

**WRITTEN QUESTION TO THE PRESIDENT OF THE ECONOMIC DEVELOPMENT
COMMITTEE BY DEPUTY G.P. SOUTHERN OF ST. HELIER**

ANSWER TO BE TABLED ON TUESDAY, 21st JUNE 2005

Question

Will the President inform members –

- (a) how many new fulfilment companies with non-locally qualified or resident principals the Committee has granted a licence to under the Regulation of Undertakings and Development (Jersey) Law 1973, as amended, and when those licences were granted?
- (b) on what grounds the Committee considered the granting of such licences to be in the best interests of the Island, and, in particular, what was the anticipated total return to the Island in terms of tax revenue from these companies?
- (c) whether the Committee considered the effects on this projected tax revenue when the zero/ten proposals come into force, and if so, what that consideration concluded?
- (d) what consideration, if any, did the Committee give to the possibility that the United Kingdom government might take action to prevent such tax-avoidance moves on the part of United Kingdom companies?
- (e) what consultation, if any, has taken place with the Policy and Resources Committee on the issue referred to in (d) above over this period, and does the Committee concur with the position expressed by the Policy and Resources Committee to oppose expansion of Jersey Post to new premises in order to support such schemes?
- (f) what bearing, if any, will the position expressed by the Policy and Resources Committee have on the implication for future policy outlined on page 19 of the Economic Growth Plan to “*maximise productivity growth in every sector from financial services to retail to tourism to agriculture to fulfilment*”?

Answer

- (a) Since the Committee was formed in December 2002, two licences have been granted for the commencement of fulfilment undertakings, the principals of which were non-locally qualified or non-resident –
 - (i) one licence in 2003 on the basis of the success of this diversified industry and the potential benefit to the economy;
 - (ii) one licence in 2004 where, although the principal was non-locally resident, the only member of staff was to be locally qualified. In the event, it appears that the undertaking did not actually commence and the manpower return for December 2004 showed that no staff were engaged and that the undertaking has ceased;
- (b) the grounds for granting the licences are provided in the answer to question (a). Given that, in reality, there was only one such licence, it would not be appropriate to disclose the anticipated tax return as it would be easy to identify the company in question and this would be tantamount to disclosing commercially confidential information. Of course, the Committee, in taking such decisions, has to base its judgement on the balance between potential tax revenue and employment opportunities for locals;
- (c) the Committee did not consider the 0/10 tax issue in 2003. In 2004, the Committee was aware of the implications;
- (d) in relation to the two licences, the Committee did not consider that the United Kingdom government would take such action because the applications did not involve high-profile U.K. companies;

- (e) the Committee has consulted fully with the Policy and Resources Committee on the issue referred to in (d). The issue concerning premises used by Jersey Post is currently under consideration;
- (f) the Committee is working closely with the Policy and Resources Committee and the Finance and Economics Committee in establishing an agreed policy towards the fulfilment industry as part of the Economic Growth Plan.