

2.14 Senator B.E. Shenton of the Minister for Economic Development regarding the terms of the States grant to Jersey Finance Limited for 2007:

Following the increase in the grant to Jersey Finance Limited for 2007 to £1 million, as shown in the Annual Business Plan 2007, would the Minister inform Members whether the terms of this grant have been properly recorded and defined; and would he state what performance measurement criteria, if any, will be utilised to ensure that this is taxpayers' money well-spent?

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

The relationship between the States of Jersey and Jersey Finance Limited (J.F.L.) is set out in a partnership agreement, which was entered into by the previous Economic Development Committee in November 2005. Since assuming office myself, I have updated - and I think strengthened - that agreement. The agreement basically provides that J.F.L. will produce an annual plan in support of its request for its annual grant. I review that plan in order to ensure that their proposals are supportive generally of the Finance Services Action Plan of my own department, and before deciding to support the grant I consider whether the previous grants given by the States have been used effectively. I must emphasise to the Senator that while we have earmarked the sum of £1 million for J.F.L. in 2007, I will not make that grant unless I am satisfied that the proposed use of the grant is set-out clearly in the annual plan that J.F.L. have produced and is in accordance with my own department's objectives. As far as the updating of the relationship is concerned, I have reviewed the nominations that I have on the board. There was previously only one nominee by the States on the board. I have increased that by one, with the Connétable of St. Lawrence as my Assistant Minister acting as one director, and the second is the Director of International Finance, which will be replaced by the Chief Officer of Economic Development. I believe that this is a strengthened relationship between Economic Development and J.F.L. As far as performance measures are concerned, the partnership deals with that. It requires various bits of information to be presented to me about its promotional activities; about the number of attendance at a number of different events that they launch; the numbers of new sources of business and statistical information; and indeed, in addition to that, there is also a sense that the industry monitors itself. If the industry is carrying on supporting with its own subscriptions, then the industry is generally going to be supportive of what Jersey Finance does. I meet regularly with my Assistant Minister and the other board member. I attend key industry issues, which are organised by Jersey Finance, and I am generally satisfied with the performance of Jersey Finance. I would finally say that, having spoken to an industry practitioner who has just come back from the Jersey Finance trip to the Far East, I understand that good business has been written as a result of that trip; further evidence of the excellent value for money of Jersey Finance.

2.14.1 Deputy J.A. Martin:

We are going to put in £1 million of taxpayers' money. Could the Minister remind us: J.F.L., when it started out, was it not supposed to be by this time, Sir, self-funding; and as it is not self-funding, could the Minister please, in a few words, tell us how much the industry puts in against this taxpayer's £1 million?

Senator P.F.C. Ozouf:

There was an interesting debate at the time about the creation of Jersey Finance. I think it was born at a time, when frankly, the States was not doing nearly enough to

go and support the development of the finance services industry, which the Deputy will know is over 60 per cent of the value of G.V.A. The model of Jersey Finance is held up as a model of other promotional vehicles across the world where the industry does put in money, and the figure is approximately £450,000. I will give the Deputy the precise figure. What we are doing is providing additional resources to go and win business, particularly in the funds area and new banks, and basically, I would suggest that the Deputy go and meet Jersey Finance and she will learn just how much of a model the Jersey model of Jersey Finance has held up in other jurisdictions, and indeed is being copied.

2.14.2 Deputy R.G. Le Hérissier:

Would the Minister answer the question, by what measurement does he measure the performance of Jersey Finance?

Senator P.F.C. Ozouf:

There are a range of measures that are included in the partnership: the amount of events that they put on; the amount of people attending those events; the amount of new business that is generated as a result of that - some of these measures are quite difficult - and certain information, for example, that I will be using to judge last year's event is how many hedge fund managers have been launched. I see also the result of this activity in the Regulation of Undertaking decisions that I make, because I also see the applications for new businesses and I can normally sense whether or not there has been an involvement of Jersey Finance. So, there is a whole range of performance measurements.

2.14.3 Deputy G.P. Southern:

In addition, could the Minister state whether in addition to the £1 million that goes to Jersey Finance Limited, there is also £2.4 million - I believe - going towards the Finance Sector Growth Plan, making a total of £3.4 million in subsidy going into the financial services industry, which is doing very well anyway?

Senator P.F.C. Ozouf:

Subsidy, Sir? Subsidy to the industry? This is called promotion. I was in Luxembourg last week with my good friend, the Connétable of St. Ouen, and the Deputy just needs to go and perhaps raise his eyes and look at the outside world and the competition that exists out there that we are having to face. Luxembourg has an industry 4 times the size of Jersey, with a promotional vehicle, and we need to continue to invest - not subsidise, invest - in the growth of our financial services, promote it and market it; and so this Assembly has more money to spend on the services that it wants to do.

2.14.4 Senator B.E. Shenton:

Could the Minister explain if Jersey Finance's money is so well-spent, why a number of firms within the industry have indicated they will not be renewing their subscription next year?

Senator P.F.C. Ozouf:

I am unaware of that and I am happy to take up the individual elements. My understanding is that there are more firms joining Jersey Finance, not only financial services firms, but there are - rather interestingly, I learnt last week - 2 hotel chains that are joining Jersey Finance, because Jersey Finance can help develop, for

example, their conference market. So, in fact, it is not a picture of a declining number of firms, but increasing numbers of firms, and I am perfectly happy to justify that and to give the Senator specific information. Perhaps his firm is a member of Jersey Finance, and he can say whether or not they think they do a good job for them.

2.14.5 Deputy J.A. Martin:

Thank you for the lesson and I would love to go and see Jersey Finance; perhaps they will take me on a jolly, Sir, this year. **[Laughter]** My question is, if - as the Minister has just told us in his very few words again - that 60 per cent of G.V.A. is attributed to the whole of our very good finance industry, why is it not self-funding, Sir, after 7 years of inception? It is only contributing £400,000 and taxpayers feel it is the industry that should be financing this and they should be the ones. The Minister has complete faith that they are doing the good job to the rest of the world that the Minister seems to think, but their own industry on the Island does not seem to think so. I have had a speech now, sorry, Sir, but I thought I would; you know, the Minister is always doing it. **[Laughter]**

Senator P.F.C. Ozouf:

I do not think I am ever going to be able to convince the Deputy about the virtues of investing and promoting in Jersey Finance. I wish she did believe that Jersey Finance trips were not jollies; that they are jolly hard work and they are out there winning business for Jersey. **[Laughter]** Indeed, the last trip that Jersey Finance has made last week has been in Shanghai and in Hong Kong, showing those financial markets that there are opportunities in Jersey for fund managers, for banks, and the rest of the areas. It is frankly because of the activities of Jersey Finance that we are seeing growth in finance services, renewed confidence, more tax revenue that she and her other Deputy friends over on those benches are going to be able to spend in years to come.

2.14.6 Deputy G.P. Southern:

The Minister reminds me of my stepdaughter, who refers to spending on make-up as investment. **[Laughter]** Nonetheless, does he consider that the £2.4 million - some of which is going towards Finance Sector Growth Plan - is going into education and training to replace money spent on training that has been withdrawn by the financial service industry, because it does not consider its own investment in training to be sufficiently worthwhile? Why are we spending this money ourselves and not them?

Senator P.F.C. Ozouf:

What it is about is partnership. The Minister for Education has a budget of about £90 million on educating, and my job with him, which we are now doing in a far more effective way than ever previously, is bringing the universe of education with the universe of the economy. In other words, matching the skills of the output of the education system together and that is where the money is going in terms of the £2.4 million. If he thinks that money in education, in raising people's skills level is cosmetic and is not an investment, then frankly, I have to say I disagree with him.