

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

The Deputy Bailiff:

So, we come now to questions to Ministers without notice. The first period is to the Minister for Economic Development.

3.1 Deputy J. Gallichan of St. Mary:

Following concerns raised last week regarding the availability of funding to secure the guarantees for all entrants to the Battle of Flowers, will the Minister advise the House of any progress he has made in this matter?

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

Yes, I restate my 100 per cent support for the Battle of Flowers. I regretted reading in the *J.E.P. (Jersey Evening Post)* that there was even any suggestion that Battle would be suspended or cancelled. Discussions I can say are ongoing with the Association and I am hopeful I have already - I am pleased to report - one commercial sponsor that is perfectly willing... who has offered to deal with the £14,000 worth of additional funding. But there are other issues with Battle, which we are discussing and I am hopeful to find a solution which is good for float builders, good for the community and good for our tourists, and will put Battle back on the map where it deserves to be.

3.2 Deputy P.J.D. Ryan of St. Helier:

I would like to just bring the Minister's attention to the shortly to the start of Goods and Services Tax and particularly with reference to the conference industry. The financial services industry is being treated in a special way for G.S.T. purposes. Does the Minister feel that there may be a need to make some special concessions for the local conference industry? The issue being that U.K. companies that hold conferences in the U.K. can reclaim the G.S.T. because they are likely to be G.S.T. registered, whereas conference businesses in Jersey where there are U.K. companies will not. So therefore, the local industry will be disadvantaged in terms of conference business. It is something that Corporate Services brought to the attention of the Treasury Minister and the Economic Minister some 18 months ago. Has he done anything about it? Does he intend to? Thank you, Sir.

Senator P.F.C. Ozouf:

I would say that financial services or course are being treated in a separate way but they are raising at least, if not more, amounts of money than the simple way - than the straightforward 3 per cent. So, let us be clear; financial services is raising approximately £7 million of the 45. The issues concerning conferences are not unique to conferences. Tourism is being asked to contribute towards the 3 per cent; everybody is aware of that. I am not sure that 3 per cent is the tipping point between people making a decision to come for conferences or not. But there are ways we can assist conferences by putting more resources into the Conference Bureau, discussions about a conference venue, *et cetera*, and that is the way to deal with it. Not I am afraid, complicating G.S.T. any further.

3.2.1 Deputy P.J.D. Ryan:

May I have a supplementary on that? The issue of course is that the financial services industry, well, ranging between 95 per cent to nearly 100 per cent of their business is export so they would be exporting and zero-rating under the normal generic G.S.T. treatment. The point is that conference business... again, the clients are overseas so they could be loosely viewed as exporting and there is a view in certain sectors of the conference industry locally that they are being treated in a different way as far as exporters. If the Minister would like to comment on that?

Senator P.F.C. Ozouf:

I respect the issue, I understand the issue, but it is not different to that of the whole of the tourism industry. The way to deal with these issues is to concentrate on what we can do to support the conference industry to ensure that they get... we already put resources into the Jersey Conference Bureau and that is the way that we can deal with it. I am very keen on building Jersey as a destination for top conference business. I am not persuaded that 3 per cent is going to be the tipping point of getting a conference here or not. But we can assist financially by putting resources into the Conference Bureau and that is something which we will continue to do.

3.3 The Connétable of St. Helier:

The Minister will, in common with the other Ministers on the Council of Ministers, be aware that in respect of the investigation into historic child abuse at Haut de la Garenne, our top priorities must be the conduct of the inquiry, the support of the victims and ensuring that our current child protection apparatus is of top quality. However, the lives of most Islanders do depend on the finance and the tourism sectors and I would like to know what steps the Minister is taking to ensure that the reputational damage to the Island is being addressed by his department, particularly in respect of tourism?

Senator P.F.C. Ozouf:

I am sure that I am not the only one in this Assembly to note that your arrival, Sir, in this Assembly is the first time this year. **[Approbation]** I hope that is not going to eat into my 15 minutes. **[Laughter]** But I am sure, Sir, that that speaks volumes for your welcome back into the Assembly.

The Bailiff:

Well, I appreciate very much those words and the sentiments of all Members. Thank you very much indeed.

Senator P.F.C. Ozouf:

Turning if I may, Sir, to the Constable's question: Of course he is absolutely right that the number one concern of this Assembly, and indeed the Council of Ministers, as clearly explained by the Chief Minister is to support the police investigation, support the judicial investigation independently to ensure that victims are supported and to ensure that childcare provisions are absolutely world class. Those are the primary issues. But of course, he is absolutely right to say that there are economic considerations that are secondary. Economic considerations are secondary but they nevertheless have to be understood. I understand that there has been unintended - perhaps in some ways intended - consequences to our economic interests. Day-to-day life for the economy of Jersey must continue. Hotels are open, taxi drivers need fares, shops must continue to trade, small businesses have businesses and employees to pay for. These are serious issues. I am quite sure that the Constable will agree that there has been intense media coverage concerning this whole sad issue in Jersey. Some of it fair to Jersey, some of it quite unfair. The fact that anybody could have heard Jersey related to a Ceauşescu Romanian jurisdiction on Radio 4 is extremely concerning. It is as hurtful as it is damaging to our reputation and I despair in having heard some of those issues. There is no doubt going to be a very difficult series of weeks ahead to come. There are going to be some terrible revelations no doubt, and we need to prepare for that and act. He asked me specifically about the tourism campaign. Against this background, I am quite clear that it was right to temporarily suspend the tourism marketing activity. It would have been insensitive to continue with a high-profile tourism campaign getting £19 million. Members would expect me - and the department - to be monitoring very carefully what is going on with tourism. We conducted a 1,000-person survey just over the weekend about whether or not people were aware, affected, whether their intentions for Jersey would change; and I am afraid to say that there are implications. They are not as bad as we thought, but they are serious and I am going to have to deal with this issue sensitively, and I have to say that I will probably be needing to speak to my colleague, the Minister for Treasury

and Resources, for consideration whether or not additional resources are required. We have lost no money in suspending the campaign. The issue is whether or not we are going to carefully and sensitively - I think we are - invest money into restoring some of the reputational issues which had been so damaging to our beloved Island.

3.4 Connétable G.F. Butcher of St. John:

Given that we will be debating P.18 later in this sitting for the Draft Civil Aviation (Jersey) Law 200- to get a part-time Director of Civil Aviation as we are told. If this projet does go through, will this mean that the Airport Director's job will become part-time?

Senator P.F.C. Ozouf:

I think the Constable needs to raise the quality of his question if I may say. [**Members: Oh!**] I think it is quite clear that the Director of the Airport has an extremely important role in promoting and running Jersey's airport appropriately. Safety considerations were delegated to another individual; it is appropriate upon advice from U.K. authorities at C.A.A. (Civil Aviation Authority), *et cetera*, that that role was to be split. Frankly, the Airport Director's responsibilities can now be fully directed appropriately to building the interests of Jersey to ensure that we have got an airport fit for purpose, to ensure that capital projects are run efficiently, and to make sure we get as many visitors through that airport as possible.

The Connétable of St. John:

I take it that that is a no?

Senator P.F.C. Ozouf:

I do not think that is worthy of a response. The question was whether or not the Airport Director would be part-time, and I think it speaks volumes as to whether or not that is an appropriate answer.

3.5 Deputy P.V.F. Le Claire:

Information circulated this morning in regards to written questions identifies the fact that the Council of Ministers are in the process of preparing to enter into a negotiated tax exchange information agreement with the Federal Republic of Germany. Is the Minister satisfied, given the recent revelations - including Liechtenstein - that the level of information that is available in regards to tax information exchange agreements in Jersey demonstrates the difference internationally between ourselves and places like Switzerland, Monaco and Liechtenstein?

Senator P.F.C. Ozouf:

I am grateful for the Deputy's question. Certainly, the whole issue of Liechtenstein has given some opportunities for national media across Europe and indeed across the world to focus on the issue of offshore financial centres. We have been very careful in trying to differentiate ourselves on the facts. We are not Liechtenstein. We do not have banking secrecy and this Assembly has supported on numerous occasions the initiatives, for example, signing a bi-lateral agreement supporting the issue of exchange information agreements with different territories. We have done - I hope - very well in differentiating ourselves but we clearly have more work to do on that issue. The particular issue of the agreement with the Federal Republic of Germany is underway. We already have a bi-lateral agreement under the E.U. (European Union) savings directive. We have a regulatory M.O.U. (Memorandum of Understanding) with the German regulator, neutral assistance, of which there have been a number of cases and the discussions about an actual information exchange agreement with the Federal Republic are ongoing.

3.6 Deputy C.J. Scott Warren:

Mine was a follow on from the first question asked about the Battle of Flowers, which obviously I feel the Island does... we have to find the sufficient funds to continue and I think it is very

necessary that this is done as soon as possible. I want to ask whether there will be included in that, is there going to be a Mr. Battle this year?

Senator P.F.C. Ozouf:

I am going to stop short significantly, Sir, of suggesting that the Minister for Economic Development has any decisions about details of the Battle. What the Minister does is he agrees a budget and he agrees a grant to the Battle, and according to a service level agreement that is what the Battle does. I refer the Deputy to my comments some moments ago; I fully support Battle, we are going to find a solution to it, I am afraid to say that following discussions with the Battle, Battle's financial matters I am afraid are a little more complex than simply just the float building issue. But we will work to resolve Battle's funding and I would remind the Assembly that they are the number one event sponsored by Economic Development to the tune of already £144,000, up from under my Ministerial period of responsibility.

3.7 Deputy R.C. Duhamel of St. Saviour:

Will the Minister outline to the Assembly his understanding of the 2 terms sustained growth and sustainable growth?

Senator P.F.C. Ozouf:

I would expect the Deputy to mean that sustained growth if we were continuing to have growth at 10 per cent per annum, over a period of 10 years that would be a sustained growth rate of 10 per cent. Sustainable is whether or not it is appropriate to the circumstances of the resources of the Island, whether or not it makes sense in terms of inflationary factors and of course issues concerning the environment. I am working very closely with my friend, the Minister for Planning and Environment, to ensure that businesses are aware of sustainable practice for business. We are raising the bar about the importance of the environment. We have launched ECO-ACTIVE last week; that will ensure that we have sustainable economic growth in the long-term in this Island.

3.8 Deputy J.A. Martin:

Earlier this morning the Chief Minister answered questions on the Communications Unit and said there were 5 full-time staff; total funding was £294,000 but one of the staff was fully funded by the Economic Ministry. Could the Minister explain why he funds one full-time member, how much he pays, and what is the benefit against the other 9 Ministries as him having his own communications member on the unit?

Senator P.F.C. Ozouf:

The first thing I would say, Sir, is that I try and take Economic Development to be absolutely corporate in the workings with other Ministries and other departments. I am sure the Deputy will well understand that Economic Development is a little different in some of the commercial aspects of what we have to do. We have to promote the Island, we have to understand the needs of business, we have a whole range of different departments, whether they be consumer affairs, whether they be the airport, the harbour, financial services, agricultural, tourism; the list goes on, and we have a communications requirement. Now, that is a communication requirement that I judge would be best fulfilled corporately by putting somebody not in a silo somewhere else but in the corporate centre. That is the reason why I judged that it was the appropriate thing to do, to put the communications person in the central Communications Unit. But I have to say I fully endorse the remarks of the Chief Minister earlier that the experience of the last 2 weeks has indicated that we need to raise our game in terms of the communications issue and States Members need to be under no illusion that that is going to require investment. That is not spin; that is communicating effectively, telling the world what Jersey is about and telling, as far as I am concerned, what Jersey has in terms of business opportunities, which pay ultimately for the

services that this Assembly is so fond of constantly funding, which we all agree with. It is important communications.

Deputy J.A. Martin:

Sorry, Sir, you never told me the amount they contribute and obviously saying it is not well invested.

Senator P.F.C. Ozouf:

It is well invested and indeed I would put more investment in communications if my budget allowed it. I will not reveal the individual figure because it would relate to one individual and therefore salary comparisons would be able to be made and that would be inappropriate, because I am sure the Deputy would wish to know. But if her Scrutiny Panel wishes to know it confidentially, of course she can.

The Bailiff:

I am afraid even making a generous allowance for Members' generous welcome back that expires the first question period.