrastructure • Committee <i>for</i> Health & Social Care • Overseas Aid & Development Commission
18 th December	<ul style="list-style-type: none"> • Committee <i>for</i> Employment & Social Security • The States of Alderney
States' Meeting 2020	Committee/s/States of Alderney to make Statement
29 th January	<ul style="list-style-type: none"> • Policy & Resources Committee • Scrutiny Management Committee • States' Assembly & Constitution Committee
26 th February	<ul style="list-style-type: none"> • Committee <i>for</i> Economic Development • Committee <i>for</i> Education, Sport & Culture
25 th March	<ul style="list-style-type: none"> • Committee <i>for the</i> Environment & Infrastructure • States' Trading Supervisory Board
29 th April	<ul style="list-style-type: none"> • Committee <i>for</i> Employment & Social Security • Transport Licensing Authority
6 th May	<ul style="list-style-type: none"> • Committee <i>for</i> Health & Social Care • Committee <i>for</i> Home Affairs
N/A (General Election)	

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

STATES' ASSEMBLY & CONSTITUTION COMMITTEE

DATES OF STATES' MEETINGS – 2019-2020

The President
Policy & Resources Committee
Sir Charles Frossard House
La Charroterie
St Peter Port

27th June, 2018

Dear Deputy St Pier,

Preferred date for consideration by the States of Deliberation

In accordance with Rule 4(2) of the Rules of Procedure of the States of Deliberation and their Committees, the States' Assembly & Constitution Committee requests that the Propositions be considered at the States' Meeting to be held on 26th September, 2018.

Under Rule 1(1) of the Rules of Procedure of the States of Deliberation and their Committees, the States' Assembly & Constitution Committee is obliged in September each year to bring a policy letter to the States setting out the dates on which it recommends that States' Meetings should be convened in the period from the 1st September in the following year to the 31st August of the year after that.

Yours sincerely,

Deputy P. J. Roffey
President

Deputy H. L. de Sausmarez
Vice-President

Deputy M. H. Dorey
Deputy N. R. Inder
Deputy M. K. Le Clerc

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

COMMITTEE *FOR* EMPLOYMENT & SOCIAL SECURITY

MINOR AMENDMENTS TO SOCIAL SECURITY LEGISLATION

The States are asked to decide:

Whether, after consideration of the Policy Letter entitled 'Minor Amendments to Social Security Legislation', dated 2nd July 2018, they are of the opinion:

1. That the Social Insurance (Guernsey) Law, 1978, as amended, shall be further amended:
 - a. to ensure that, while pensionable age increases incrementally from 65 to 70 between 2020 and 2049, the pension average period in the calculation of entitlement to old age pension remains at 45 years;
 - b. to allow a death grant to be paid in respect of a still-born child;
2. To direct the preparation of legislation as necessary to give effect to these proposals.

The above Propositions have been submitted to Her Majesty's Procureur for advice on any legal or constitutional implications in accordance with Rule 4(1) of the Rules of Procedure of the States of Deliberation and their Committees.

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

COMMITTEE *FOR* EMPLOYMENT & SOCIAL SECURITY

MINOR AMENDMENTS TO SOCIAL SECURITY LEGISLATION

The Presiding Officer
States of Guernsey
Royal Court House
St Peter Port

2nd July 2018

Dear Sir

1. Executive Summary

- 1.1. This Policy Letter proposes two minor amendments to Social Security legislation. The first amendment is a technical change which is necessary in order to maintain the pension average period at 45 years, while pension age itself increases by 2 months per year from 2020. The second amendment is to allow a death grant to be paid in respect of a stillborn child.
- 1.2. The technical change to the pension average period will relate to both the supported living and aging well strategy (SLAWS) and social welfare policy, as prioritised in the Policy and Resource Plan.
- 1.3. Allowing the death grant to be paid in respect of a stillborn child will relate to social welfare policy and health and wellbeing, as prioritised in the Policy and Resource Plan.

2. Pension Average Period

- 2.1. A person's entitlement to a Guernsey old age pension is calculated by dividing the grand total of weekly social security contributions that they have paid, or had credited to their record for periods of sickness, unemployment etc., by 45 years. If the result of that calculation is 50 contributions or more per year, the person will be entitled to a pension at the full rate of £212.27 per week on reaching pension age. An example is shown overleaf:

$$\frac{2,400 \text{ contributions paid or credited}}{45 \text{ years}} = \text{Average } 53$$

2.2. As the average is over 50, a full rate pension of £212.27 per week will be paid.

2.3. If the person's pension average is less than 50 contributions per year, a proportionately reduced level of pension is paid. An example is shown below.

$$\frac{1,600 \text{ contributions paid or credited}}{45 \text{ years}} = \text{Average } 35$$

2.4. As the average is less than 50, a proportionately reduced pension of £148.59 per week will be paid, as indicated below.

$$\frac{35}{50} \times £212.27 = £148.59$$

2.5. A person who has an average of less than 10 contributions a year is not entitled to a pension. Appendix 1 shows the various rates payable as of 2018.

2.6. It may be noted that in order to ensure payment of a full pension, at least 2,250 contributions must be paid or credited ($50 \times 45 = 2,250$). If a person has a perfect contribution record and does not miss a single week, this may be achieved in 43 years and 14 weeks ($2,250/52 = 43.27$ years).

2.7. It follows that, with the current pension age of 65, a person choosing to spend their career in Guernsey, will need to start paying contributions before they reach 22 if they are to achieve the necessary contribution record for a full pension at 65 years of age. Many young people who remain in full-time education, or take gap years or otherwise spend time overseas, will not be able to achieve a full rate pension. It should be noted that there is the opportunity for students, on finishing their full-time education, to buy back contributions for some or all of the weeks that they have missed. This option must be taken within 6 years of their full-time education ending.

2.8. Currently, only 27% of old age pensions paid by Guernsey, locally and abroad, are paid at the full rate. 37% of the pensions paid to men are at the full rate, but only 18% of the pensions paid to women are at full rate. A factor behind the lower figure for women will be that, until 2004, married women were allowed to pay reduced rate contributions, which did not count towards their pension entitlement, and were entitled to receive a partial pension equal to approximately 60% of their husband's pension. Since 2004, there is no option to pay reduced rate contributions. All contributions paid by employed and

self-employed people are paid at the full percentage rate. This has already, and will increasingly over time, improve the levels of old age pension received by women.

- 2.9. Pension age will be increasing by two months per year, commencing 1 January 2020. Such annual increases will continue until 2049, by which time the pension age will have increased from 65 to 70.
- 2.10. Although pension age will be increasing, the Committee recommends that the pension average period should remain at 45 years. The Committee notes that, by international comparison, the qualification bar for a full pension in Guernsey is already set high. The Committee will be pleased if one of the consequences of increasing pension age is to see more people paying sufficient contributions to qualify for a full rate pension.
- 2.11. The social insurance legislation, in its current form does not explicitly specify a pension average period of 45 years, although that is its effect while pension age remains at 65. However, as pension age increases, the 45 year pension average period will also increase unless the legislation is amended. It would become 46 years for people reaching pensionable age from 1 January 2021 and would ultimately become 50 years for people reaching the pensionable age of 70 from 1 March 2049. The Committee does not wish there to be any increase in the pension average period.
- 2.12. The propositions associated with this Policy Letter include a proposition to ensure that, while pensionable age increases incrementally from 65 to 70 between 2020 and 2049, the pension average period in the calculation of entitlement to old age pension will remain at 45 years.

3. Death grants for still-born children

- 3.1. Death grant is a benefit provided under the Social Insurance (Guernsey) Law, 1978 ("the Social Insurance Law"). It is intended to give assistance towards the cost of a funeral. In most cases, with the authorisation of the family of the deceased, the grant is paid direct to the funeral director.
- 3.2. Entitlement to a death grant is based on the contribution record of the deceased. In the case of the death of a child, entitlement is based on the contribution record of either of the child's parents.
- 3.3. Where the contribution conditions are satisfied, death grant is paid as a single payment of £610.

- 3.4. A death grant can only be paid in respect of 'a person', which in law does not cover a still-born child.
- 3.5. The Still-Birth (Definition)(Bailiwick of Guernsey) Law, 1998 provides (at section 1(1)):
- "Any reference in an enactment to a child who is born dead or still-born is to be construed as referring to a child who has issued forth from its mother after the 24th week of pregnancy, and who did not at any time after being completely expelled from its mother breathe or show any signs of life."
- 3.6. Loss of a baby prior to 24 weeks' gestation is known as a miscarriage or late foetal loss.
- 3.7. There is a legal requirement for every still-birth to be registered on the still-birth register. A funeral director is usually appointed by the family and in most cases the funeral director will register the still-birth with the Greffe. The registration requires a declaration form signed by the parents and a certificate of still-birth signed by a medical practitioner. The Greffe will subsequently issue a burial permit.
- 3.8. Between the years 2008 to 2017, there were 30 still-births registered with the Greffe.
- 3.9. Whereas, historically it may not have been the case, it is now very normal for funeral services to be given to still-born children. The Committee has been approached by the Ivy Trust, a Guernsey Charity which supports parents who have lost a baby during pregnancy or soon after birth. The Ivy Trust has asked the Committee to promote a change in the legislation so that a death grant can be paid in respect of a still-born child. In addition to the modest contribution towards funeral costs, the availability of a death grant would provide a level of recognition of the still-born child that is currently missing. The Committee is pleased to support the request of the Ivy Trust and to bring this matter to the States. The average of 3 still-births per year and the current death grant of £610 mean that the additional expenditure from the Guernsey Insurance Fund is negligible. For that reason, and in recognition of the importance of this matter to the families concerned, the Committee has, since February 2018, allowed the payment of death grant for still-born children on an extra-statutory basis. This is a temporary solution pending approval of the States for the necessary change to the legislation.

- 3.10. The propositions associated with this Policy Letter include a proposition to amend the Social Insurance Law to allow death grants to be paid in respect of still-born children.

4. Summary of costs of proposals

- 4.1. There is no cost associated with the technical amendment of the Social Insurance Law to maintain a pension average period of 45 years.

5. Conclusions

- 5.1. The proposal to amend the Social Insurance Law to maintain a pension average period of 45 years is a technical necessity and does not link directly with the expressed priorities of the States.
- 5.2. The other proposed amendment to social security legislation will affect a small number of people, but is important to those people. For families that have suffered the trauma of still birth, the availability of a death grant has value, not so much in the minor financial amount of the grant, but far more so in recognition of the identity of the lost child.

6. Compliance with Rule 4 of the Rules of Procedure

- 6.1. The Committee has consulted with the Committee *for* Health & Social Care and the Policy & Resources Committee on the content of this Policy Letter.
- 6.2. The Committee has consulted with the Law Officers regarding the legal implications and legislative drafting requirements resulting from the propositions set out in this Policy Letter.
- 6.3. The Committee seeks the States support for the propositions, which are based on the Committee's purpose:

“To foster a compassionate, cohesive and aspirational society in which responsibility is encouraged and individuals and families are supported through schemes of social protection relating to pensions, other contributory and non-contributory benefits, social housing, employment, re-employment and labour market legislation.”

6.4. In accordance with Rule 4(4) of the Rules of Procedure of the States of Deliberation and their Committees, it is confirmed that the propositions have the unanimous support of the Committee.

Yours faithfully

M K Le Clerc
President

S L Langlois
Vice-President

M J Fallaize
J A B Gollop
E A Yerby

M J Brown
Non-States Member

A R Le Lièvre
Non-States Member

Appendix 1 – 2018 Weekly Pension Rates

The following table shows the weekly pension rates payable during 2018. The contributions columns indicate the average number of contributions after dividing all contributions paid by or credited to the individual, at any time up to pension age, by 45 years.

Contributions	Weekly Pension	Contributions	Weekly Pension
50	£212.27	29	£123.12
49	£208.02	28	£118.87
48	£203.78	27	£114.63
47	£199.53	26	£110.38
46	£195.29	25	£106.14
45	£191.04	24	£101.89
44	£186.80	23	£97.64
43	£182.55	22	£93.40
42	£178.31	21	£89.15
41	£174.06	20	£84.91
40	£169.82	19	£80.66
39	£165.57	18	£76.42
38	£161.33	17	£72.17
37	£157.08	16	£67.93
36	£152.83	15	£63.68
35	£148.59	14	£59.44
34	£144.34	13	£55.19
33	£140.10	12	£50.94
32	£135.85	11	£46.70
31	£131.61	10	£42.45
30	£127.36	Below 10 no pension payable.	

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

The Committee *for* Employment & Social Security

Minor Amendments to Social Security Legislation

The President
Policy & Resources Committee
Sir Charles Frossard House
La Charroterie
St Peter Port

2nd July 2018

Dear Deputy St Pier,

Preferred date for consideration by the States of Deliberation

In accordance with Rule 4(2) of the Rules of Procedure of the States of Deliberation and their Committees, the Committee requests that the propositions relating to the Policy Letter entitled 'Minor Amendments to Social Security Legislation', be considered at the States' meeting to be held on 26th September 2018.

Yours faithfully,

Deputy M K Le Clerc
President

Deputy S L Langlois
Vice President

Deputy M J Fallaize
Deputy J A B Gollop
Deputy E A Yerby

Mr A Le Lièvre
Non-States Member

Mr M Brown
Non-States Member



ANNUAL REPORT 2017

FOREWORD

This is the sixth annual report of the Channel Islands Competition and Regulatory Authorities (CICRA) and is presented to Jersey's Chief Minister and Guernsey's Committee for Economic Development pursuant to provisions set out in the Competition Regulatory Authority (Jersey) Law 2001 and The Guernsey Competition and Regulatory Authority Ordinance, 2012. It also fulfils the requirements of the obligations on CICRA as set out in the Islands' competition laws and sector-specific legislation.

What is CICRA?

CICRA is the name given to the Jersey Competition Regulatory Authority (JCRA) and the Guernsey Competition and Regulatory Authority (GCRA). The JCRA and GCRA were established as bodies corporate, under the Competition Regulatory Authority (Jersey) Law 2001 and Guernsey Competition and Regulatory Authority Ordinance, 2012, respectively.

By working together, sharing resources and expertise between the islands, CICRA's aim is to ensure markets work well for consumers.

CICRA's functions

Competition - CICRA is responsible for administering and enforcing competition law in Jersey and Guernsey. The aim of this legislation is to prevent consumers being harmed by anti-competitive or exploitative behaviour in the market (such as price-fixing or abuse of market power).

Advisory - CICRA can be called on to advise Jersey's Chief Minister and Guernsey's Committee for Economic Development on matters of economic regulation and competition.

Economic regulation - In common with many other jurisdictions, Jersey and Guernsey have decided to structure certain previously States-run businesses as separate companies – which are wholly-owned by each island's States. CICRA is responsible for the economic regulation of the sectors in which these companies operate. In Jersey this decision was taken in respect of the sea- and airports, and the telecommunications and postal businesses now run by Ports of Jersey, JT and Jersey Post respectively. In Guernsey this decision was taken in respect of the telecommunications, postal and electricity businesses now run by Sure, Guernsey Post and Guernsey Electricity respectively. Following a decision of the States of Deliberation in Guernsey, oversight of the postal and electricity sectors in Guernsey is expected to be removed from CICRA.

Who we are

CICRA is led by a joint Board. As at 31 December 2017 the Board comprised a Chairman, four non-executive directors and two executive directors with six staff and offices in Jersey and Guernsey.

How to find out more

More information on CICRA and its activities can be found on its website www.cicra.je / www.cicra.gg.

CHAIRMAN'S STATEMENT



Competition is good for consumers, but also for businesses, as it forces the latter to seek continuous improvement to deliver better value services to the former. In the Channel Islands, both size and location mean that competition in certain areas is limited; in these circumstances regulation exists to ensure that dominant providers do not abuse that position to the detriment of consumers. CICRA exists to support consumers and the Islands economies through both of its roles — regulating key industries and ensuring effective competition.

2017 was my first full year as chairman of CICRA and our strategic focus has been on delivering the recommendations of the Oxera report that the States of Jersey published in 2015, entitled 'A review of the Jersey regulatory and competition framework'. The report made 23 recommendations of which eight were directly within the control of and actionable by CICRA. These eight actions were completed during 2017. CICRA will continue to support the States of Jersey in implementing the remaining recommendations during 2018.

A key element of the Oxera report was its suggestion that CICRA should adopt an approach of 'principled pragmatism' in its treatment of competition and regulatory issues and I am glad to say that we have begun translating this into practice. To take the Sandpiper acquisition of Costcutter stores as an example, in the UK a major retail acquisition would doubtless necessitate detailed study and a relatively prolonged timescale. Given the size of Jersey, an examination of a location map of stores on the island, and a number of local site visits by me and other board members enabled a much more rapid identification of the small number of sites where there were competition issues and a (relatively) swift determination of an acceptable outcome.

Additionally in the year the Board was strengthened by two Island-based non-executive directors (NEDs) Paul Masterton and Peter Neville, who live in Jersey and Guernsey respectively. Their experience and local knowledge has already been of significant benefit, not just in board meetings but in guiding the organisation more generally.

Early 2017 saw the first of two 6.5% cuts in JT fixed line prices to consumers, the result of a CICRA determination. As our Chief Executive notes in his report, telecom policy, particularly in respect of moving to 5G, has been developing in a very constructive fashion in both Jersey and Guernsey. It is particularly pleasing to be able to report that we have been able to have very positive and 'in the right spirit' discussions with the main telecom operators as we consider both future telecoms policy and how the sector might most effectively be regulated as technology and markets evolve.

In a less positive vein, towards the end of 2017, the Royal Court of Jersey heard an appeal by ATF against a CICRA determination, and just after year-end delivered a judgment upholding the appeal. This was both a surprising and disappointing outcome, posing clear challenges to the operation of effective competition policy in Jersey. Discussions are underway as to how these challenges will now be addressed. Mindful of the cost to the tax payer and having carefully considered the judgment the Board decided not to appeal, despite the fact that CICRA's original determination had been supported by strong UK and EU precedent.

Triggered by the ATF decision, CICRA has subsequently received some intense criticism as to its role and effectiveness. This has made clear that broad understanding of CICRA's role and responsibilities needs to improve and that the organisation needs a greater focus on stakeholder communications and the savings its actions have delivered to consumers. This will be a major focus over the coming year.

CHAIRMAN’S STATEMENT (CONTINUED)

But we are also focussed on learning where we can improve. We have begun, for the first time, conducting reviews by a NED or NEDs of particular cases CICRA had been involved in. Such reviews involve both examining the ‘paper trail’ but also interviewing both CICRA staff and senior people in the business that we deal with. The outcomes of the review are reported internally (to both staff and the board) but also discussed with the relevant business. The first such review was completed in 2017 — several more are currently underway — and was helpful to us and, I believe, useful to the relevant business. I am grateful to my NEDs and CICRA staff for their willingness to undertake the additional work involved and to the relevant businesses for taking the time to participate in such reviews.

I do not take the view that we need to remain very distant from the bodies that we regulate — instead I believe that the better we understand each other, the better we will be able to regulate in a way that benefits consumers while also ensuring that regulated entities can invest and grow to the benefit of people and economies of the islands. To that end I have tried to improve and develop our knowledge of and relationships with regulated entities, while recognising that we will necessarily disagree on occasion. Such relationships can be chair to chair and board to board, as well as at executive level, and during 2018 we will continue to seek to improve our understanding of and relationships with these businesses.

We firmly believe that consumers benefit from the principle of ‘competition where possible, regulation where necessary’. We will continue to act in a proportionate and pragmatic manner in pursuit of this principle.

Michael O’Higgins

CHIEF EXECUTIVE'S REPORT



CICRA's 2017 work programme focused on four distinct but complementary areas of work:

- Promoting fair competition in Channel Islands markets where this advances consumer interests;
- Protection of consumer interests where competition is less effective in meeting that aim;
- Ensuring the regulatory and competition framework remains fit for purpose;
- Supporting and advising Ministers and the States on policy matters and initiatives.

Through delivery of that work programme and building on the achievements of previous years there have been a number of notable achievements contributing towards our aim of ensuring markets work well for Channel Island consumers.

The direct benefit to consumers from several cases undertaken since the introduction of competition across the Channel Islands is well in excess of £30m; multiples of the competition law grant received by the States of Jersey and Guernsey. Indications are that the indirect benefits of interventions are even greater as firms desist from certain behaviour voluntarily and adopt business practices that present less risk of contravening the competition law.

There are a number of tools available to a body like CICRA that help achieve its aims. One example is our targeted proactive awareness campaign where, over 2017, we held a series of practical competition law training workshops for States of Guernsey procurement staff which were well attended. These are key individuals that in some cases are involved with large States contracts. The workshops provided practical support and guidance to these civil servants to assist them in recognising the significant risks posed by anti-competitive behaviour in the area of government contracts. The feedback from that has been very positive with significant improvements in understanding of this area and we will look to extend this form of competition law advocacy even further across the Channel Islands and into other areas of the economy.

Many of the issues that come before us are resolved amicably and without litigation. A case involving aviation fuel supply in Jersey proved the exception, which then went to appeal. The Royal Court of Jersey decided to overturn a JCRA decision which found an abuse of dominance in a Jersey market. While the judgment is disappointing we will continue to look out for consumers by protecting competition using the tools available to us. There are several features of the appeal process we will be looking to review with the States of Jersey to ensure the process of competition can be protected going forward.

Since consumers are the only reason markets and businesses exist, their satisfaction with the level of prices and quality of service they experience assists us in gauging whether these markets are working well and in prioritising our own work. Better informed consumers also tend to be more satisfied as their ability to make choices then improves. A particular focus over 2017 has therefore been on measuring consumer satisfaction in the sectors we regulate, providing better information to consumers about those markets, and improving transparency so they can assess the performance of our licensees where we are the economic regulator.

The protection of consumers involves a variety of bodies with different roles, many of which are not part of CICRA's remit, but we can use our powers to support and advise other consumer bodies as well as draw on their insights and expertise to carry out our remit more effectively. To complement our respective roles in the consumer landscape we have also worked with other consumer bodies over 2017 through the creation of Jersey's Consumer Protection Network (CPN). Formed with the Jersey Consumer Council, Trading Standards and Citizen's Advice, the CPN looks to benefit consumers by working together, sharing know-

CHIEF EXECUTIVE'S REPORT (CONTINUED)

ledge about consumer issues and where appropriate adopting a joined-up approach to protecting consumer interests. In this way we can achieve results for consumers based on a wider perspective on matters that consumers care about. We are looking at whether a similar network arrangement is also feasible in Guernsey.

We carried out an extensive verification process of coverage and data speed of mobile services across Jersey and Guernsey over 2017. The mobile operators all achieved the obligations they committed to when they were awarded 4G spectrum and those results also demonstrated that all our local mobile networks achieve performances superior to many, if not most, towns and cities in the UK. This is an achievement that both Guernsey and Jersey can justifiably be proud of. The annual audit of mast emissions then showed that these achievements were made well within international mast emission standards, providing further assurance to our communities about the high standards attained in this area.

CICRA has been a key contributor to the development of States of Jersey and States of Guernsey policies for telecommunications during 2017. In Jersey it is pleasing to see that this has now reached completion and gives a steer both to CICRA and to the telecoms industry on where priorities lie for the government in this key sector of the economy. A similar initiative is underway in Guernsey and we look forward to contributing to that. Preparations for the introduction of the next wave of mobile technology, namely 5G, has now also started in earnest and will be a key priority over the next few years. The speed of introduction of such new technologies is only getting faster and we intend to maintain the strong position already achieved in 4G for Jersey and Guernsey while playing our role in supporting the policy ambitions of Guernsey and Jersey.

The demands placed on broadband services by consumers are growing all the time. Since broadband network investment in the Channel Islands lends itself to a monopoly situation, we have been undertaking an in-depth look at how to balance the need for efficient pricing, protecting feasible competition and promoting investment to ensure we have a regulatory environment that is fit for the challenges ahead. With the additional guidance now provided by policy in Jersey (and we understand shortly in Guernsey) we will move to implement an approach that best balances the various demands.

In addition to the progress noted above over 2017 we implemented three separate price controls, two in telecoms and one for ports operations in Jersey. We reviewed 15 mergers, exemption and licence applications, including assessing and awarding an electricity generation licence in Guernsey. We continue to maintain a flexible approach to Jersey Post quality of service challenges while obliging the licensee to continue to report on its performance in this area.

Finally, it is worth highlighting that our ability to fulfil the roles given to us rests entirely on the knowledge, commitment, energy and enthusiasm of our people. It has been another busy year for all of us, and over 2018 we have more to do than ever. On a daily basis I am impressed by my team's thoughtfulness, passion and dedication to the purposes of a small body with a wide range of responsibilities. There have been significant successes over 2017 and I look forward to working together to see further successes over the coming year.

Michael Byrne

THE BOARD



Michael O'Higgins - Chairman

Michael is Chairman of the Local Pensions Partnership and of Calculus VCT, a non-executive Director of Network Rail and of the pensions company Hedgehog. He became the 'Independent Person' for Tunbridge Wells Borough Council in October 2015.

Michael chaired The Pensions Regulator from 2011 to 2014, the Audit Commission from 2006 until 2012 and the NHS Confederation from 2012 to 2015. He was also a non-executive Director of HM Treasury and Chair of the Treasury Group Audit Committee from 2008 to 2014. Previously Michael chaired the youth homelessness charity Centrepoin, was a managing partner with PA Consulting (leading its Government and IT Consulting Groups), was a partner at Price Waterhouse, worked at the OECD, and has held several academic posts.



Philip Marsden - Non-Executive Director

Philip is a competition lawyer with a particular interest in abuse of dominance, consumer welfare, innovation incentives and international competition issues.

Philip is also Senior Director, Case Decisions Group at the UK Competition and Markets Authority, and a decision-maker on the Enforcement, Regulation and Case Decisions Committees at the Financial Conduct Authority and the Payment Systems Regulatory UK. He is also Professor of Law and Economics at the College of Europe, Bruges and is co-founder and general editor of the European Competition Journal and the Oxford Competition Law case reporter series.



Hannah Nixon - Non-Executive Director

Hannah has extensive experience in economic regulation and competition issues, working across a range of industries in the public and private sectors.

She is currently Managing Director of the UK Payment Systems Regulator. Hannah was previously a Senior Partner at Ofgem, the UK gas and electricity regulator; she was also Ofgem's Head of Profession for Economics.



Paul Masterton – Non-Executive Director

Paul, a resident of Jersey, joined CICRA as a Non-Executive Board Member in February 2017. He has spent most of his career in the printing and communications industry in the UK, USA and Asia.

From 2008 to 2013, Paul was the Chief Executive of the Durrell Wildlife Conservation Trust, an international wildlife charity.

Paul has a number of directorships in finance, insurance and property development and in 2012 was appointed as the founding Chairman of Digital Jersey, a partnership between the States of Jersey and the digital sector to represent and promote the industry. Paul stood down as their Non-Executive Chairman in June 2017.

THE BOARD (CONTINUED)



Peter Neville – Non-Executive Director

Peter, a resident of Guernsey, has more than 36 years' experience in the financial services and financial services regulatory sectors in the UK and overseas including serving as the Director General of the Guernsey Financial Services Commission from 2001 to 2009.

He currently holds a number of non-executive appointments including as a Director and Chair of the Risk Committee at John Laing Environmental Assets Group Limited, a London listed fund which invests in environmental infrastructure projects.



Michael Byrne - Chief Executive

Michael has extensive experience applying regulation and competition law in the UK energy, media and telecoms sectors.

Michael holds a diploma in Company Direction from the IoD, an MBA, a post graduate qualification in European Competition Law, and a BSc Honours degree in Mathematical Statistics.



Louise Read - Director

Louise is a chartered accountant, with extensive experience of managing finance, personnel and operational aspects of business. She is the Board and Audit and Risk Committee secretary.

Louise is a Chartered Director of the IoD, a fellow of the Institute of Chartered Accountants in England and Wales and holds a BSc in Accounting and Management Sciences from the University of Southampton.

MEETINGS OF THE AUTHORITIES, MEMBER FEES AND EXPENSES

Since 1 August 2012, CICRA has been led by a joint Board. The Chairman is appointed concurrently as Chair of the GCRA by the States of Deliberation in Guernsey and Chair of the JCRA by the States of Jersey. Members are appointed to the Boards of the GCRA and JCRA by the Committee for Economic Development and the Chief Minister respectively.

Meetings

During 2017, attendance at meetings of the Boards and their Committees was as follows:

Member	GCRA		JCRA	
	Board	Audit and Risk	Board	Audit and Risk
Michael O'Higgins	8/8	-	7/7	-
Philip Marsden	8/8	2/2	7/7	2/2
Hannah Nixon	7/8	2/2	7/7	2/2
Peter Neville	8/8	2/2	7/7	2/2
Paul Masterton	8/8	2/2	7/7	2/2
Michael Byrne	8/8	2/2 *	7/7	2/2 *
Louise Read	8/8	2/2 *	7/7	2/2 *

* in attendance only

Member fees and expenses

The Chairman's and Members' fees are approved by the Chief Minister in Jersey and the Committee for Economic Development in Guernsey. Each member's fees are split equally between the GCRA and JCRA. There has been no increase in fees since the inception of the Authority in 2012. The following table shows the actual fees paid to each member by the two Authorities.

Member	GCRA		JCRA		Shared expenses	
	2017 £	2016 £	2017 £	2016 £	2017 £	2016 £
Michael O'Higgins	25,000	11,111 *	25,000	28,472 **	5,151	4,135
Philip Marsden	12,000	12,000	12,000	12,000	1,779	2,378
Hannah Nixon	10,391	12,000	10,391	12,000	2,364	1,174
Peter Neville*	9,042	-	9,042	-	1,143	-
Paul Masterton*	8,833	-	8,833	-	742	-
Mark Boleat***	-	16,539	-	8,018	-	1,322
Regina Finn*	-	7,130	-	7,130	-	764
Total	<u>65,266</u>	<u>58,780</u>	<u>65,266</u>	<u>67,620</u>	<u>11,179</u>	<u>9,773</u>

*part year only

** includes additional work commissioned by Jersey's Chief Minister's Department

***part year, non-coterminous appointments

Michael Byrne and Louise Read are executive members, i.e. members of each authority and employees of the GCRA and JCRA respectively. They receive no fees as members of the authorities but do receive remuneration, which is split between the JCRA and GCRA as follows:

	GCRA		JCRA	
	2017 £	2016 £	2017 £	2016 £
Michael Byrne	82,500	82,500	82,500	82,500
Louise Read	54,641	54,641	54,641	54,641
Total	<u>137,141</u>	<u>137,141</u>	<u>137,141</u>	<u>137,141</u>



FINANCIAL REVIEW 2017

Consistent with prior years, the Guernsey Competition and Regulatory Authority (GCRA) made an accounting surplus of £1 in 2017, effectively breaking even. The GCRA accounts for income only in order to meet its actual costs during the year. It must also ensure that it receives enough income during the year in each of the areas that it covers – competition law administration and enforcement (including merger reviews), and regulation of the telecoms, postal and electricity sectors – to fund them separately given that cross-subsidisation is not permitted. A working capital balance and an appropriate level of reserves are maintained at all times, but for the purpose of the financial statements, deferred income adjustments are made to match income with costs.

Overall costs in 2017 were £680k (2016: £579k). Expenditure continues to be closely controlled by the GCRA maintaining strict internal guidelines with regard to purchasing and tendering procedures which, combined with appropriate best practice corporate governance, helps to ensure that it is run as an effective and efficient organisation. Independent internal auditors audit policies and procedures annually, to ensure that high standards are maintained and that appropriate processes and procedures are in place.

In line with the service level agreement between the GCRA and the Committee for Economic Development (CfED), grant funding for work under The Competition (Guernsey) Ordinance, 2012 continued to be received on a quarterly basis. During 2017 a grant of £140k (2016: £140k) was received.

Income of £11k (2016: £21k) was received from parties making applications for approval of notifiable mergers and acquisitions. These applications and costs are by their nature unpredictable. For 2017, the fees received were lower than the costs incurred in dealing with matters relating to mergers and acquisitions because of the particular nature of the notified transactions. This shortfall of £3k (2016: £15k) has to be funded from competition law grant funding.

During 2017 £594k (2016: £580k) in fees was received from telecoms licensees and telecoms licence fees exceeded costs by £60k (2016: £117k). This balance was accounted for as deferred telecommunications licence fee income. Based on budgeted costs the licence fees for 2017 were set at 1.1% of relevant turnover (2016: 1.1%).

In anticipation of the future removal of the post and electricity sectors from economic regulation by the GCRA to a new oversight framework, the incumbent licensees (Guernsey Post and Guernsey Electricity) were not charged licence fees during 2016 or 2017, however a new licence was granted to International Energy Group, and fees were charged for this. Other activity was funded from deferred income balances brought forward from 2016. Total costs incurred in electrical regulation were £11k, and deferred income of £8k was released for 2017. No costs were incurred in postal regulation, and no income was released from deferred amounts. Deferred licence fee income will be released as required to fund activity during 2018.

GUERNSEY COMPETITION AND REGULATORY AUTHORITY

(Incorporated in Guernsey, Channel Islands)

NON EXECUTIVE MEMBERS

Michael O'Higgins	Chair
Philip Marsden	
Hannah Nixon	
Peter Neville	appointed 6 February 2017
Paul Masterton	appointed 13 February 2017

EXECUTIVE MEMBERS

Michael Byrne	Chief Executive
Louise Read	Director

SECRETARY

Louise Read

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GY1 1WG

GUERNSEY COMPETITION AND REGULATORY AUTHORITY MEMBERS' REPORT

The Members of the Guernsey Competition and Regulatory Authority (GCRA) present their report and financial statements for the year ended 31 December 2017.

MEMBERS

The Members in office during the year are shown on page 11.

ACTIVITIES

The activities of the GCRA during the year were the regulation of the telecommunications, electricity and postal sectors and the administration and enforcement of The Competition (Guernsey) Ordinance, 2012.

RESULTS

There was a surplus for the year of £1 (2016: surplus £1).

EVENTS AFTER THE END OF THE REPORTING PERIOD

There have been no events between the statement of financial position date and the date when the financial statements were authorised for issue that need to be disclosed or recognised in the financial statements.

LIKELY FUTURE DEVELOPMENTS IN THE ACTIVITIES OF THE GCRA

Information on likely future developments in the activities of the GCRA has been included in the foreword on page 2.

INDEPENDENT AUDITOR

The auditor, BDO Limited, who was appointed in accordance with Section 13(4)(a) of The Guernsey Competition and Regulatory Authority Ordinance, 2012, has indicated its willingness to continue in office.

All of the Members have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information. The Members are not aware of any relevant audit information of which the GCRA's auditor is unaware.

APPROVAL

The Members' report was approved by order of the Members on 28 March 2018.

[Signed on original]

Louise Read
Secretary

GUERNSEY COMPETITION AND REGULATORY AUTHORITY STATEMENT OF MEMBERS' RESPONSIBILITIES

The Members are responsible for preparing the members' report and the financial statements in accordance with applicable law and regulations.

The Guernsey Competition and Regulatory Authority Ordinance, 2012, (the Ordinance) requires Members to keep proper accounts and proper records in relation to those accounts. The Members therefore consider themselves responsible for keeping adequate accounting records that are sufficient to show and explain the GCRA's transactions and disclose with reasonable accuracy, at any time, the financial position of the GCRA and which enable them to ensure that these financial statements comply with the Ordinance. They also consider that they are responsible for safeguarding the assets of the GCRA and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Ordinance also requires Members to prepare accounts in respect of each financial year, and once audited by auditors appointed by the States of Guernsey on the recommendation of the Public Accounts Committee, to submit to the Committee for Economic Development, a statement of account giving a true and fair review of the state of the GCRA's affairs together with the auditor's report. The Committee for Economic Development, in turn, must submit the accounts and the auditor's report thereon to the States of Guernsey.

The Members have elected to prepare the GCRA's financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

In preparing the financial statements the Members are required to:

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

The Members confirm that these financial statements comply with these requirements.

[Signed on original]

Louise Read
Secretary

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE GUERNSEY COMPETITION AND REGULATORY AUTHORITY

Opinion

We have audited the financial statements of Guernsey Competition and Regulatory Authority ("the Authority") for the year ended 31 December 2017 which comprise the Statement of Comprehensive Income, the Statement of Cash Flows, the Statement of Financial Position and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards ('United Kingdom Generally Accepted Accounting Practice').

In our opinion, the financial statements:

- give a true and fair view of the state of the Authority's affairs as at 31 December 2017 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the requirements of the Guernsey Competition and Regulatory Authority Ordinance, 2012.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Authority in accordance with the ethical requirements relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Members are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF GUERNSEY COMPETITION AND REGULATORY AUTHORITY (CONTINUED)

Responsibilities of Members

As explained more fully in the Statement of Members' Responsibilities, the Members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and for such internal control as the Members determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Members are responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Members either intend to liquidate the Authority or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

This report is made solely to the Authority's members, as a body, in accordance with Section 13 of The Guernsey Competition and Regulatory Authority Ordinance, 2012. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

[Signed on original by BDO Limited]

Chartered Accountants
Place du Pré
Rue du Pré
St Peter Port
Guernsey

Date:.....*[Dated on original: 28 March 2018]*

GUERNSEY COMPETITION AND REGULATORY AUTHORITY
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	<i>Note</i>	<i>2017</i>	<i>2016</i>
		£	£
INCOME			
Telecommunications licence and application fees		534,135	462,634
Electricity licence and application fees		10,849	3,748
Postal licence fees		-	4,045
Competition law grant		124,154	87,615
Mergers and acquisitions fees		10,500	20,500
Bank interest received		-	288
		<u>679,638</u>	<u>578,830</u>
EXPENDITURE			
Salaries and staff costs		408,219	358,917
Consultancy fees		97,554	52,653
Operating lease rentals		57,157	57,300
Travel and entertainment		20,095	20,936
Conference and course fees		18,434	7,414
Depreciation		9,802	7,013
Administration expenses		10,050	12,249
Legal and professional fees		1,288	4,567
Audit and accountancy fee		10,107	9,992
Advertising and publicity		16,531	16,297
Repairs and maintenance		18,541	17,951
Heat, light and water		2,480	2,548
Recruitment		1,348	3,272
General expenses		8,031	7,720
		<u>679,637</u>	<u>578,829</u>
SURPLUS FOR THE FINANCIAL YEAR	6	<u><u>1</u></u>	<u><u>1</u></u>

Statement of total comprehensive income

There are no differences between the surpluses for the financial years stated above and total comprehensive income.

The notes on pages 19 to 23 form an integral part of these financial statements.

GUERNSEY COMPETITION AND REGULATORY AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

	<i>2017</i>	<i>2016</i>
	<i>£</i>	<i>£</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus for the financial year	1	1
Adjustments for:		
Depreciation of tangible fixed assets	9,802	7,013
Interest received and receivable	-	(288)
Decrease in debtors and prepayments	16,073	4,797
Increase in creditors	72,882	17,659
Net cash generated from operating activities	<u>98,758</u>	<u>29,182</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of tangible fixed assets	(14,625)	(6,916)
Interest received	-	288
Net cash used in investing activities	<u>(14,625)</u>	<u>(6,628)</u>
Net increase in cash and cash equivalents	84,133	22,554
Cash and cash equivalents at beginning of the year	377,343	354,789
CASH AND CASH EQUIVALENTS AT THE YEAR END	<u><u>461,476</u></u>	<u><u>377,343</u></u>

The notes on pages 19 to 23 form an integral part of these financial statements.

GUERNSEY COMPETITION AND REGULATORY AUTHORITY
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2017

	<i>Notes</i>	<i>2017</i> £	<i>2016</i> £
FIXED ASSETS			
Tangible fixed assets	3	<u>40,010</u>	<u>35,187</u>
CURRENT ASSETS			
Debtors and prepayments	4	24,640	40,713
Cash and cash equivalents		<u>461,476</u>	<u>377,343</u>
		<u>486,116</u>	<u>418,056</u>
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	5	<u>326,125</u>	<u>253,243</u>
NET CURRENT ASSETS		<u>159,991</u>	<u>164,813</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>200,001</u>	<u>200,000</u>
RETAINED SURPLUS	6	<u>200,001</u>	<u>200,000</u>

The financial statements on pages 16 to 23 were approved on 28 March 2018 and authorised for issue by the Members and signed on their behalf by:

[Signed on original]

Michael O'Higgins
Chairman

The notes on pages 19 to 23 form an integral part of these financial statements.

GUERNSEY COMPETITION AND REGULATORY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland.

The presentation currency of these financial statements is sterling with all amounts rounded to the nearest whole pound.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires members to exercise judgement in applying the accounting policies.

The following principal accounting policies have been consistently applied:

a) Income

Income is received from a government grant and other charges raised in respect of the GCRA's responsibilities as the administrator and enforcer of Guernsey's competition law, as well as through fees raised through the licensing regime in place for certain sectors. Further details are given below:

i) Grants and other charges

Grants received are of a revenue nature and are recognised in the statement of comprehensive income in the same period as the related expenditure. The grant received for 2017 was £140,000 (2016:£140,000). £124,154 is reflected in the statement of comprehensive income in order to match the expenditure incurred in relation to competition law matters during 2017. 'Other charges' comprises fees received for the assessment of certain notifiable mergers and acquisitions. These fees are recognised in the statement of comprehensive income once the proposed transaction has been formally registered with the GCRA. Fees received in 2017 were £10,500 (2016: £20,500) with £13,903 (2016: £35,688) reflected in the statement of comprehensive income to recognise the expenditure incurred. Any unused funds at the financial year end are either deferred or repaid to the Committee for Economic Development. Any deficits are funded from current or future grants. The surplus grant income deferred for the year amounted to £15,846 (2016: £46,123).

ii) Licence fees

Licence fees across regulated sectors are set on the basis of cost recovery in accordance with sector specific legislation and are recognised in the period to which they relate. The GCRA's costs are estimated on an annual basis and these are recovered either by applying a percentage to the licensed revenue of each licensed operator (in the case of telecoms) or through charging an annual fee (in the cases of post and electricity). If fee income exceeds costs the balance is transferred to deferred income. License fee percentages / charges and deferred income balances are set out below:

	2017		2016	
	Licence fee % / charge	Deferred income balance	Licence fee % / charge	Deferred income balance
Telecoms	1.1% of relevant turnover	£179,110	1.1% of relevant turnover	£127,670
Post	-	£20,988	-	£20,988
Electricity	-	£16,095	-	£24,274

b) Expenditure

Expenditure is accounted for on an accruals basis and is measured at its transaction price.

GUERNSEY COMPETITION AND REGULATORY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

1. ACCOUNTING POLICIES (CONTINUED)

c) Fixed assets

Fixed assets are stated at cost less depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write down their cost on a straight line basis to their estimated residual values over their expected useful economic lives. The depreciation rates used are as follows:

Office equipment	20% per annum
Fixtures and fittings	20% per annum
Computer equipment	20% per annum
Website costs	33% per annum
Leasehold improvements	shorter of remaining length of lease or expected useful life

Assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the statement of comprehensive income.

d) Leasing commitments

All leases entered into by the GCRA are operating leases. Rentals payable under operating leases are charged in the statement of comprehensive income on a straight line basis over the lease term.

e) Taxation

Under section 12 of The Guernsey Competition and Regulatory Authority Ordinance, 2012 the GCRA is exempt from Guernsey income tax.

2. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In preparing these financial statements, the members have made the following judgements:

- Determined whether leases entered into by the GCRA as a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determined the appropriate treatment for the lease incentive. This decision was based on the rent free period being used to bring the office accommodation into an appropriate state.
- Determined whether there are indicators of impairment of the GCRA's tangible fixed assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future performance of the asset.
- Determined the split of general expenses incurred for work undertaken under the aegis of the Channel Islands Competition and Regulatory Authorities. These decisions depend on an assessment of resource allocation, including that of staff time.
- Determining the appropriate treatment for the costs incurred in developing a new website. Factors taken into consideration in reaching the decision include: the ability to separate the asset from the GCRA; the benefit of an improved website internally and externally; the intention to complete the project and bring the website into use, noting that it has the resources so to do; and the ability to reliably measure the expenditure incurred on developing the website during the development phase.

GUERNSEY COMPETITION AND REGULATORY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

2. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty:

- Tangible fixed assets (see note 3)

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programs are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

3. TANGIBLE FIXED ASSETS

	<i>Leasehold Improvements</i>	<i>Office Equipment</i>	<i>Fixtures & Fittings</i>	<i>Computer equipment</i>	<i>Website</i>	<i>Total</i>
	£	£	£	£	£	£
Cost						
As at 1 January 2017	31,706	497	16,595	13,300	10,688	72,786
Additions	1,788	-	3,498	526	8,813	14,625
Disposals	-	-	-	(329)	(4,125)	(4,454)
As at 31 December 2017	33,494	497	20,093	13,497	15,376	82,957
Depreciation						
As at 1 January 2017	8,032	497	15,447	9,498	4,125	37,599
Provided for the period	5,268	-	1,002	1,418	2,114	9,802
Disposals	-	-	-	(329)	(4,125)	(4,454)
As at 31 December 2017	13,300	497	16,449	10,587	2,114	42,947
Net Book Value						
As at 31 December 2017	20,194	-	3,644	2,910	13,262	40,010
As at 31 December 2016	23,674	-	1,148	3,802	6,563	35,187

4. DEBTORS AND PREPAYMENTS

	<i>2017</i>	<i>2016</i>
	£	£
Prepayments	17,598	18,459
Amount due from the Jersey Competition Regulatory Authority	3,818	22,254
Other debtors	3,224	-
	24,640	40,713

GUERNSEY COMPETITION AND REGULATORY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

5. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Accruals	20,158	9,378
Deferred licence fee and grant income	300,978	241,871
Trade creditors	1,785	1,239
Amounts due to the Jersey Competition and Regulatory Authority	3,204	755
	<u>326,125</u>	<u>253,243</u>

6. MOVEMENT ON RETAINED SURPLUS

	2017	2016
	£	£
At 1 January	200,000	199,999
Surplus for the year	1	1
	<u>200,001</u>	<u>200,000</u>

7. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2017 the GCRA had commitments under non-cancellable operating leases as set out below:

	<i>Buildings</i>	
	2017	2016
	£	£
Amounts payable under operating leases:		
Not later than one year	57,445	54,000
In more than one year but less than five years	144,339	201,784
Later than five years	-	-
	<u>201,784</u>	<u>255,784</u>

In February 2015, with the consent of the CfED, the GCRA entered into a six and a half year lease at a cost of £54,000 per annum, including service charge and parking for office accommodation at La Plaiderie Chambers, La Plaiderie, St Peter Port, Guernsey. The rental amount increased to £58,150 per annum in February 2018.

GUERNSEY COMPETITION AND REGULATORY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

8. RELATED PARTY DISCLOSURES

a) The GCRA and the Committee for Economic Development (CfED)

The GCRA acts independently of the States of Guernsey, but is accountable to the States of Guernsey through the CfED for funding received to administer and enforce Guernsey's competition law, which is also covered by a service level agreement. The CfED acts as a conduit for requests from other States departments which may request the GCRA to carry out projects. The GCRA reports formally to the States of Guernsey through the CfED on an annual basis.

In 2017, the CfED provided £140,000 (2016: £140,000) in funding to the GCRA to finance the administration and enforcement of The Competition (Guernsey) Ordinance, 2012 under the provisions contained within that legislation. The funding surplus for the year ended 31 December 2017, which has been notified to CfED as required under the service level agreement, amounted to £15,846 (2016: £46,123). The accumulated balance of deferred grant income at the year end was £84,785 (2016: £68,939).

b) The GCRA and the Jersey Competition Regulatory Authority (JCRA)

The GCRA and the JCRA work together under the aegis of CICRA, sharing a board, resources and expertise between the islands, whilst retaining their own separate legal identities. Recharges are made for expenses incurred (including staff costs) on a no gain no loss basis.

During 2017, £249,500 (2016: £321,345) was invoiced by the GCRA to the JCRA and £84,501 (2016: £95,519) was invoiced by the JCRA to the GCRA. At the statement of financial position date the amount owed by the GCRA to the JCRA was £3,204 (2016: £755) and the amount owed by the JCRA to the GCRA was £3,818 (2016: £22,254).

c) Key management personnel

Key management personnel include all members of the GCRA who together have authority and responsibility for planning, directing and controlling the Authority's activities. The total compensation paid to key management personnel for services provided to the GCRA was £213,049 (2016: £213,083).

GUERNSEY COMPETITION AND REGULATORY AUTHORITY CORPORATE GOVERNANCE GUIDELINES

The GCRA is an autonomous body and independent in its decision making from the States of Guernsey. But under powers in section 3 of The Guernsey Competition and Regulatory Authority Ordinance, 2012 (The “Ordinance”), the Committee for Economic Development (CfED) “may, if it considers it desirable in the public interest to do so, and after consulting the GCRA, give to the GCRA written guidance on matters relating to corporate governance, that is to say, matters relating to the system and arrangements by and under which the GCRA is directed and controlled”. The following are the Corporate Governance Guidelines as agreed between the CfED and the GCRA.

What is Corporate Governance?

“Corporate Governance is the system by which business corporations are directed and controlled. The corporate governance structure specifies the distribution of rights and responsibilities among different participants in the corporation, such as the board, managers, shareholders and other stakeholders, and spells out the rules and procedures for making decisions on corporate affairs. By doing this, it also provides the structure through which the company objectives are set, and the means of attaining those objectives and monitoring performance.” – OECD April 1999

Constitution of the GCRA

The GCRA is a statutory body corporate established under Section 1 of the Ordinance. The governing body is a Board of Members which directs regulatory, licensing, financial, operational and strategic policies of the GCRA.

Functions of the GCRA

The functions of the GCRA are as set out in Section 4 of the Ordinance and may be summarised as follows:

- a) To advise the CfED generally in relation to the administration and enforcement of competition legislation and the related practice and procedures.
- b) To advise the CfED generally in relation to competition matters, and in particular:
 - The abuse of or suspected abuse of a dominant position by undertakings
 - Anti-competitive practices or suspected anti-competitive practices of undertakings
 - Mergers or Acquisitions of undertakings.
- c) Subject to the provisions of The Competition (Guernsey) Ordinance, 2012, to investigate:
 - Any abuse or suspected abuse of a dominant position by an undertaking
 - Any anti-competitive practice or suspected anti-competitive practice of an undertaking
 - Any merger or acquisition of undertakings.
- d) To administer its office and undertaking.
- e) To determine the fees payable and costs and expenses recoverable in respect of the exercise of its functions, including interest and penalties payable in the event of default.
- f) Any other functions assigned or transferred to the GCRA by legislation or Resolution of the States.

Constitution of the Board

Paragraph 1(1) of Schedule 1 to the Ordinance requires that the GCRA shall consist of a minimum of three members, one of whom shall be the Chairman.

Members of the Board are appointed by the CfED after consultation with the Chairman. Vacancies which arise on the Board are filled through the use of an open and transparent process. A vacancy is usually advertised and once a suitable candidate is identified, a recommendation is made to the CfED.

GUERNSEY COMPETITION AND REGULATORY AUTHORITY CORPORATE GOVERNANCE GUIDELINES (CONTINUED)

Under the provisions of the Ordinance, the appointment of the Chairman is a matter reserved for decision by the States of Guernsey on the recommendation of the CfED.

On appointment, a member will receive an induction to the work of the Board and the GCRA. This includes an opportunity to meet all members of staff.

Under the provisions of Paragraph 2(2) of Schedule 1 to the Ordinance, members are appointed for a period not exceeding five years and upon expiry of such a period are eligible for reappointment.

Operations of the Board

The Board sets strategic policy and the implementation of these policies is undertaken by the Executive.

The Board customarily has eight scheduled meetings a year and holds additional meetings when circumstances require it. Under the provisions of paragraph 6 of Schedule 1 to the Ordinance, the quorate number of members to hold a Board meeting is the nearest whole number above one half of the number of members. The Chairman or person presiding over the meeting has no vote unless there is an equality of votes, in which case he or she has a casting vote.

In advance of each meeting, members are provided with comprehensive briefing papers on the items under consideration. The Board is supported by the Board Secretary who attends and minutes all meetings of the Board.

Paragraph 13 of Schedule 1 to the Ordinance empowers the Board to delegate by an instrument in writing any of its functions to any of its members, officers or employees named or described in the instrument, including to a committee of members, officers and/or employees. However, the Board is not authorised to delegate this power of delegation, nor the function of considering representations concerning a proposed decision against which there is a right of appeal, any obligation to submit a report to the CfED, nor to determine the Chief Executive's minimum term of office.

The GCRA publishes an annual work programme detailing a number of annual objectives and prepares annual budgets. These are finalised in the last quarter of each year and may incorporate, amongst other things, any strategic issues raised by the Board, and comments received during consultation with key stakeholders including the CfED. This is considered by the Board prior to the start of the financial year.

The Board monitors the performance of the GCRA against the annual objectives and budget through reports at its regular Board meetings.

The Chairman makes recommendations to the CfED in respect of fees paid to members.

Committees of the Board

Paragraph 5 of Schedule 1 to the Ordinance enables the GCRA to establish committees.

During 2014, the Board established an Audit and Risk Committee. The Members of this committee comprise the non-executive members, excluding the Chairman; they are appointed by the Board.

GUERNSEY COMPETITION AND REGULATORY AUTHORITY CORPORATE GOVERNANCE GUIDELINES (CONTINUED)

The key duties of the Audit and Risk Committee are:-

- To review annually the GCRA's application of corporate governance best practice;
- To review the mechanisms for ensuring the effectiveness of the GCRA's internal controls;
- To review and agree the internal auditor's annual work plan, monitor and review the effectiveness of any internal audit work carried out and review all reports from the internal auditor, monitoring the Executive's responsiveness to the findings and recommendations;
- To meet the internal auditor at least once a year, without the presence of the Executive;
- To consider certain matters relating to the external audit of the GCRA's annual financial statements (including reviewing those financial statements prior to their consideration by the Board).

The members of the Audit and Risk Committee at the statement of financial position date were Philip Marsden, Peter Neville, Hannah Nixon and Paul Masterton. Philip Marsden chaired the committee for both its meetings during 2017, and has now been succeeded as chairman by Peter Neville. The Executive is expected to attend the meetings of the Audit and Risk Committee in an advisory capacity.

Openness, Integrity and Accountability

The GCRA abides by the principles of openness, integrity and accountability – and those standards which are widely recognised as being applicable to public service, and to the conduct of all involved in public life. In the discharge of its duties, the GCRA will ensure:

- That subject to the appropriate level of confidentiality, it maintains an openness in its public affairs, in order that the public can have confidence in the decision-making processes and actions of public service bodies, in the management of the GCRA's activities, and in the Board members and staff of the GCRA itself;
- That it maintains at all times an appropriate degree of integrity in the conduct of its affairs. Integrity comprises both straightforward dealing and completeness. The GCRA bases its integrity upon honesty, selflessness and objectivity, and high standards of propriety and probity in the stewardship of its funds and management of its affairs; and
- That it is fully accountable in the application of the public funds with which it is entrusted and that these are properly safeguarded, and are used economically, efficiently and effectively.

The three fundamental principles, defined above in terms of public sector bodies, have been refined to include the findings and recommendations of the Nolan Committee on Standards in Public Life. The GCRA will make its best efforts to abide by Nolan's seven general principles that underpin public life, namely: selflessness, integrity, objectivity, accountability, openness, honesty, and leadership.

Audit and Accounts

While the GCRA is an independent body, it is accountable for its overall performance to the States of Guernsey through the CfED.

Section 13(3) of the Ordinance requires that the GCRA shall keep proper accounts and proper records in relation to those accounts and prepare in respect of each year, and submit to the CfED, a statement of account giving a true and fair view of the state of affairs of the GCRA. These accounts shall be audited annually by an auditor appointed by the States on the recommendation of the Public Accounts Committee and submitted, together with the auditor's report, to the CfED.

The CfED will in turn submit the accounts to the States in the form of an Annual Report which also details the work that the GCRA has undertaken during the relevant year.

General Conditions regarding States Grant Funding

The GCRA complies with the general conditions set out by the CfED which apply to external bodies in receipt of grant funding.



FINANCIAL REVIEW 2017

Consistent with prior years, the Jersey Competition Regulatory Authority (JCRA) made an accounting surplus of £1 in 2017, effectively breaking even. The JCRA accounts for income only in order to meet its actual costs during the year. It must also ensure that it receives enough income during the year in each of the areas that it covers – competition law administration and enforcement (including merger reviews), and the regulation of the telecoms, postal and ports sectors – to fund them separately, given that cross-subsidisation is not permitted. A working capital balance is maintained at all times but, for the purpose of the financial statements, deferred income adjustments are made to match income with costs.

Overall costs in 2017 were £1,267k (2016: £1,285k). Expenditure continues to be closely controlled by the JCRA maintaining strict internal guidelines with regard to purchasing and tendering procedures which, combined with appropriate best practice corporate governance, helps to ensure that it is run as an effective and efficient organisation. Independent internal auditors audit policies and procedures annually, to ensure that high standards are maintained and that appropriate processes and procedures are in place.

In line with the service level agreement between the JCRA and the Chief Minister's Department (CMD), grant funding for work under the Competition (Jersey) Law 2005 continued to be received on a quarterly basis. During 2017, a grant of £300k was received (2016: £300k) and additional cash funding of £315k was received (2016: additional funding of £221k was agreed comprising £198k additional cash funding and £21k released from deferred grant income).

Income of £85k (2016: £90k) was received from parties making application for approval of notifiable mergers and acquisitions. These applications and costs are by their nature unpredictable. For 2017, the fees received were higher than the costs incurred in dealing with matters relating to mergers and acquisitions by £30k, in contrast to 2016, during which there was a shortfall of £68k, which had to be funded from the competition law grant.

During 2017 income of £180k (2016: £180k) was received in licence fees from the ports licensee (Ports of Jersey Ltd), and £37k (2016: £55k) of this income was deferred.

Telecoms licence fees of £619k (2016: £631k) were received for the year 2017. Based on budgeted costs, the Class II and Class III licence fees for 2017 were set at 0.75% (2016: 0.75%) of regulated turnover. Deferral of telecoms income for the year amounted to £98k (2016: £90k).

£22k (2016: £27k) of postal licence fees were received for 2017 of which £11k (2016: £17k) was deferred.

JERSEY COMPETITION REGULATORY AUTHORITY

(Incorporated in Jersey, Channel Islands)

NON EXECUTIVE MEMBERS

Michael O'Higgins	Chair
Philip Marsden	
Hannah Nixon	
Peter Neville	appointed 6 February 2017
Paul Masterton	appointed 13 February 2017

EXECUTIVE MEMBERS

Michael Byrne	Chief Executive
Louise Read	Director

SECRETARY

Louise Read

INDEPENDENT AUDITOR

BDO Limited
P O Box 180
Place Du Pre
Rue Du Pre
St Peter Port
Guernsey
GY1 3LL

BANKERS

Barclays Private Clients International Limited
Jersey International Banking Centre
PO Box 8
St Helier
Jersey
JE4 8NE

REGISTERED OFFICE

2nd Floor Salisbury House
1-9 Union Street
St Helier
Jersey
JE2 3RF

JERSEY COMPETITION REGULATORY AUTHORITY MEMBERS' REPORT

The Members of the Jersey Competition Regulatory Authority (JCRA) present their report and financial statements for the year ended 31 December 2017.

MEMBERS

The Members in office during the year during the year and appointed subsequently are shown on page 28.

ACTIVITIES

The activities of the JCRA during the year were the regulation of the telecommunications, postal and ports sectors and the administration and enforcement of the Competition (Jersey) Law 2005.

RESULTS

There was a surplus for the year of £1 (2016: surplus £1).

EVENTS AFTER THE END OF THE REPORTING PERIOD

There was one event between the statement of financial position date and the date when the financial statements were authorised for issue that needs to be disclosed or recognised in the financial statements. A judgment was handed down by the Royal Court which overturned a decision by the JCRA, and costs have been awarded to the appellant on a standard basis. The probable amount of the resultant liability has been considered and the Authority is confident that it will be able to meet the liability from available sources of funding and continue its other competition-related activities.

LIKELY FUTURE DEVELOPMENTS IN THE ACTIVITIES OF THE JCRA

No significant change in the activities of the JCRA is currently foreseen.

INDEPENDENT AUDITOR

The auditor, BDO Limited, who was appointed in accordance with Article 17 of the Competition Regulatory Authority (Jersey) Law 2001, has indicated its willingness to continue in office.

All of the Members have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information. The Members are not aware of any relevant audit information of which the JCRA's auditor is unaware.

APPROVAL

The Members' report was approved by order of the Members on 28 March 2018.

[Signed on original]

Louise Read

Secretary

JERSEY COMPETITION REGULATORY AUTHORITY

STATEMENT OF MEMBERS' RESPONSIBILITIES

The Members are responsible for preparing the members' report and the financial statements in accordance with applicable law and regulations.

The Competition Regulatory Authority (Jersey) Law 2001, (the "Law") requires Members to keep proper accounts and proper records in relation to those accounts. The Members therefore consider themselves responsible for keeping adequate accounting records that are sufficient to show and explain the JCRA's transactions and disclose with reasonable accuracy, at any time, the financial position of the JCRA and which enable them to ensure that the financial statements comply with the Law. They also consider that they are responsible for safeguarding the assets of the JCRA and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Law also requires Members to prepare accounts in respect of each financial year, and once audited by auditors appointed by the Auditor and Comptroller General, to submit to the Chief Minister's Department the accounts together with the auditor's report. The Chief Minister's Department, in turn, must submit the accounts and auditor's report thereon to the States of Jersey.

The Members have elected to prepare the JCRA's financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

In preparing financial statements the Members are required to:

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

The Members confirm that these financial statements comply with these requirements.

[Signed on original]

Louise Read
Secretary

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JERSEY COMPETITION REGULATORY AUTHORITY

Opinion

We have audited the financial statements of Jersey Competition and Regulatory Authority (“the Authority”) for the year ended 31 December 2017 which comprise the Statement of Comprehensive Income, the Statement of Cash Flows, the Statement of Financial Position and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (‘United Kingdom Generally Accepted Accounting Practice’).

In our opinion, the financial statements:

- give a true and fair view of the state of the Authority’s affairs as at 31 December 2017 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the requirements of the Competition Regulatory Authority (Jersey) Law 2001.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the Authority in accordance with the ethical requirements relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Members’ use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority’s ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Members are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor’s report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF JERSEY COMPETITION AND REGULATORY AUTHORITY (CONTINUED)

Responsibilities of Members

As explained more fully in the Statement of Members' Responsibilities, the Members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and for such internal control as the Members determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Members are responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Members either intend to liquidate the Authority or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

This report is made solely to the Authority's members, as a body, in accordance with Article 17 of the Competition Regulatory Authority (Jersey) Law 2001. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

[Signed on original by BDO Limited]

Chartered Accountants
Place du Pré
Rue du Pré
St Peter Port
Guernsey

Date:.....*[Dated on original: 28 March 2018]*

JERSEY COMPETITION REGULATORY AUTHORITY
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	<i>Note</i>	<i>2017</i>	<i>2016</i>
		£	£
INCOME			
Telecommunications licence fees		521,342	540,638
Postal licence fees		10,810	9,865
Ports of Jersey incorporation grant and licence fees		142,547	125,198
Competition law grant and other competition law funding		507,059	518,525
Mergers and acquisitions fees		85,482	89,693
Bank interest and sundry income		-	582
		<hr/>	<hr/>
		1,267,240	1,284,501
		<hr/>	<hr/>
EXPENDITURE			
Salaries and staff costs		578,554	690,385
Consultancy fees		147,688	133,842
Operating lease rentals		60,527	55,420
Travel and entertainment		23,800	20,012
Conference and course fees		17,607	7,708
Depreciation		5,826	6,051
Administration expenses		8,847	9,838
Legal and professional fees		352,128	288,571
Audit and accountancy fee		10,593	10,252
Advertising and publicity		16,354	16,440
Repairs and maintenance		19,481	19,606
Heat, light and water		2,094	3,251
Recruitment		3,936	3,336
General expenses		19,804	19,788
		<hr/>	<hr/>
		1,267,239	1,284,500
		<hr/>	<hr/>
SURPLUS FOR THE FINANCIAL YEAR	7	1	1
		<hr/>	<hr/>

Statement of total comprehensive income

There are no differences between the surpluses for the financial years stated above and total comprehensive income.

The notes on pages 36 to 40 form an integral part of these financial statements.

JERSEY COMPETITION REGULATORY AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

	<i>2017</i>	<i>2016</i>
	<i>£</i>	<i>£</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus for the financial year	1	1
Adjustments for:		
Depreciation of tangible fixed assets	5,826	6,051
Interest received and receivable	-	(582)
Decrease / (Increase) in debtors and prepayments	196,000	(181,182)
Decrease in creditors	(102,717)	(879,996)
Net cash generated from operating activities	99,110	(1,055,708)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of tangible fixed assets	(9,471)	(12,726)
Interest received	-	582
Net cash used in investing activities	(9,471)	(12,144)
Net increase in cash and cash equivalents	89,639	(1,067,852)
Cash and cash equivalents at beginning of the year	463,220	1,531,072
CASH AND CASH EQUIVALENTS AT THE YEAR END	552,859	463,220

The notes on pages 36 to 40 form an integral part of these financial statements.

JERSEY COMPETITION REGULATORY AUTHORITY
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	<i>Notes</i>	<i>2017</i> £	<i>2016</i> £
FIXED ASSETS			
Tangible fixed assets	3	19,578	15,933
CURRENT ASSETS			
Debtors and prepayments	4	34,609	230,609
Cash and cash equivalents	5	552,859	463,220
		587,468	693,829
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	6	481,590	584,307
NET CURRENT ASSETS		105,878	109,522
TOTAL ASSETS LESS CURRENT LIABILITIES		125,456	125,455
RETAINED SURPLUS	7	125,456	125,455

The financial statements on pages 33 to 40 were approved on 28 March 2018 and authorised for issue by the Members and signed on their behalf by:

[Signed on original]

Michael O'Higgins
Chairman

The notes on pages 36 to 40 form an integral part of these financial statements.

JERSEY COMPETITION REGULATORY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland.

The presentation currency of these financial statements is sterling with all amounts rounded to the nearest whole pound.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires members to exercise judgement in applying the accounting policies.

The following principal accounting policies have been consistently applied:

a) Income

Income is received from government grant and other charges raised in respect of the JCRA's responsibilities as the administrator and enforcer of Jersey's competition law and through fees raised through the licensing regime in place for certain sectors. Further details are given below:

i) Grants and other charges

Grants received are of a revenue nature and are recognised in the statement of comprehensive income in the same period as the related expenditure. The grant received for 2017 was £300,000 (2016: £300,000). Additional cash funding of £315,331 was also provided for specific expenses, although income of £108,271 was deferred. (2016: Additional funding of £197,441 was provided, being £176,357 of additional cash and £21,084 released from deferred income). 'Other charges' comprises fees received for the assessment of certain notifiable mergers and acquisitions. They are recognised in the statement of comprehensive income once the proposed transaction has been formally registered with the JCRA, with partial deferral of fees where the work has not yet been completed at the year end. Fees recognised in 2017 were £85,482 (2016: £89,693) with expenditure of £55,419 (2016: £158,016) reflected in the statement of comprehensive income. Any unused funds at the financial year end are either deferred or repaid to the Chief Minister's Department. Any deficits are funded from future grants or the agreed release of deferred grant income. Total deferred grant income as at 31 December amounted to £190,499 (2016: £82,228).

ii) Licence fees

Licence fees across all regulated sectors are set on the basis of cost recovery in accordance with sector-specific legislation and are recognised in the period to which they relate. The JCRA's costs are estimated on an annual basis and these are recovered either by applying a percentage to the licensed revenue of each licensed operator (in the case of telecoms) or through charging an annual fee (in the cases of post and ports). If fee income exceeds costs, the balance is transferred to deferred income. Licence fee percentages / charges and deferred income are set out below:

	2017		2016	
	Licence fee % / charge	Deferred income balance	Licence fee % / charge	Deferred income balance
Telecoms	0.75% relevant turnover	£187,455	0.75% relevant turnover	£89,900
Post	Class II £20,000 Class I £1,000	£12,690	Class II £25,000 Class I £1,000	£18,802
Ports	£180,000	£37,453	£180,000	£54,803

b) Expenditure

Expenditure is accounted for on an accruals basis and is measured at its transaction price.

JERSEY COMPETITION REGULATORY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

1. ACCOUNTING POLICIES (CONTINUED)

c) Fixed assets

Fixed assets are stated at cost less depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write down their cost on a straight line basis to their estimated residual values over their expected useful economic lives. The depreciation rates used are as follows:

Other equipment	20% per annum
Fixtures and fittings	10% per annum
Computer equipment	33% per annum
Website costs	33% per annum
Leasehold improvements	shorter of remaining length of lease or expected useful life

Assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the statement of comprehensive income.

d) Leasing commitments

All leases entered into by the JCRA are operating leases. Rentals payable under operating leases are charged in the statement of comprehensive income on a straight line basis over the lease term.

e) Pensions

The JCRA provides a defined contribution pension scheme to some of its employees. Contributions are charged in the statement of comprehensive income as they become payable in accordance with the rules of the scheme.

f) Taxation

Article 16 of the Competition Regulatory Authority (Jersey) Law 2001 provides that the income of the JCRA shall not be liable to income tax under the Income Tax (Jersey) Law 1961.

2. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In preparing these financial statements, the members have made the following judgements:

- Determined whether leases entered into by the JCRA as a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determined whether there are indicators of impairment of the JCRA's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future performance of the asset.
- Determined the split of expenses incurred for work undertaken under the aegis of the Channel Islands Competition and Regulatory Authorities. These decisions depend on an assessment of resource allocation, including that of staff time.
- Determining the appropriate treatment for the costs incurred in developing a new website. Factors taken into consideration in reaching the decision include: the ability to separate the asset from the JCRA, the benefit of an improved website internally and externally, the intention to complete the project and bring the website into use, noting that it considers that it has the resources so to do, and the ability to reliably measure the expenditure incurred on developing the website during the development phase.

JERSEY COMPETITION REGULATORY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

2. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty:

- Costs order of the Royal Court (see note 11)
The liability arising from an order of costs against the Authority has not yet been determined. The Authority has considered the likely amount of the costs to be reimbursed taking into account available sources of information and the advice of its lawyers.
- Tangible fixed assets (see note 3)
Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programs are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

3. TANGIBLE FIXED ASSETS

	<i>Leasehold Improvements</i>	<i>Computer Equipment</i>	<i>Website</i>	<i>Fixtures & Fittings</i>	<i>Equipment</i>	<i>Total</i>
	£	£	£	£	£	£
Cost						
As at 1 January 2017	38,570	35,137	10,688	22,266	989	107,650
Additions	-	658	8,813	-	-	9,471
Disposals	-	(319)	(4,125)	-	-	(4,444)
As at 31 December 2017	38,570	35,476	15,376	22,266	989	112,677
Depreciation						
As at 1 January 2017	36,087	32,190	4,125	18,326	989	91,717
Provided for the period	563	2,487	2,114	662	-	5,826
Disposals	-	(319)	(4,125)	-	-	(4,444)
As at 31 December 2017	36,650	34,358	2,114	18,988	989	93,099
Net Book Value						
As at 31 December 2017	1,920	1,118	13,262	3,278	-	19,578
As at 31 December 2016	2,483	2,947	6,563	3,940	-	15,933

4. DEBTORS AND PREPAYMENTS

	<i>2017</i>	<i>2016</i>
	£	£
Prepayments	27,072	23,714
Trade debtors	3,205	197,441
Other debtors	4,332	9,454
	34,609	230,609

JERSEY COMPETITION REGULATORY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

5. CASH NOT AVAILABLE FOR USE

Cash and cash equivalents includes £nil (2016: £125,517) held in respect of financial commitments given as part of telecoms operators' bids to be awarded spectrum to enable the roll out of 4G services in the Channel Islands. All such amounts have now been repaid as a result of the operators' having met their commitments.

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Monies held in respect of commitments given by telecoms operators	-	125,517
Accruals	30,015	11,400
Deferred grant income	190,499	82,228
Deferred licence fee income and amounts paid in advance	240,292	201,894
Deferred mergers and acquisitions fee income	9,000	-
Trade creditors	7,966	141,014
Amounts due to the Guernsey Competition and Regulatory Authority	3,818	22,254
	<u>481,590</u>	<u>584,307</u>

7. MOVEMENT ON RETAINED SURPLUS

	2017	2016
	£	£
At 1 January 2017	125,455	125,454
Surplus for the year	1	1
	<u>125,456</u>	<u>125,455</u>

8. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2017 the JCRA had commitments under non-cancellable operating leases as set out below:

	<i>Buildings</i>	
	2017	2016
	£	£
Amounts payable under operating leases:		
Not later than one year	56,906	56,906
In more than one year but less than five years	26,660	83,566
Later than five years	-	-
	<u>83,566</u>	<u>140,473</u>

The amount shown above relates to a five year lease with an option to break at the end of year three for the JCRA's office in Salisbury House, Union Street, St. Helier. The lease finally expires in June 2021.

JERSEY COMPETITION REGULATORY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

9. PENSION COMMITMENTS

The JCRA provides a defined contribution pension scheme (the Public Employees Contributory Retirement Scheme) to some of its employees. The assets of the scheme are held separately from those of the JCRA in an independently administered fund. Contributions of £20,326 (2016: £20,326) were paid across in the year. There were no unpaid contributions at the year end.

10. RELATED PARTY DISCLOSURES

a) The JCRA and the Chief Minister

The JCRA acts independently of the States of Jersey, but is accountable to the States of Jersey through the Chief Minister for the funding it receives to administer and enforce Jersey's competition law, and the funding is covered by a service level agreement. The Chief Minister acts as a conduit for requests from other Ministers who may request the JCRA to carry out projects. The JCRA reports formally to the States of Jersey through the Chief Minister on an annual basis.

In 2017, the Chief Minister's Department provided £300,000 (2016: £300,000) in funding to the JCRA to finance the administration and enforcement of the Competition (Jersey) Law 2005. Additional funding of £315,331 was also provided (2016: £197,441). As at the year end the balance of deferred grant income due to the Chief Minister's Department was £190,499 (2016: £82,228).

b) The JCRA and the Guernsey Competition and Regulatory Authority (GCRA)

The JCRA and the GCRA work together under the aegis of CICRA, sharing a board, resources and expertise between the islands, whilst retaining their own separate legal identities. Recharges are made for expenses incurred (including staff costs) on a no gain no loss basis.

During 2017 £84,501 (2016: £95,519) was invoiced by the JCRA to the GCRA and £249,500 (2016: £321,345) was invoiced by the GCRA to the JCRA. At the statement of financial position date the amount owed by the JCRA to the GCRA was £3,818 (2016: £22,254) and the amount owed by the GCRA to the JCRA was £3,204 (2016: £755).

c) Key management personnel

Key management personnel includes all members of the JCRA who together have authority and responsibility for planning, directing and controlling the activities of the JCRA. The total compensation paid to key management personnel for services provided to the JCRA was £213,049 (2016: £221,923).

11. EVENT AFTER THE DATE OF STATEMENT OF FINANCIAL POSITION

In January 2018, the Royal Court issued a judgment overturning a decision of the JCRA on appeal. Costs on a standard basis were subsequently awarded to the appellant, although the cost to the JCRA has not yet been determined. The probable amount of the resultant liability has been considered and the Authority is confident that it will be able to meet the liability from available sources of funding and continue its other competition-related activities. Competition law grant funding or other sources of funding specifically designated for the purpose were required to finance the cost of defending the appeal, and this will apply to the amount payable to the appellant. During 2017, additional funding of £315,331 (2016: £193,274) was agreed in relation to the JCRA's costs of defending the appeal.

JERSEY COMPETITION REGULATORY AUTHORITY CORPORATE GOVERNANCE GUIDELINES

The JCRA is an autonomous body and entirely independent in its decision taking from the States of Jersey. But under powers in Article 10(1) of the Competition Regulatory Authority (Jersey) Law 2001 (the “CRA Law”), the Minister, “may give to the Authority written guidance, or general written directions, on matters relating to corporate governance, that is relating to the systems and arrangements by and under which the Authority is directed and controlled”. The following are the Corporate Governance Guidelines as agreed between the Minister and the JCRA.

What is Corporate Governance?

“Corporate Governance is the system by which business corporations are directed and controlled. The corporate governance structure specifies the distribution of rights and responsibilities among different participants in the corporation, such as, the board, managers, shareholders and other stakeholders, and spells out the rules and procedures for making decisions on corporate affairs. By doing this, it also provides the structure through which the company objectives are set, and the means of attaining those objectives and monitoring performance.” – OECD April 1999

Constitution of the JCRA

The JCRA is a statutory body corporate established under Article 2 of the CRA Law. The governing body is a Board of Members which directs regulatory, licensing, financial, operational and strategic policies of the JCRA.

Functions of the JCRA

The functions of the JCRA are set out in Article 6 of the CRA Law which states:-

- a) The JCRA shall have such functions as are conferred on it by or under this or any other Law or any other enactment.
- b) The JCRA may recognise or establish, or assist or encourage the establishment of, bodies that have expertise in, or represent persons having interests in, any matter concerning competition, monopolies, utilities or any matter connected with the provision of goods and services to which the JCRA’s functions relate.
- c) The functions of those bodies shall include one or more of the following –
 - i. the provision to the JCRA of advice, information and proposals in relation to any one or more of those matters;
 - ii. the representation of the views of any one or more of those persons.
- d) The JCRA may, on request by the Minister, provide the Minister with reports, advice, assistance and information in relation to any matter referred to in paragraph (b).
- e) The JCRA shall have power to do anything that is calculated to facilitate, or is incidental or conducive to, the performance of any of its functions.

Constitution of the Board

Article 3 of the CRA Law requires that the JCRA shall consist of a Chairman and at least two other members. The appointment of Board Members is undertaken by the Minister after he has consulted with the Chairman. Vacancies which arise on the Board are filled through the use of an open and transparent process. The Minister follows the procedures recommended by the Jersey Appointments Commission – a body set up by the States of Jersey to oversee certain public sector appointments. A vacancy is usually advertised and once a suitable candidate is identified, a recommendation is made to the Minister.

Under the provisions of the CRA Law, the appointment of the Chairman is a matter reserved for decision by the States of Jersey on the recommendation of the Minister. The Minister must notify the States of the appointments.

JERSEY COMPETITION REGULATORY AUTHORITY

CORPORATE GOVERNANCE GUIDELINES (CONTINUED)

On appointment, a Member will receive an induction to the work of the Board and the JCRA. This includes an opportunity to meet all members of staff.

Under the provisions of the CRA Law, Members are appointed for a period not exceeding five years and upon expiry of such a period are eligible for reappointment.

Operations of the Board

The Board sets strategic policy and the implementation of these policies is undertaken by the Executive.

The Board customarily has eight scheduled meetings each year and holds additional meetings when circumstances require it. The quorate number of Members to hold a Board meeting is three, two of whom must be Non-Executives, with one acting as Chair.

In advance of each meeting, Members are provided with comprehensive briefing papers on the items under consideration. The Board is supported by the Board Secretary who attends and minutes all meetings of the Board.

Article 9 of the CRA Law empowers the Board to delegate any of its powers to the Chairman, one or more Members, or an officer or employee of the JCRA or a committee whose member or members are drawn only from the Members, officers and employees of the JCRA. However, the Board is not authorised to delegate the power of delegation or the function of reviewing any of its decisions.

The JCRA publishes an annual business plan detailing a number of annual objectives and prepares annual budgets. These are finalised in the last quarter of each year and incorporate, amongst other things, any strategic issues raised by the Board, and comments received during consultation with key stakeholders. This is considered by the Board prior to the start of the financial year.

The Board monitors the performance of the JCRA against the annual objectives and annual budget through reports at its regular Board meetings. Performance against budget is monitored by the presentation of quarterly management accounts to the Board and ad-hoc financial presentations as and when appropriate.

The JCRA has agreed a policy on travel with the Chief Minister's Department.

The Chairman makes recommendations to the Minister in respect of fees paid to the non-executive members.

Committees of the Board

Article 7(1) of the CRA Law enables the JCRA to establish committees.

During 2016 the Board had established one committee; an Audit and Risk Committee. The Members of this committee comprise the non-executive members, excluding the Chairman and are appointed by the Board.

The key duties of the Audit and Risk Committee are:

- To review annually the JCRA's application of corporate governance best practice;
- To review the mechanisms for ensuring the effectiveness of the JCRA's internal controls;
- To review and agree the internal auditor's annual work plan, monitor and review the effectiveness of any internal audit work carried out and review all reports from the internal auditor, monitoring the Executive's responsiveness to the findings and recommendations;
- To meet with the internal auditor at least once a year, without the presence of the Executive;
- To consider certain matters relating to the external audit of the JCRA's annual financial statements (including reviewing those financial statements prior to their consideration by the Board).

JERSEY COMPETITION REGULATORY AUTHORITY

CORPORATE GOVERNANCE GUIDELINES (CONTINUED)

Whilst the Audit and Risk Committee's Charter includes the consideration of the annual appointment of the external auditor, the actual appointment of the auditor is a matter reserved to the Comptroller and Auditor General under the Comptroller and Auditor General (Jersey) Law 2014 which amended the CRA Law to transfer the responsibility from the Treasury and Resources Minister.

The members of the Audit and Risk Committee at the statement of financial position date were Philip Marsden, Peter Neville, Hannah Nixon and Paul Masterton. Philip Marsden chaired the committee for both its meetings during 2017, and has now been succeeded as chairman by Peter Neville. The Executive is expected to attend the meetings of the Audit and Risk Committee in an advisory capacity.

Openness, Integrity and Accountability

The JCRA abides by the principles of openness, integrity and accountability – and those standards which are widely recognised as being applicable to public service, and to the conduct of all involved in public life. In the discharge of its duties, the JCRA will ensure:

- That subject to the appropriate level of confidentiality, it maintains an openness in its public affairs, in order that the public can have confidence in the decision-making processes and actions of public service bodies, in the management of the JCRA's activities, and in the Board Members and staff of the JCRA itself;
- That it maintains at all times an appropriate degree of integrity in the conduct of its affairs. Integrity comprises both straightforward dealing and completeness. The JCRA bases its integrity upon honesty, selflessness and objectivity, and high standards of propriety and probity in the stewardship of its funds and management of its affairs;
- That it is fully accountable in the application of the public funds entrusted to it and that these are properly safeguarded, and are used economically, efficiently and effectively.

The three fundamental principles, defined above in terms of public sector bodies, have been refined to include the findings and recommendations of the Nolan Committee on Standards in Public Life. The JCRA will make its best efforts to abide by Nolan's seven general principles that underpin public life, namely: selflessness, integrity, objectivity, accountability, openness, honesty, and leadership.

Audit and Accounts

While the JCRA is an independent body, it is accountable for its overall performance to the States of Jersey through the Minister.

Article 17 of the CRA Law requires that the JCRA shall keep proper accounts and proper records in relation to the accounts and prepares a report and financial statements in respect of each financial year and provide these to the Minister no later than four months after the year end. The Minister must lay a copy of the financial statements provided before the States as soon as practicable after he receives the report.

It is also a requirement of the CRA Law that the financial statements are audited and are prepared in accordance with generally accepted accounting principles. The appointment of the auditor of the JCRA is the responsibility of the Comptroller and Auditor General under the Comptroller and Auditor General (Jersey) Law 2014, which amended the CRA Law to transfer the responsibility from the Treasury and Resources Minister.

Other Matters

Under powers granted by Article 10 of the CRA Law, the Minister may, after first consulting with the JCRA and where it considers that it is necessary in the public interest to do so, give the JCRA written guidance, or general written directions, on matters relating to corporate governance which may include matters relating to accountability, efficiency and economy of operation of the JCRA.