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**5.11 The Deputy of St. John of the Chief Minister regarding the origin of the annual additional income received by the States of Jersey from the Office of Communications (Ofcom):**

Could the Minister explain the origin of the annual additional income received by the States of Jersey from the Office of Communications (Ofcom) and state whether this funding could be used to assist Social Security to provide free television licences for all persons over the age of 75 and if not, why not?

**Senator I.J. Gorst (The Chief Minister):**

Could I ask Senator Ozouf who is responsible for these areas to answer this?

**Senator P.F.C. Ozouf (Assistant Chief Minister - rapporteur):**

Ofcom is required by the U.K. Communications Act to collect fees and payments for the use of the spectrum, for example, telecommunications companies who use licence spectrum. Monies are collected by Ofcom and then allocated to various regions and territories including the Crown Dependencies. That is then paid for by the Department of Culture and paid to Jersey. The amount returned fluctuates, depending on the amount that Ofcom itself receives and also to the cost that they incur in collecting the actual licence fees. I can advise the Assembly that a budget in 2015 of £300,000 from Ofcom was expected and a further £237,000 bringing a total of £537,000 in 2015. This money has been used effectively by previously E.D. (Economic Development) to fund Digital Jersey which started with nothing but then had a budget of £961,000 in 2014, £1.2 million in 2015, and I hope to give more than £1 million in 2016. Of course over-75 licence fees are paid by Social Security in Jersey. This Assembly has made a decision in 2016, has the money for that; so the answer is effectively no. But Jersey is in discussion with the U.K. and the BBC in order to resolve a wide range of issues including the chance of renewal in the service obligations of Jersey.

**5.11. The Deputy of St. John:**

Is the Assistant Minister aware that under the Communications Television Licensing Regulations 2004, that Jersey were not part of paragraph 61 which only applies to the Isle of Man and Guernsey, for them to receive free television licences for people over the age of 75? If he is aware, could he explain why that is the case?

**Senator P.F.C. Ozouf:**

I have to say I am not sure that I am aware of the fact that residents in the Isle of Man and Guernsey are part of the U.K. scheme. I doubt that in terms of the actual decision, but I am happy to look into that. I know that we are not part of that and it is important. The former Assistant Minister will know from her time at Treasury that the issue of licence fees, the U.K. Chancellor, to some extent, deftly arranged that the previous cost of over-75 licences was paid directly from the BBC. So in fact it deleted an amount of money in Government spending and shifted it to the BBC. Now we are in discussion ourselves with the BBC but of course that is an obligation of what they get for Jersey from licence fees and what they put back. I do not want to compromise in any way the service standard that the Channel Islands and indeed Jersey get from the BBC.

**5.11.1 Deputy S.M. Wickenden:**

I noted in the Assistant Minister's answer that the funding for Digital Jersey, which is possibly one of the most important sectors of growth that we need in the Island in the digital sector, is being

reduced. How does the Minister intend to fund Digital Jersey appropriately and can he give me some commitment that it will be funded appropriately?

**Senator P.F.C. Ozouf:**

I agree with the Deputy who is the one of the Members of this Assembly who knows more about tech than most people. I agree that Digital Jersey is absolutely vital and effectively having Digital Jersey as identifying what the economic and jobs and growth opportunities are representing the interest of the growing tech community is effectively absolutely fundamental to this Assembly's ability to get income and to save income in the future both in the Government, *et cetera*. I am in difficulties in relation to Digital Jersey's budget, but I will attempt to solve it by charm and persuasion with the Minister for Treasury and Resources and making the case possibly for an allocation from the Productivity and Growth Fund that the Assembly wisely agreed. But the Minister for Treasury and Resources is a tough guy and I know I am going to have to persuade him. But this is important and I need to get the money in order to raise Jersey's game for the tech industry.

**5.11.2 Deputy M. Tadier:**

I think the worrying thing is that I thought that perhaps Deputy Wickenden was going to ask, is why are we using money from Ofcom to pay for a Digital Jersey when you would expect that kind of initiative to come from centralised funding from taxpayer funded, and that the money from Ofcom, which essentially could be viewed as a windfall income, could be used to provide the very basic minimum that over-75s in the U.K. would expect anyway from their Government and now from the BBC?

[11:00]

Is it not the case that morally we should make sure that first of all over-75s in Jersey have the same entitlement to their homologous in the U.K. and that any money left over then could be perhaps used for Digital Jersey or any other spending?

**Senator P.F.C. Ozouf:**

It is not a binary option. I am afraid you are going to use Ofcom money to fund 3 television licences. It is 2 completely different things, if I may say. The one thing that I think I agree with the Deputy and his colleagues on Reform Jersey, as I look at the policies of other similar parties, is the importance of the tech economy. The importance of the tech economy is absolutely vital and it is not going to happen by accident. We need to invest and we need to position Jersey, as the United Kingdom is doing, in order to take advantage and effectively protect ourselves on what I think is another question before Members today, which is effectively Deputy Higgins' question of the Fourth Industrial Revolution. The world is changing and unless we raise our game in every sense of the economy and eGov, we are going to fall behind. It is not fair to say Ofcom income comes through over-75s.

**Deputy M. Tadier:**

May I ...

**Senator P.F.C. Ozouf:**

I am answering the question. It is not right and I would not say that Ofcom income, which is licence fees for effectively Spectrum use, should be used for licences. That is not, I think, right. What is right to do is to invest in our capacity for encouraging the digital sector of the economy which is so vital to our future.

**5.11.3 Deputy M. Tadier:**

The Assistant Minister is the master of deflection because this question is not about Digital Jersey. Nowhere in the question from the Deputy of St. John does it mention Digital Jersey. This is about the provision and the use of funds for the provision of a television licence for over-75s. That is what the question is about and I know he has given a previous answer. So does the Minister accept that it is not a binary either that the money from Ofcom, which is related to television and radio, should necessarily be used for States spending on one of its pet projects, a very important project called Digital Jersey? Would he seek to answer the original question as to whether or not he would use this money and, if not, how is he going to provide free television licences for over-75s either by funding it or by negotiation with the BBC? That is the question.

**Senator P.F.C. Ozouf:**

I am absolutely clear the former Minister for Economic Development, Tourism, Sport and Culture wisely allocated Ofcom revenue, some of which is known and some of which comes as the unknown amount because of Ofcom's success in getting licence fees for the use of Jersey Spectrum. They have allocated that for Digital Jersey. If they had not done so, we would not have any funding for Digital Jersey and that has been supplemented. The separate question, which is a difficult political debate, is the issue of television licences and I have been clear that is a matter within the Minister for Social Security's portfolio. This Assembly has decided that that is going to be funded by means testing over-75s, and 2,000 people are entitled to do it at a cost of £290,000. The U.K. are giving all over-75s from the licence fee payment free television licences. If anybody thinks that that is, in Jersey, a wise decision to give over-75s who are growing in number exponentially with a source of funding that is uncertain from the television licence is a good idea, then they are entitled to their opinion. I do not. I think there should be clarity and perhaps that is why the G.D.P. (Gross Domestic Product) has debts of 100 per cent, though in Jersey we have 100 per cent of G.D.P. in assets. They may get free licences but, my goodness me, is it sustainable funding? I do not think so. It is 2 separate things and that is why I attempted to answer politely, I hope, and properly the question from the Deputy of St. John.

**5.11.4 Deputy J.A. Martin:**

It really reassures me when the Minister in charge of this does not agree that even over-75s should have television licences because my question was how high on the priority list is he talking to the BBC to get them to toe the line like the U.K. Government did and said: "You will provide television licences to the over-75s"? I look forward to his answer. Thank you.

**Senator P.F.C. Ozouf:**

I think the Deputy and I, who are very respectful and happy members of P.P.C. (Privileges and Procedures Committee) together, are both of the view that we should ensure that the BBC is providing the right quality of service for Channel Islanders and for Jersey. In this sensitive period where there are swingeing budget cuts in the BBC, including this additional obligation to fund over-75s licence fees, the BBC is under financial stress. Now what I would not want to happen is an unintended consequence of a decision to require them to pay over-75 licence fees out of the licence fees that they are paid for Jersey and then one sees the BBC see its budget cut locally. Now we can talk about the standards of the various different medias but I think that I do not want to raise expectation, I do not want to have unintended consequences of decisions. I want to know what the BBC are spending in Jersey, how much they collect and how sustainable is that in the future. I want to understand these issues before I can argue, as I always do and as every Member of this Assembly would do, for the interests of Jersey. I hope that is helpful to the Deputy.

**5.11.5 The Deputy of St. John:**

In one of the Assistant Minister's answers, he talked about the fact that for the growing number of people over 75, this type of funding will not be sustainable. I would suggest that the type of growth that some people see in departments is not sustainable either and I would ask the Assistant Minister to provide some assurance, I think, in regards to the reference to Digital Jersey because this money is not a certainty. It is stated in the Ministerial Decision that it is windfall money but yet we have placed £300,000 into E.D.D.'s (Economic Development Department) base budget over the period of the M.T.F.P. (Medium Term Financial Plan) and there is extra money going into Digital Jersey. So my question is the Digital Jersey money, is that a long-term funding requirement and therefore will money have to be asked for out of the contingency funding and is this the appropriate way to be funding what will be seen as a long-term department?

**Senator P.F.C. Ozouf:**

I think those are excellent questions and I cannot do justice in the time that you will allow me, Sir. But what I will say is this: that there has been excellent work by Digital Jersey in its early years. We have now focused Digital Jersey under the excellent new chief executive that we have got on being a business-to-business operation and Education has kindly now taken the mantle up for digital learning in schools. If we are to raise the income line which is at the heart of the Deputy's question, how are we going to balance our budgets in the longer term? By being prudent on expenditure, which all Ministers and led by the Minister for Treasury and Resources has seized upon and dealing with, and the other way is we are going to raise income and we are going to raise income by maintaining our financial services sector, the same number of jobs today as we did at the start of this crisis - that is fantastic news - and where can we get more income from? We can get more income from raising our game in terms of tech and that is what I am focused on. When I have a business plan for Digital Jersey, I will bring it. This Assembly has made decisions for 2016 allocations; not for 2017, 2018 and 2019. 2017, 2018 and 2019 has to be sustainable for Digital Jersey in all that work that has been going on in effectively our external facing departments and that requires joint working with Economic Development, External Affairs and my area. I can assure the Deputy that I speak with the Minister for External Relations, Minister for Economic Development, Tourism, Sport and Culture all now on the seventh floor working together to argue for Jersey and get that income line up because that is the way we are going to be able to balance our budgets in the future as well as being prudent in expenditure, of which eGov is an important part.