

4. Questions to Ministers without notice - The Minister for Economic Development

4.1 Connétable A.S. Crowcroft of St. Helier:

While welcoming the recent news of further investment in the Battle of Flowers by the Minister, could he explain his policy with regard to investing in activities which do not necessarily lead to new people coming into the Island? I am thinking particularly of the activities for example of the Band of the Island of Jersey: that group has seen a cut in its budget. Will he be reviewing that? Other important parts of our industry such as the Orchid Farm, the Jersey Old Motor Car Club and of course the Durrell Zoo, will he be investing equally in operations like this?

Senator P.F.C. Ozouf (The Minister for Economic Development):

Last year the Tourism Department invested some £356,000 in event-led tourism, £95,000 for the Battle of Flowers, £50,000 for Battle for Britain, £80,000 for the jazz festival and a whole series of other events. The previous Committee made a reduction in the budget down to £238,000 and there were casualties. The Battle of Flowers budget was maintained but clearly there were a number of issues that arose because of standstill funding and reduced funding. I have reviewed that policy and sought to effectively reverse some of those aspects, of which the first announcement is the Battle of Flowers. I have done so, I should say, in consultation with a number of Ministerial colleagues, including the Chief Minister, and I would say that my preliminary conclusions are that we need to focus on 3 important touchstone events through the calendar: Liberation Day, Battle of Flowers and Battle of Britain. Now, that is not to the exclusion of other events, but certainly those 3 events need our support and they need to have our financial support. Now, of course it is not only an issue of tourism, as the Connétable rightly says. There is a joint responsibility with the Education, Sport and Culture Department and that is why I am building very close relationships with the Deputy of Grouville. I am hopeful to get some money from Education, Sport and Culture and also if the Constable wants to event in our exciting cultural programme he is very welcome.

4.2 Deputy J.A. Martin:

Will the Minister explain the difference between a fulfilment company which is administered in Jersey by a third-party service provider and a tax-exempt company which is administered in Jersey by a financial service provider, both of whom occupy no floor space in Jersey and both of whom have no employees in Jersey, but one needs a licence to trade and the other does not. Surely does the Minister not agree that both should be exempt under 1(1)(b) of the Regulation of Undertakings and Development (Jersey) Law and I can quote the paragraph if the Minister needs any assistance.

Senator P.F.C. Ozouf:

I am obviously going to be examined at great length on this issue of Scrutiny tomorrow in the Scrutiny hearing. It is difficult to go into a great level of detail here on the question that the Deputy asks. Suffice it to say that I have required, upon legal advice, licences for undertakings that have not got staff and a footprint in Jersey. I am happy to develop the arguments of the second example that she gave, which I will need to examine closely because I am not immediately familiar with exactly what she is talking about in terms of that particular structure. But the guiding principle is Regulation of Undertakings requires a licence to trade, and that is why we have asked all the undertakings in the fulfilment industry to give a licence and we have made decisions upon that, some of which are not very popular, I am afraid.

4.3 Deputy K.C. Lewis of St. Saviour:

I am delighted that the Minister for Economic Development is making progress with sea routes and bringing visitors to Jersey, but would he also undertake to give his full efforts in making sure

that the people of Jersey get a fair deal when it comes to ferry ticket prices to France and the United Kingdom?

Senator P.F.C. Ozouf:

I am pleased the Deputy thinks we have been trying in relation to dealing with the issue of sea routes, because we have - it has been at the top of our agenda since having taken office. I fully recognise the importance of sea links, affordability, reliability, quality of service for Island residents quite outside the issue of the requirement for bolstering tourism. There is an emerging picture, I think, evolving in our thinking concerning the licensing of sea routes and I think it is very important if we are - and I say if we are - to end up with effectively one operator; then we need to strengthen the controls in place on price regulation. I said in the debate last week that competition has a proxy if you do not have competition in the form of price regulation. We have set up an expert body to deal with price regulation, the JCRA (Jersey Competition Regulatory Authority), and I am going to start discussions immediately with the JCRA to see what they can do if we do emerge with the situation of having effectively one single operator. And I look forward to engaging with Members in that debate. If we do give the JCRA specific powers, it will be inevitably something that this Assembly will have to decide on and I welcome the Deputy's and the Economic Affairs Scrutiny Panel's views on that matter.

The Deputy Bailiff:

I think the question was about Jersey residents.

Senator P.F.C. Ozouf:

Well, it is actually, Sir. At the heart of it, it is price regulation for residents - if I did not make myself clear. The issue of prices if you are in the U.K., you are dealing with a competitive market. U.K. residents can go to France, Guernsey, all over the place in relation to sea routes. It is the domestic market which my comments were particularly appertaining to.

4.4 Senator L. Norman:

Following the question I asked in January, would the Minister say what action he has taken since then to implement the fishing agreement made between the States of Jersey and Guernsey in August 2004.

Senator P.F.C. Ozouf:

Since answering that question I have had 3 briefings from officials in my own department and the Law Officers - most recently last week - on the fishing agreement. That has culminated in a paper which is going to be considered by the Council of Ministers at its next meeting. The Attorney-General is to also join us for that discussion for input in that and I expect to commence formal negotiations with Guernsey on this matter certainly within the next few weeks. I think the Senator would agree with me - or I hope he would - that it is absolutely vital that I am absolutely fully briefed on the subject before going into bat for Jersey, and I have been attempting to do that in the last few weeks.

4.5 Senator J.L. Perchard:

Did the Minister make a submission to the Shepley review guidelines report which is currently being drafted outlining the economic case for development on the Waterfront and will he make his submission available to Members?

Senator P.F.C. Ozouf:

I probably should tell the Senator that in the absence of Senator Cohen the Chief Minister has designated me as Acting Planning and Environment Minister as well for the week that Senator Cohen is away. I have to say that I did not personally, or my Department make personally, a

submission to Mr. Shepley on the economic impact because the Council of Ministers has commissioned its own report on the economic aspects of the waterfront, and that of course is part and parcel, I imagine, of Mr. Shepley's consideration of all representations in his drafting of the planning supplementary guidance. So, because that report, commissioned and also reviewed by our own economic adviser, has been made, I think that Mr. Shepley is well acquainted with all of the economic issues.

4.6 Senator B.E. Shenton:

Would the Economic Development Minister like to comment on the Education Minister's policy of trying to put all the private nurseries out of business?

Senator P.F.C. Ozouf:

I am always interested to try and answer questions on another Minister's portfolio, but the issue of... I am slightly lost for words, it is not really my area. But if he is particularly alluding... I think his question is alluding to the question of perhaps unfair competition in that there is, effectively, a public subsidy of some private nursery places and indeed there are private operators who are struggling to deal with that issue of public subsidy. I have to say that that is a common issue. I declare an interest, I am Vice-Chairman of the Alliance Française, an organisation trying to compete against education, against skills. I have got to have good discussions with the Minister for Education about education and skills and I look forward to taking them with him. I understand the Senator's point, there is an issue. How do you compete; how do private sector organisations compete in a non-subsidised world when effectively they are getting subsidised by the state? Not a criticism, but it is an issue for us to be alert to.

4.7 Deputy P.V.F. Le Claire:

Would the Minister for Economic Development just briefly outline what the key issues in relation to the Economic Development and France are for the next twelve months?

Senator P.F.C. Ozouf:

The issue of France is one that is commanding much attention within the Department and indeed with the Chief Minister's Department as well. I think that we all share a view that we want to see some real action in relation to increasing trade with France. There are working groups set up with both the regional assemblies of Normandy and Brittany; there are working groups going on; there are officers that have been on a number of visits, reciprocated with visits here in relation to building trade links with France. Quite apart from that my own Department has commissioned work from the Economic Adviser's office on the whole issue of sea freight issues to France so that we are properly informed in relation to sea links to France. I would say that if the Island is going to go down a path of looking more to the south for its freight requirements - for its import requirements - then it is up to us to engage the operators, to tell them that that is what we want to do, and those are discussions I am starting to have with Condor. Currently we have 2 boats a day coming down from the U.K. and we have one from France. If we want as an Island to focus our imports on France then we must engage with the operators in order to establish those priorities. I certainly want to continue the war on inflation; competitive markets, yes, France has opportunities.

4.8 Deputy J.A. Martin:

I thank the Minister for his previous reply, but I really must insist - I understand he is really reluctant to comment on fulfilment - but is the Minister really telling this House that he does not know that tax-exempt companies that are administered in Jersey through financial service providers do not need a licence to trade under the Regulation of Undertakings, and in fact 1(1)(b) of the Regulation of Undertakings was introduced to exempt and facilitate these particular companies so they did not need a licence to trade in Jersey.

Senator P.F.C. Ozouf:

I am very happy to answer questions on fulfilment of course. The issue that the Deputy raises is important, because I think she will know that there was a situation where there were entities in Jersey without a footprint and without staff that were trading in the Island without a licence. We have taken very firm steps upon legal advice to require them to have licences. Now, if she is going to be highlighting a further area - which I have to say I am not immediately aware of - that we are talking about a tax-exempt company which does not require a licence, I would need to examine the particular cases that she is talking about and I will take advice from the Regulation of Undertakings Office for a requirement for a licence. The default position is they probably need a licence, but I am happy to listen to the Deputy's comments if she knows something that I do not.

4.9 Deputy G.P. Southern:

Very simple question on fulfilment; how many licences have been issued under the new regulation for 12 months - 12 months' trading is all that is...

Senator P.F.C. Ozouf:

I have not got that figure, but I am happy to give it to... If the Deputy thinks that I am coming equipped here to answer a very detailed question... The answer is a lot; it is probably over 20 licences, and we still do not know whether or not we have all the licences covered. I make a policy decision and I expect the Regulation of Undertakings to administer that. A number of them passed my desk, a number of licences have been given with the 12-month sunset clause. He will be aware of that and I am looking forward to developing these issues at great length with him and his Panel tomorrow, because it is a complicated issue, but certainly it is in excess of 20.

4.10 Deputy G.P. Southern:

Does the Minister accept that it would in fact have been very useful to have known this before the live meeting tomorrow?

Senator P.F.C. Ozouf:

Quite clearly I have a lot of work to do before the meeting tomorrow and I will be coming with my team to answer all of his questions. The Deputy will be aware that my department has taken important and - some would say - courageous steps in dealing with the issue of fulfilment and we have required for the first time licences because we are convinced that licences are required for fulfilment companies operating in the Island. And I would have thought that he would have been welcoming this front-foot approach in dealing with fulfilment.

4.11 Connétable of St. Helier:

The Tourism Department has traditionally looked to the United Kingdom for the bulk of its incoming tourists and has committed most of its marketing budget there; could the Minister confirm that we have a much bigger market in our doorstep in the shape of Europe, will he be reviewing the marketing spend on the U.K. and indeed the type of image that the marketing campaign is presenting of Jersey and giving it a radical overhaul with his eyes set on the European market?

Senator P.F.C. Ozouf:

I agree with the Constable that the French market is absolutely vital. I am just looking at some figures here which I do have, and I would draw the attention of the Constable that in as far as the U.K., last year, I am told... The figures by the way are going to be confirmed, we hope, by the end of the week in terms of actual passenger numbers, but we had something of the order of 650,000 arrivals by air from the U.K., and that is in contrast to sea arrivals from France of

approximately 258,000, so he is right to say that there is work to be done in France. As far as I am concerned, and as far as the Chief Officer is concerned, the tourism strategy is going to be reviewed, and that means that we are going to have a root and branch review of the whole of the way that tourism operates. I am engaging with the industry to understand exactly what their requirements and their observations and their hopes for tourism health are in the future, and I am looking forward over the next few months to having a constructive dialogue with all parties for a revised tourism strategy. And, yes, he will know that I am as keen on developing links with France as he is and that will inevitably mean, if we are serious about France... then we need to make an investment.

4.12 Deputy P.V.F. Le Claire:

I was going to... Not having any prior knowledge of the issues that have been raised in relation to tax-exempt companies, it just struck me that surely tax-exempt companies operate through lawyers and accountancy practices. They must be regulated under licences, and surely that... it just strikes me as a bit strange that this is a very large sector of our economy, but it does seem on the surface of things if they are operating out of a lawyer's office - not operating in Jersey but from that location - then the lawyers and the accountants would have the necessary licensing.

Senator P.F.C. Ozouf:

I refer the Deputy to the answer I gave to Deputy Martin. I will look at this issue concerning this particular tax-exempt vehicle in fulfilment. We have a lot of entities, which is very clear that we have a lot of entities operating in the fulfilment industry. That has been a concern to us because we have not exactly known who was operating. We have sought steps to require licences; I will examine the issue of tax-exempt vehicles, and I will no doubt report to the Scrutiny Panel tomorrow.

The Deputy Bailiff:

Very well, time has expired in relation to questions to the Minister.