

# STATES OF JERSEY

## Economic Affairs Scrutiny Panel Quarterly Hearing with the Minister for Economic Development

**MONDAY, 21st MARCH 2011**

**Panel:**

Deputy M.R. Higgins of St. Helier (Chairman)  
Deputy C.F. Labey of Grouville (Vice Chairman)  
Deputy J.M Maçon of St. Saviour  
Deputy D.J.A. Wimberley of St. Mary

**Witnesses:**

Senator A.J.H. Maclean (The Minister for Economic Development)  
Senator P.F. Routier (Assistant Minister for Economic Development)  
Chief Executive, Economic Development  
Deputy Chief Executive, Economic Development  
Assistant Director, Performance and Operations, Economic Development

[10:34]

**Deputy M.R. Higgins of St. Helier (Chairman):**

Right, if I can just welcome you all to the Panel meeting and obviously we will have to take you through the formalities; we are all aware of the status of these Panels and the use of evidence and so on; the sheet is there if you wish to read it. Other than that I will just introduce myself and the other Panel members can do it; if you can introduce yourselves for the benefit of the tape and then we will go on and straight into it. Okay, I am Mike Higgins, the Chairman of the Economic Affairs Scrutiny Panel.

**Deputy C.F. Labey of Grouville (Vice Chairman):**

Carolyn Labey, Vice Chair.

**Deputy J.M. Maçon of St. Saviour:**

Deputy Jeremy Maçon, representative of Petite Longueville of the Parish of St. Saviour.

**Deputy D.J.A. Wimberley of St. Mary:**

Deputy Wimberley, St. Mary.

**The Minister for Economic Development:**

Senator Alan Maclean, Minister for Economic Development.

**Assistant Minister for Economic Development:**

Senator Paul Routier, Assistant Minister for Economic Development.

**Chief Executive, Economic Development:**

Chief Executive, Economic Development.

**Deputy Chief Executive, Economic Development:**

Deputy Chief Executive for Economic Development.

**Assistant Director, Performance and Operations, Economic Development:**

Economic Development.

**Deputy M.R. Higgins:**

Thank you. Before we start I have had a request from Mr. Dun asking is there any objection to him video-recording this meeting? Do you have any objections on your side?

**The Minister for Economic Development:**

Yes, I do.

**Deputy M.R. Higgins:**

Okay, in that case we ...

**The Minister for Economic Development:**

I am happy just to elaborate on that very briefly. Quite simply there was an agreement some time ago that any recording should be from accredited media. I am very happy obviously he is here as a

witness but outside of that I do not think it is appropriate, certainly not without pre-notice.

**The Deputy of St. Mary:**

Is the basis of this, Minister, that you think that accredited media are more fairer in some way, less biased than non-accredited media, what is the basis of the distinction, in your view?

**The Minister for Economic Development:**

No, that is not the distinction. The distinction is quite simply there is a cause for recourse through the accredited media, which of course there would not be through the unaccredited media.

**Deputy M.R. Higgins:**

Okay, just leave it at that and we will not have the recording, although I must admit that I do not necessarily agree with you; it is not because I am on the other side of the table. I do believe in open broadcasting, however, as you do not want it done, we'll move on.

**The Minister for Economic Development:**

I also believe in open transparency affairs but, nevertheless, for the reasons stated, I do not think that is the case but I would suggest that the matter could perhaps be revisited by the Chairmen's Committee.

**Deputy M.R. Higgins:**

It is being revisited by the Chairmen's Committee and P.P.C. (Privileges and Procedures Committee); there is a meeting coming up shortly.

**The Minister for Economic Development:**

Fine and the Council of Ministers, I am sure, will be happy to get involved in the dialogue of future discussions on the matter in the future.

**Deputy M.R. Higgins:**

Okay, right, anyway that is out of the way. Right, let us start; we are going to start off with the

Comprehensive Spending Review and if you could first of all outline where you are with the process, what you have done and what outcomes you have reached?

**The Minister for Economic Development:**

I assume you are referring to the 2012 C.S.R. (Comprehensive Spending Review) programme; clearly 2011 is now dealt with. As far as 2012 is concerned, because of the election process and timings, the whole process has been brought forward and accelerated. As such, we have to have our plans complete and submitted by the end of April for 2012. At this stage we are working to the indicative figures provided and we will be publishing our full plans after that date.

**Deputy M.R. Higgins:**

End of April?

**The Minister for Economic Development:**

End of April, yes.

**Deputy M.R. Higgins:**

And you cannot give us an insight into how you are looking at it at the present time and ...

**The Minister for Economic Development:**

I certainly have to do so from the point of view of the highlight, the high level view; there is still work being undertaken, as you would appreciate. What I have said publicly is that for 2012 Tourism spend, for example, it is going to be protected, that is a policy decision and there are going to be no further cuts in 2012 for Tourism, and that as far as the rest of the money is concerned we will be looking at a reduction of the Jersey Finance element to offset for Tourism and apart from that it is across the board; there is no other particular distinctions at this stage.

**Deputy M.R. Higgins:**

When you say "across the board" are you just trying to take a certain percentage from each area or are ...?

**The Minister for Economic Development:**

No, not necessarily. Every area of activity of Economic Development is being looked at and we are focusing, as you probably imagine, on areas of greatest productivity and greatest impact but we will continue to focus our resources in those areas but it is right that we look at every activity that Economic Development undertakes.

**The Deputy of St. Mary:**

When you talk now of greatest productivity that always suggests, to my mind, one thing which is the lowest footprint and the highest yield per employee is finance(?), but the greatest productivity, do you also have a criterion about greater sustainability, in terms of the Island's future?

**The Minister for Economic Development:**

Sustainability from an economic point of view is an important factor, yes. I would agree with that.

**The Deputy of St. Mary:**

Such things as food security, wherein you weigh them orderly?

**The Minister for Economic Development:**

At this stage we are in the early stages of preparing an economic growth strategy for the next 5 years. All factors will be considered as part of that, in terms of a long term sustainable economic future for the Island. I might add as part of that process we anticipate that by May or June we will be in a position to publish a Green Paper on the economic growth strategy. It would be our intention that that strategy, once approved by the Council of Ministers, would be submitted to your panel, Mr. Chairman, in advance of it being formally published and you can then consider it at that stage. It is an important piece of work but I hope that you would give it your due attention, I am sure you will.

**Deputy M.R. Higgins:**

I can assure you we are taking a very close interest in that.

**The Deputy of St. Mary:**

Once again, on the Green Paper, I was going to ask what would be the inputs, how will you achieve input into this economic growth strategy, so it is good to hear it is going to go through the proper route, Green Paper/White Paper presumably, what is the date for the Green Paper?

**The Minister for Economic Development:**

In terms of publishing it?

**The Deputy of St. Mary:**

In terms of publishing so that people can contribute, yes.

**The Minister for Economic Development:**

The Green Paper is middle part of the year, May/June.

**The Deputy of St. Mary:**

May/June, I am just concerned that it is May.

**The Deputy of Grouville:**

And the consultation period ...?

**The Deputy of St. Mary:**

Yes, 12 weeks, yes, I think.

**Deputy M.R. Higgins:**

It needs the full consultation period.

**The Deputy of Grouville:**

Yes, absolutely it does. When are you expecting to finalise that?

**Deputy M.R. Higgins:**

Basically we know we will discuss it after the election essentially.

**The Deputy of St. Mary:**

There is a Green Paper, is there any chance of slippage on that timetable? When you say May/June, it sounds a bit ...

**Chief Executive, Economic Development:**

It is subject to final sign-off by the Minister and the Council of Ministers but subject to that then we are on schedule, we are on the second or third draft now. We are on schedule for publishing towards the latter part of May or early part of June.

**Deputy M.R. Higgins:**

Why was there such a gap, because I believe the last economic growth policy finished or was set out to 2009, so we have gone a 2-year period without any strategy?

**Chief Executive, Economic Development:**

That is not true because, with respect, the last economic growth strategy was a productivity-led strategy, which we had been following, because I do not think that it was invalidated by the turning of a calendar year.

**Deputy M.R. Higgins:**

Can you explain what you have been doing then on that particular ... Just go forward and tell us how you are trying to achieve economic growth at the present time under the old policy rather than working with the new one?

**Chief Executive, Economic Development:**

I think if you look at the activity of Economic Development it is divided up into 3 broad categories, all of which are designed to deliver sustainable economic growth across all sectors of the economy. Our support for financial services continues with the activity at J.F.L. (Jersey Finance Limited) and our legislative programme; our support for tourism and agriculture, not just supporting the marketing

promotion but also driving both the agriculture and the tourism sector up the value and productivity chain with some success; both of those sectors have shown material growth over the period. Finally, and probably the thing that has come in over the course of the last 3 years or so, is the activity of Jersey Enterprise which is about business support and development for all of the non-financial services sectors, which I think has been very successful. You have got the review in front of you there of the 2010 Jersey Enterprise activity, and if you take all of that in the round that is what our activity has done to support real economic growth in the Island.

**The Deputy of Grouville:**

Can I ask how you measure the success of Jersey Enterprise?

**Chief Executive, Economic Development:**

There in terms of the number of jobs created, in terms of the ...

**The Deputy of Grouville:**

With respect, you have just handed this to us; can you, for the purposes of this hearing, explain how you measure the success of Jersey Enterprise?

**Chief Executive, Economic Development:**

The way that one measures the success of enterprising business development activity is consistent really across any jurisdiction and you measure it in terms of the key drivers of employment, business creation, business survival, inward assessment activity, trade and export development activity and if you see in the report there, there are statistics for 2010 as to the performance of Jersey Enterprise against all of those criteria.

**The Deputy of Grouville:**

When you say the companies, is the concept being set up on the back of Jersey Enterprise?

**Chief Executive, Economic Development:**

No, not just business start-ups. Jersey Enterprise covers business start-ups, it covers the existing

businesses who require help to either put them on a growth path or increase growth. It involves inward investment of businesses from outside the Island into the Island, and it also involves opening up new export markets for companies within Jersey to trade in the U.K. (United Kingdom) and other European markets; that is what we do.

**The Deputy of Grouville:**

About how many firms ...?

[10:45]

**Chief Executive, Economic Development:**

How many firms we would have supported? How many firms would have been created? What the level of export trade with the level of investment is? Right across the piece, all of which we can legitimately say have had a material involvement of Jersey Enterprise and therefore economic development in that activity.

**The Deputy of Grouville:**

Material involvement; what is that, what does that mean?

**Chief Executive, Economic Development:**

We believe that without the support - this is followed up by feedback from the businesses - without that support those outcomes would not have been delivered. It is the difference between something happening and it not happening.

**The Deputy of St. Mary:**

Can you enlarge on the aspect of feedback, how do you generate the feedback?

**Deputy Chief Executive, Economic Development:**

Feedbacks come in a number of different ways; companies will ask you to provide feedback at the initial and following interviews. We do an annual survey every July; we look at awareness levels

and also acceptability of the service we actually deliver, just to make sure we are delivering the right kinds of products and services to the companies, and then we receive feedback through external organisations such as the I.O.D. (Institute of Directors) and Chamber of Commerce, who are influential organisations in the business community.

**The Deputy of St. Mary:**

Who actually carries out the survey? You said there is an annual survey, is that 100 per cent or is that a sample survey?

**Chief Executive, Economic Development:**

No, that is an online survey we do every year and it goes out to everybody who is on our C.R.M. (Customer Relationship Management) system. I think last year the response rate was about 12 per cent and there are about 4,500 companies on the database.

**The Deputy of St. Mary:**

That is entirely in-house?

**Chief Executive, Economic Development:**

It is, yes.

**The Deputy of St. Mary:**

Are the responses identifiable? Are they anonymous?

**Chief Executive, Economic Development:**

They are anonymous, yes.

**Deputy M.R. Higgins:**

In fact do you have any independent audit of these figures?

**Chief Executive, Economic Development:**

That is something we are working on at the moment, yes. We are talking to one of the research companies on the Island to get independent research, obviously it comes at a cost but I think as a snapshot I think it would be like a useful exercise to have.

**Deputy M.R. Higgins:**

I think it would be very useful because again looking at some of these figures, you see 625 start-up businesses supported by you during their initial trading period; how many of those are still in existence, for example?

**Deputy Chief Executive, Economic Development:**

Those are the start-up businesses that came in last year.

**Deputy M.R. Higgins:**

Okay, how about the year before then; of the ones who have started, how many of them are still in existence?

**Deputy Chief Executive, Economic Development:**

I have not got the figure off the top of my head but I can find out and send it direct to you.

**Deputy M.R. Higgins:**

Yes, this is what I mean about having some independent assessment of the figures because the figures, they look impressive but again, unless you ask other questions and look behind them they are meaningless.

**Deputy Chief Executive, Economic Development:**

One of the things we would be keen to look at is the sustainability of the start-up businesses, so Jersey Enterprise has been in business now for about 3 years and one of the U.K. parameters is the sustainability of businesses beyond year 3, and in the U.K. that is less than, I think, about 10 per cent. It would be interesting to carry out a similar exercise here in Jersey with the companies that we have been helping since 2008, to find out how many are still trading.

**The Minister for Economic Development:**

To be fair, it is not just about start-up businesses though, it is about developing existing businesses and helping them to grow and that is an important element of sustainable economic growth strategy. There are a range of mid-sized businesses that benefit from the input of Jersey Enterprise. In fact I was at a Business Angel's event last week; I was approached by one of the directors of Jersey Pottery who was, out of the blue, referring to the work and assistance they had had from Jersey Enterprise where their export markets were taking on growth significantly into a number of countries, which frankly would not have happened. It is that type of initiative that we need to measure and continue to measure to ensure that products and services are right and yet, Mr. Chairman, I would agree with you 100 per cent that it is important we have ongoing assessment of not just the start-ups but where, and if we are being successful in terms of supporting growth of existing businesses.

**Deputy M.R. Higgins:**

Yes, and although it is an expense, I would argue for an independent assessment of it because that is the only way you can be sure yourselves how well you do.

**The Minister for Economic Development:**

Indeed, and that is why it is being looked at now.

**The Deputy of Grouville:**

What is the total budget for Jersey Enterprise?

**Deputy Chief Executive, Economic Development:**

The figure for 2010 is - I want to get the exact figure for you - about £1.97 million 2011.

**The Deputy of Grouville:**

How many staff does Economic Development employ?

**The Deputy of St. Mary:**

Within that sector, yes.

**Deputy Chief Executive, Economic Development:**

We employ at the moment 11 people in Jersey Enterprise.

**Deputy M.R. Higgins:**

Are they full time or ...?

**Deputy Chief Executive, Economic Development:**

There are 5 of those getting full time business support and advice. We have 2 people on the international side dealing with them with investments and we have 2 people on the skills side.

**The Deputy of St. Mary:**

Sorry, just the detail, are those additional to them, a third party to them?

**Deputy Chief Executive, Economic Development:**

Yes.

**The Deputy of Grouville:**

So 11 full time staff and do you outsource a lot of the expertise; the I.T. (Information Technology), the marketing ...?

**Deputy Chief Executive, Economic Development:**

We do use a number of business cultures and mentors, yes, but that number is coming down as the capacity staff gain their own experience and go through various training programmes; the dependence on external advisers is coming down.

**The Deputy of Grouville:**

Do you have to outsource for accountants?

**Deputy Chief Executive, Economic Development:**

If they are looking for in-depth financial advice, yes.

**The Deputy of Grouville:**

In among your 11 there are no accountants there?

**Deputy Chief Executive, Economic Development:**

There are no qualified accountants, no.

**The Deputy of Grouville:**

Yes, that is what I mean by accountants.

**Chief Executive, Economic Development:**

It is not usually in the larger jurisdictions for business support operations to have within their body qualified accountants. They are there to analyse business plans and the market potential. It is specialist accountancy advice, which goes far beyond that that is usually contracted in and has proven to be far more effective to be contracted in by third parties in every other jurisdiction, which is the basis of the model we operate.

**The Deputy of Grouville:**

Jersey Business Venture, I would like to ask some questions on that and where you see the future of Jersey Business Venture vis-à-vis Jersey Enterprise?

**Chief Executive, Economic Development:**

I think in fact I can answer that in outline because the Deputy Chief Executive Officer can expand. We believe that the most effective and efficient way of supporting businesses in the Island is to a single enterprise and business development support operation and as we published this in our C.S.R. proposals at the end of last year that we should combine, and that is not take over, that is combine Jersey Business Venture and Jersey Enterprise into a single enterprise and business development

function; that is what Jersey Enterprise and Jersey Business Venture seek to deliver, which is the full range of business support and enterprise support for non-financial services businesses. We have been talking to Jersey Business Venture for probably the best part of 2 years now and have made a number of proposals and I hope, although it appears we are further away than we would have hoped, that within relatively short order we will be able to come to an agreement whereby we combine both of those entities into a single enterprise support for businesses.

**Deputy M.R. Higgins:**

Just on this here, are they doing complimentary things or are they doing the same thing? In other words, is there a difference between them?

**Chief Executive, Economic Development:**

We believe that there is potential duplication that exists as being the services that Jersey Business Venture offer; that is not a commentary on the quality but simply is very good and the services that Jersey Enterprise offer, although Jersey Enterprise offers a much broader range of services. But logically from a customer perspective, from a business perspective, what businesses look for is a single point, a first stop-shop where they can access advice, financial assistance, products, services and business support for product services, and that is the rationale behind combining the best of Jersey Enterprise and the best of Jersey Business Venture into a single entity.

**The Deputy of Grouville:**

Do you give Jersey Business Venture a grant each year then?

**Chief Executive, Economic Development:**

Which covers 90-odd per cent of their running costs, yes.

**The Deputy of Grouville:**

I notice that their grant this year has been cut, yes?

**Chief Executive, Economic Development:**

That is not strictly true; their grant last year was £130,000 ...

**The Deputy of Grouville:**

Yes and this year it is £98,000.

**Chief Executive, Economic Development:**

We have not agreed what the grant for the whole year with them is yet, so ...

**The Deputy of Grouville:**

A whole year?

**Chief Executive, Economic Development:**

Yes.

**The Deputy of Grouville:**

When do you get to agree for the whole year, bearing in mind we are in March?

**Chief Executive, Economic Development:**

The basis of the discussion that we are having with Jersey Business Venture has been that, during the course of 2011, as we published in the documents published at the end of last year, we would seek to merge Jersey Enterprise and Jersey Business Venture during the course of this year.

**The Deputy of Grouville:**

You said not merged before.

**Chief Executive, Economic Development:**

No, I did not. I have said merge, I did not say take over. I said merge not take over, so we would seek to merge the 2 entities, which would remove the requirement to pay the grant for the balance of the year in which both entities did not exist independently.

**The Minister for Economic Development:**

Just to be clear about this, there have been discussions for about 2 years, as the Chief Officer was saying, between Jersey Enterprise or Economic Development and Jersey Business Venture. The intention has been, and certainly it would be my desire to see a resolution as to how we are going to move forward with a degree of support for the business community in a combined unit, and the word is very much merge, it is not take over and, indeed, I think that it should be noted that, in my view, Jersey Business Venture have done an excellent job to date, but there is more than likely duplications between the functions of Jersey Enterprise and Jersey Business Venture. I think we need to take the strengths of both organisations and combine them into one, and that is where the basis of the discussions have been. I am disappointed we have not reached resolution on that.

**The Deputy of Grouville:**

At this point in time, Jersey Business Venture do not know what their budget is for this year, is that right?

**Chief Executive, Economic Development:**

For the full year that is right and that is because we had an active discussion with them in the balance of last year about combining the 2 organisations and therefore we have advanced them a grant, which we do on a quarterly basis, to cover their fixed costs and some of their variable costs for other parts of the year. It was made very clear to them, and it says in the documents that we distributed, if we cannot reach agreement on merging the 2 organisations then of course we would revisit the issue.

**The Deputy of Grouville:**

Presumably you have been giving them a grant, because historically you have been giving them a grant for many years, because you think that they do a good job, and has anyone seen their surveys back?

**Deputy Chief Executive, Economic Development:**

No, they share very little information with us. They hold their database as being closed access toward Jersey Enterprise. We have not seen their surveys. We have got no idea what they say. We

see the publicity that comes out around their surveys but we have no in-depth information.

**Deputy J.M. Maçon:**

Then just to check, have you requested the surveys?

**Deputy Chief Executive, Economic Development:**

We have on occasions, yes.

**The Deputy of Grouville:**

Have the clients, have the punters, people looking to set up businesses and use these services, expressed a desire to have separate entities or to come and use Jersey Enterprise instead of Jersey Business Venture or vice versa.

**Deputy Chief Executive, Economic Development:**

We would not know that without knowing what their surveys say.

**The Deputy of St. Mary:**

It really puzzles me, this whole question that you have been considering a merger for 2 years, and what I am looking for from you is evidence of the satisfaction and of the success, however you define that, but particularly the satisfaction though of the punters, as Carolyn said, with both the organisations because only that can give you a steer as to how best to proceed. Can you tell us, what research you have done into what the customers think about these 2 organisations as part of these merger discussions? What is the evidence? What evidence do you have? You have got your own evidence, yes, 12 per cent surveys and so on.

**Chief Executive, Economic Development:**

Yes, as the Deputy Chief Executive Officer said, we do not have evidence of the customer feedback that was received by Jersey Business Venture but what we do have is a very clear view that we have 2 ... If a business was just a start-up or if a business needs support at the moment they have 2 options, and it is very unclear to the businesses, which is feedback that we have received, as to which

avenue they follow; that means that there is a duplication and potential confusion in the marketplace. Our driver is simply, we have stressed this time and time again to Jersey Business Venture, our intention is to provide the best service for the customer by combining them and making sure that this is properly marketed and advertised; that if you want any form of business support and advice in the Island there is one place to go and it is the combination of those 2 organisations. This is not a competitive situation between Jersey Enterprise and Jersey Business Venture; this is about providing a single efficient effective service to the business community in the Island.

**The Deputy of Grouville:**

Do you believe Jersey Business Venture were offering that service?

**Chief Executive, Economic Development:**

I think that they have done a good job. We fully fund them, they have done a good job in the past but that does not mean that we cannot do a better job as a combined entity, because I believe we can. I believe it will reduce confusion in the marketplace, it will allow us to operate with a single database, it will allow us to operate in a more effective and efficient way to co-ordinate our customer interactions, to co-ordinate the products and services. For instance, if somebody comes into Jersey Business Venture and wants any form of general financial support then, at the moment, they have to be signed-posted to Jersey Enterprise, because Jersey Enterprise quite rightly hold the government grants which fund things like the Enterprise Grants or the Export Grants, and things like that. If that was combined into a single place then a customer would not have to be sent from one place to another. They could simply be dealt with in a first-stop shop, and that is a more efficient solution for the customer and it is also a low cost solution because you are using one property, one set of I.T., one set of H.R. (Human Resources), one set of finance, not 2.

[11:00]

**The Deputy of St. Mary:**

I can see the advantages, and they are quite clear, because you said that the problem is not possibly part of the reason why it has been dragging for 2 years, which is a long time for, on the face of it, a

simple merger. The problem might be that there is not a clear base of information about what the customers are thinking about the different offers. You have said that you have had feedback about the confusion, but we have not heard anything about the comparable feedback between them and it is not sort of Brownie points or something, it is just getting the right answer, is it not, and you need to go to the business community to find out how best to structure this new in-one-place organisation.

**The Minister for Economic Development:**

I think to be fair it is taking some time but the position had been reached where the board of Jersey Business Venture are certainly in agreement with the principle, broadly in agreement if concluding a merger; it was just a matter of detail. I think it has progressed a significant way since the idea was first mooted, to remove the duplication and to deliver a more rounded and combined, as the Chief Officer has pointed out, delivery mechanism. I think we need to focus on the fact that the board itself of Jersey Business Venture, in principle, agreed with the concept of one single delivery model for enterprise business development in the Island and a model similar, I might add, to the one existing with Jersey Business Venture.

**The Deputy of Grouville:**

Just to conclude, Jersey Business Venture, at this point in time you said ... I think I said their budget was £98,000, that is what I ...

**Chief Executive, Economic Development:**

I think the Deputy Chief Executive can confirm this, we have not agreed a full-year budget with them, so ...

**Deputy Chief Executive, Economic Development:**

No, we have not, no. We have agreed funding until the end of June.

**The Deputy of Grouville:**

How many staff do they ...?

**Deputy Chief Executive, Economic Development:**

From the information they supplied to me they employ 2.5 full time equivalent staff but they are at different levels; one of those is a full time member of staff who is fairly junior. They have a number of different people who they call in to give business advice on different areas of activity but, again, due to illness and other factors, there again appears no consistency about who is actually in the office giving the advice.

**The Deputy of Grouville:**

Are any of those qualified accountants?

**Deputy Chief Executive, Economic Development:**

Just one.

**The Deputy of Grouville:**

One, at least one?

**Deputy Chief Executive, Economic Development:**

Yes.

**Deputy J.M. Maçon:**

Minister, could you please elaborate on what have been the sticking points in this merger? You said it has not managed to come together but I want to know why.

**The Minister for Economic Development:**

As I have said, the board have reached a position now where they are broadly in agreement with a merger of the 2 organisations. There are some sticking points with regard to the name of the new entity and the location of the new entity. At the moment, as you will be aware I am sure, there are 2 separate, to a degree, offices and both parties feel that theirs is perhaps the most effective one. Relatively, at face value, minor issues, one would have assumed but nevertheless they are yet to be resolved.

**Deputy J.M. Maçon:**

Thank you. Then the officer talks about getting advice from the Jersey Business Venture being called in on an ad-hoc basis; perhaps you are not the people to ask, but is that done on simply a network and past experience and contacts being pulled in and therefore that gives them the expertise that they need?

**Deputy Chief Executive, Economic Development:**

I have a number of supporters whose advice I can use, yes, but they have their own staff as well who are working on fixed-hours contracts, often it depends on the availability of those members of staff.

**Deputy J.M. Maçon:**

Is there a concern from the department that happens to look at Jersey Venture that patronage would go away?

**The Minister for Economic Development:**

No, I do not think that is the case at all. I think the delivery model itself needs to be carefully considered and, in principle, the model of Jersey Business Venture, sitting outside a government with an independent board, is a good model and that is why we were at pains to point out that at the beginning, that this is not a takeover by Jersey Enterprise of Jersey Business Venture. The concept is a merger to create a body which is going to be able to best serve the business community in all respects, but very much taking all that is best from both organisations.

**The Deputy of Grouville:**

With the merger, what will happen to that board? Are you going to lose that expertise?

**The Minister for Economic Development:**

I think the concept is that the new organisation would ultimately sit outside of Government and that it would have a board in a similar way to Jersey Business Venture. Clearly, as a new entity, it would be appropriate to go through the right recruitment process, and indeed, any members of that board

could reapply for such a role, should they wish to in the future.

**Deputy M.R. Higgins:**

So are you contemplating, what, the whole of Jersey Enterprise being hived off, having a separate board in the same way as the P.P.P. (Public-Private Partnership) for tourism you were talking about?

**The Minister for Economic Development:**

Indeed, that certainly is a concept that has been part of the considerations of the discussions that we have had with Jersey Business Venture. We recognise the value of the model that they have got, an organisation sitting outside of Government, and I have talked or mentioned several times the delivery model, and by that, I talk about the entire way in which such a service would be delivered to the public.

**Deputy M.R. Higgins:**

The budget for Jersey Enterprise at the present time, out of your department's budget, how much is it worth?

**The Minister for Economic Development:**

It is close to £2 million, £1.977 million.

**The Deputy of St. Mary:**

What per cent of the total budget is that?

**The Minister for Economic Development:**

The total budget is £16 million, so it is about an 8th.

**The Deputy of St. Mary:**

12.5 per cent.

**The Minister for Economic Development:**

12.5 per cent, right.

**Deputy M.R. Higgins:**

If you are looking at ... is it a P.P.P. or is it privatisation or what, and what timescale?

**The Minister for Economic Development:**

I think as your colleague on the panel has already alluded to, the discussions have been ongoing for some 2 years. It was certainly my intention to have included this within this political period. It is becoming more challenging now as we move closer to an election, but I would hope that we could very soon reach agreement to the principle with Jersey Business Venture and then move on with that model. I mean, clearly there are discussions that need to be had and a number of issues that would need to be resolved, but as soon as it would be feasible to conclude, the sooner we can with all parties.

**The Deputy of St. Mary:**

Yes, I want to go from this very nitty-gritty approach to a high-level approach, if you like, and then come back to Jersey Enterprise and the advice it gives. On a broader approach and thinking about your Green Paper, would you, Minister, subscribe to the need for sustainability, as defined in the usual definition, sustainable development being development that meets the needs of people living now without compromising the lives of future generations? Would you subscribe to that as an overall concept?

**The Minister for Economic Development:**

I think probably in the way in which you are comprehending sustainability, as I understand, it is a factor that will be included, as indeed all factors will be in an economic growth strategy, which is going to cover a period from over the next 5 years. I think it is right those considerations are included, and certainly they will be, and that is why I am very keen that it goes through a full consultation process, Green Paper and so on, so that views such as those that you are presenting are given the opportunity be fully aired and discussed and reflected appropriately.

**The Deputy of St. Mary:**

Yes. That sort of rather leaves the question a little bit vague if you are saying that people who are consulted can bring out these considerations of future generations who are voters, but I am asking you whether you do not agree that it is a given that the livelihoods of future generations is not negotiable; you do not develop now in a way that compromises the lives of our children and their children. Is that a given?

**The Minister for Economic Development:**

I think it depends what you mean by “compromise future generations”.

**The Deputy of St. Mary:**

So we will move on then, be more specific. The energy policy is in now draft White Paper form, it has been through the Council of Ministers. Is that agreed by the Council of Ministers, the White Paper?

**The Minister for Economic Development:**

Not formally, but the principle, yes, I think will progress.

**The Deputy of St. Mary:**

The principle, and with it the overall target of 80 per cent carbon reductions by 2050? Is that ...

**The Minister for Economic Development:**

Again, yet to be formally announced, but yes, the Council will be making such an announcement in due course.

**The Deputy of St. Mary:**

Do you subscribe to that personally, that target of 80 per cent, which is the U.K. target?

**The Minister for Economic Development:**

The principle behind it, absolutely.

**The Deputy of St. Mary:**

I just want to pass this around, because I was at a conference in London; if you could take them and pass them around. It was a bit like your Jersey Enterprise here, there is paper at the last minute. This was given to us in a seminar by the Director of the Climate Change Committee, and their job is to monitor on an ongoing basis the impacts of climate change and to recommend further legislative changes to the Government beyond what they already have, which is an 80 per cent cut 2050 enshrined in law. He explained this chart. He said the top 3 bars in the current emissions for 2008 on the left - the red one is aviation - he said they do not have a proposal to drive that down or commitments, but they do not have proposals to increase it either. Agriculture is pretty well non-negotiable, you have got to grow food, and the third one, I forget what it was. But those 3 are almost the same size as the 2050 target on the right, so what he said was the bottom 3, which is residential and commercial heat, domestic transport and power generation will have to go to zero carbon in 40 years, and by showing us this chart, it was like, you know: "Gasp, that is a big hefty cut" and in the context of climate change, in the U.K. context, it is non-negotiable. So that is what is going to happen and that is what we are signed up to if the White Paper goes through. So in the context of that, the question is for our Jersey Enterprise, is there an advice line on energy specific, like when someone is sitting in front of you with either a new business or a business that exists, and they have problems with it or they want to grow or they want advice, do you at the moment have a specific advice line on energy? Is that something you always take into account with each person who is sitting in front of you?

**Deputy Chief Executive, Economic Development:**

Yes, we undertake a fairly fundamental review of the business, where the business is going, what its needs are as a business, but we do not offer specific advice on energy saving, no. Within the Rural Initiative Scheme, however, there are grants available for people who may want to put forward ideas about energy saving.

**The Deputy of St. Mary:**

I mean, the reason I asked was that I am not trying to score points or anything, and I do not think we

are, I am just trying to establish a baseline, and if there is not a specific requirement in your procedures: “Oh, when we look at energy, we look at how you save the cost” and so on, and also in the light of this need to drive it down, and volatility - which that is volatility of energy, which we know about - would you consider building that in as something that all businesses that sit in front of you get some promotion, get some advice, get some flags raised about energy?

**The Minister for Economic Development:**

Do you want to add something?

**Chief Executive, Economic Development:**

Could I just say that is that not a service ... well, it is a service that is provided by both the J.E.C. (Jersey Electric Company) and Jersey Gas. I mean, are you saying that Government should duplicate and get that ...

**The Deputy of St. Mary:**

I am not saying that Government should duplicate. You used the phrase one-stop shop, although you called it first-stop shop when you meant last-stop shop. I would suggest that if you have got your 625 businesses or whatever, and I think they are they start-ups, are they not, so it is 1,000 businesses or something coming to you, you are the one-stop shop. You are trying to help them to be profitable, to survive even, and you are faced with this demand on: “Gosh, energy is going to go up.”

**Chief Executive, Economic Development:**

But we operate with, hopefully, a joined-up Government, so when a business comes to us and asks us about growth - or indeed, start-ups - we would refer them, I think, 3 places. One is the Eco-Active Business Programme, which is run by Planning and Environment, or through Planning and Environment. The other is the J.E.C., who are part of that programme, I understand, and the other is should they have Jersey Gas, because as a combination of those things, which is partly Government provided as it is, we believe there is a fairly good provision in terms of demand management, which is what this is at the heart of, it is demand management.

**The Deputy of St. Mary:**

Yes, I agree that you do not provide necessarily the detail in the general advice, you know, you are experts in everything, it is one of the things you outsource. What I am saying is should it not be built into the process, tick list, if you like: “We will make sure you are fine. We will make sure you have covered your margins and make sure you have got proper business planning”?

**Chief Executive, Economic Development:**

I think it is built into the process. It is built into the process because particularly when you mentioned the issue of price volatility just now, one of the biggest risks to the businesses is price volatility in their energy departments and we seek to damp that, for want of a better word, by reducing the demand that they have to undertake their activity, so that is where we would direct them towards making sure that they speak to the J.E.C. and Jersey Gas and they become members of Eco-Active Business, for instance, because that enshrines the type of sustainability that I think you are referring to.

**The Deputy of St. Mary:**

So that covers one area. Does anyone else have questions on the actual time and cost?

**The Deputy of Grouville:**

Yes. An energy policy: should Government not have an energy policy?

**Chief Executive, Economic Development:**

It does have one. It is a draft White Paper, which is an energy policy, which is driven both from a supply and a demand side to decarbonise the energy supply in the Island and make sure that the proposition of energy that is supplied to the Island from renewable sources is increased in line with agreed targets. That is what the energy policy is.

**Deputy M.R. Higgins:**

Who is leading the energy policy?

**Chief Executive, Economic Development:**

The energy policy is currently being led by Planning and Environment and by the environment team within Planning and Environment.

**Deputy M.R. Higgins:**

How many joined-up meetings have you had with them on this particular issue?

[11:15]

**Chief Executive, Economic Development:**

Numerous, numerous discussions with them. In fact, we were discussing this only last week I think was the last time we were discussing it, because we were reviewing a particular policy in there, which has been slightly modified prior to being published, but we have talked about both the supply side and the demand side at length with Planning and Environment, and the policy is something that I think from both departments' perspective - and I cannot speak for the Ministers - I think we would be more than happy to put our name to now, because I think it achieves the right balance. This is a very difficult thing to do, between environmental sustainability and the supply side of the energy policy and the demand management side of energy policy. I have to say that Louise Magris and the team at Environment have done a very, very good job in the ...

**Deputy M.R. Higgins:**

When is the White Paper due to be published? You say it is in draft form at the moment.

**Chief Executive, Economic Development:**

I think it is going to the Council of Ministers. I do not know the exact date, but I think it goes to the Council of Ministers very shortly and is published thereafter, but as I said, I think it is a very good document, because it seeks to diversify the Island's energy supply and decarbonise the energy supply, and it has got quite well-defined demand management elements associated with it as well, which is what you want an energy policy to have.

**The Deputy of Grouville:**

So when you say ... you answered my question by saying the Island Government does have an energy policy, but it does not, does it?

**Chief Executive, Economic Development:**

I mean, as of today, no. There is an energy policy that is being developed and it is just about to go out to White Paper. It has been out to the Green Paper.

**The Deputy of Grouville:**

So the likes of us have never seen it, so for you to say the Government does have an energy policy, that is not ...

**Chief Executive, Economic Development:**

No, I said I had an energy policy which is in White Paper form.

**The Deputy of Grouville:**

Yes, so at this point in time, we do not have ... you are developing it and it has got to be approved and all the rest of it.

**Chief Executive, Economic Development:**

Yes.

**The Deputy of Grouville:**

So to take on from what Daniel was saying, so as far as economic advice goes, this is not built into any advices yet, is it?

**Chief Executive, Economic Development:**

No, because it is not approved policy, but as I said, that does not mean that we do not advise companies to go to the places where advice on energy demand is.

**The Deputy of Grouville:**

Yes, so at the moment, you advise them to go to the J.E.C. or Jersey Gas or whatever, or Eco-Active.

**Chief Executive, Economic Development:**

Or Eco-Active Business, which has a very well-developed programme.

**The Deputy of Grouville:**

Then when the Island has an energy policy, what will happen then, taking on board your one-stop shop?

**Chief Executive, Economic Development:**

I mean, what the energy policy does is the energy policy enshrines the targets that Deputy Wimberley has referred to here in a policy for Jersey. That will not cause us to do anything differently from what which we do now, which is to make sure that companies minimise their energy demand (a) because it is an environmentally sustainable thing to do; and (b) because it reduces the exposure to cost and cost volatility.

**The Deputy of Grouville:**

So will this be something, will this be part of Jersey Enterprise eventually, when you go for your business advice, when existing companies get business advice, can they ...

**Chief Executive, Economic Development:**

I mean, business advice, Jersey Enterprise or whoever it is, the primary role is not to be experts in everything, but to know where to signpost people. So for energy advice for a business, we would primarily signpost them to, as I have said, Eco-Active Business, J.E.C. and others who are actively involved in energy demand management from a sustainability perspective.

**The Deputy of St. Mary:**

Can I ask a bit of detail about that? You say: "Go to Eco-Active, J.E.C. and Jersey Gas." I mean, for instance, Eco-Active, do they have the capacity and the capability to do energy audits on a

commercial premises of any size? Do they have that capacity, because I am not sure they do?

**Chief Executive, Economic Development:**

I am not sure that Eco-Active Business has that capacity, but I am sure that the J.E.C. does and ...

**Assistant Director, Performance and Operations, Economic Development:**

They do.

**Chief Executive, Economic Development:**

... they do it for companies, and they do it for us, so ...

**The Deputy of St. Mary:**

I was going to say, do they do it for free in terms of offering that service, because it is so important to the survival of business?

**Chief Executive, Economic Development:**

I think they do, and I cannot speak for Chris Ambler and the board of J.E.C., but I think given their commitments to things like the energy grants, where they have put in the insulation grants, they have put a significant sum into that initiative, I think they are very committed to sustainability. I do not know whether they do it for free, but I anticipate that they would.

**The Deputy of St. Mary:**

That is my concern, that you are saying you are signposting people to Eco-Active and J.E.C. but you are not absolutely sure that they can deliver energy audit with savings attached: "This is our recommendations" and so on, that are not biased.

**Chief Executive, Economic Development:**

Well, I am very sure that they can undertake the function of an energy audit, and with the aim of saving company money. What I am not sure about, Deputy Wimberley, is whether or not they offer that service pro bono, but I would anticipate that they do, because that would be consistent with their

approach to sustainability, which is very good.

**Deputy M.R. Higgins:**

Okay, Dan, can we just leave it at that?

**The Deputy of St. Mary:**

No, just one more.

**Deputy M.R. Higgins:**

One last one.

**The Deputy of St. Mary:**

Another tack on not our businesses saving energy, but businesses having ideas that are compatible with this future, do you question and challenge businesses on that basis? Do you say: “Well, in 5 years’ time or 10 years’ time, this might not be a goer, because the world is changing” et cetera, et cetera? Do you look at the product side or the service side of whatever the business is offering and measure it against the world’s future energy situation, and indeed resource situation?

**Deputy Chief Executive, Economic Development:**

With all due respect, I do not think Jersey Enterprise has a crystal ball that can look 5, 10 years ahead. They can only react to conditions as they see them now and have some degree of confidence of where things are likely to go.

**The Deputy of St. Mary:**

Where they are likely to go. Yes, well, that is what I am saying.

**Deputy Chief Executive, Economic Development:**

Then we can advise companies as appropriate.

**The Deputy of St. Mary:**

I am not saying you know the price of oil in 5 years' time, but you know which way it is going.

**Deputy Chief Executive, Economic Development:**

Most people know which way it is going, but it is then bringing that back into the business planning context and the cost base.

**Deputy M.R. Higgins:**

I want to move on now, and perhaps I should not say move on, I want to move back to the economic growth for a moment. Looking at existing industry in the Island, what is your take on how they are performing at the present time in the different sectors? Can you give us a ... you are obviously having lots of contact with the different sectors within the Island. Can you just give us an overview on how they are performing and how you think they are going to develop over the next 12 months?

**The Minister for Economic Development:**

I do not think it is any surprise that if you look at all the statistics that have been produced to date, unemployment levels rising, for example, it is fairly indicative of the fact that all sectors of the economy have found the current economic climate challenging. That is not really much of a surprise. We have seen an increase in the number of start-up businesses, as was alluded to earlier on. Again, in some respects, that is not a surprise. You do tend to see that in the early stages of recession, as people move out of employment, possibly with packages, they have the finance and they need to get back into work, the job market is challenged and so starting a business is clearly an option that is being taken up, and not surprisingly so, and the key effort is to ...

**Deputy M.R. Higgins:**

But again, we do not know how many of them will carry on, because obviously there is a high failure rate.

**The Minister for Economic Development:**

No, absolutely right, there always has been in start-up businesses, and that is where Jersey Business Venture and Jersey Enterprise have a key role in terms of sustaining businesses that start up and

ensuring that they do survive past the 3-year point, which tends to be one of the most indicative pressure points for start-up businesses. So yes, there are challenges in the economy at the moment and it goes into all sectors. The latest Business Tendency Survey did show some encouraging signs, particularly in the finance industry, the finance sector, indicating that there was a greater degree of optimism in terms of future employment and future profitability. But again, we have to counter that with the wider economy which is finding it quite difficult.

**Deputy M.R. Higgins:**

But even within finance, there are different sectors within that. Which sectors are indicating to you that they think things will improve and which are saying it is not improving at the present time?

**The Minister for Economic Development:**

Well, I think we need to look at where traditionally the finance sector gets its business from, and I think one of the most relevant points, as far as I am concerned, is the way in which through Jersey Finance Limited there has been a greater focus on new markets, Asia, Asia Pacific, the Middle East, those sort of markets. We have seen a reduction of around about 20 per cent in financial services business from the traditional markets, U.K., Europe and so on, and it has been almost replaced in its entirety, that 20 per cent of business, by new markets and hence the drive for new markets.

**Deputy M.R. Higgins:**

But when you say “business”, for example, if we look at the finance traditionally, we have been looking at banking and banking deposits and we know that with low interest rates being offered in the money markets at the present time and so on, plus there is still a degree of uncertainty out there as to who you still lend to, because there are lot of legacy problems with debt, back to the equity(?) sector, have you seen any recovery there? I would not think so if interest rates have not gone up, because surely that is what you wait for.

**The Minister for Economic Development:**

Yes, absolutely. I mean, if you are pointing to revenues and revenues for the banks in particular and by default revenues for Jersey from a tax perspective, the impact of low interest rates and sustained

low interest rates has continued to be a problem. The banking sectors, as you will be well aware, is the most profitable sector and certainly in terms of contribution to tax revenues for the Island, and we certainly would hope to see interest rates get back to a more normal level in the short to medium term.

**Deputy M.R. Higgins:**

What do you consider a more normal level?

**The Minister for Economic Development:**

I think the view from most economists are that a normal interest rate would be in the 3 per cent to 5 per cent range in the current environment, as opposed to the current 0.5 per cent that we are seeing at the moment. That clearly presents challenges, because consumers themselves are having to deal with other challenges from an income perspective, incomes generally, job security is challenged and incomes generally have been flat or falling. So clearly there is a similar level of consumer debt, so interest rising too quickly and too high would present other problems for the economy that clearly the policymakers - and you will appreciate that Jersey has no input into interest rates - in the U.K. and elsewhere have to consider these other factors.

**Deputy M.R. Higgins:**

So banking then is sort of still in the doldrums until we see some movement in interest rates, and in terms of the new business that you say is generated from India or China or wherever, non-traditional markets, what type of business is being generated?

**The Minister for Economic Development:**

Trust and fund business. That is why key legislation is so important. The introduction of foundations has been another product, which has been used for finance industries in those particular areas. Clearly the trust model is not well-recognised in those regions, hence the need to introduce a product, a foundations product which is recognised and allows for wealth management. It is a wealth management vehicle, as you will be familiar.

**Deputy M.R. Higgins:**

How many foundations have been formed since we passed the law?

**The Minister for Economic Development:**

I have not got the exact figure off the top of my head, but there have been quite a number. Certainly when the law was first passed, there was a rush at those type of models being introduced, but we can happily get you an up-to-date figure if you would be interested in that.

**Deputy M.R. Higgins:**

Please. In terms of trust business, how are you measuring the amount of new trust business? Do you have any statistics on that at all, or is it just anecdotal?

**The Minister for Economic Development:**

Well, there are statistics available. Again, I can provide figures if you would like. Quite a lot of statistical information was given at the recent Jersey Finance presentation, which I think you attended. I am not sure if you got the ...

**Deputy M.R. Higgins:**

I did attend. I did not think there was much in the way of detail. It was more like a public relations exercise.

**The Minister for Economic Development:**

There was quite a lot of detail available in some of the handouts, but happily forward those to you to give you a breakdown of the value in employment in new entities and so on.

**Deputy M.R. Higgins:**

Other than finance then, which sectors do we see developing?

**The Deputy of St. Mary:**

Can I ask a question on finance? Do you want to ask a question on finance as well?

**The Deputy of Grouville:**

No.

**The Deputy of St. Mary:**

On the finance, moving on. You painted a picture of an uncertain future, which I think is quite correct, and you pointed out that ... or you have told us that finance industry business in the old markets has gone down 20 per cent, which is quite a lot, and then is being replaced by new markets. Does that not suggest to you that the sustainability of this industry is ... well, maybe the first question is where did that 20 per cent business go? I mean, why was there a 20 per cent drop in finance sector business from the old markets, which is what ...

**The Minister for Economic Development:**

Largely as a result of the global financial crisis there was a slowdown in activity. There was a great deal more caution in terms of wealth and wealth management. The economies in Asia, Asia Pacific at least, have not been impacted in the same way. It demonstrates to me absolutely clearly that the need for the finance sector, the finance industry, to diversify, as well as other areas of the economy. I have been saying this for some time, diversification is not just new markets, new products, new sectors, it is also diversification of existing sectors and finance is included in that. I think the 20 per cent reduction in traditional markets replaced by new markets demonstrates very clearly the foresight and need for the finance sector to diversify and to continue to diversify, not just geographically, as that describes, but also in terms of products, hence the foundations example that I used.

**Deputy M.R. Higgins:**

I would just like to follow up on a few other things to do with Jersey Enterprise. One of your functions is attracting 1(1)(k)s for the Island. Can you tell me how many 1(1)(k)s you have attracted in the last 12 months?

**Chief Executive, Economic Development:**

Nine in 2010.

**Deputy M.R. Higgins:**

So 9 in 2010.

**The Minister for Economic Development:**

I think it was 8 the year before, but that is from my memory. I may need to check that.

**Deputy M.R. Higgins:**

Did you have a particular target in mind or are you just trying to see what you can get?

**Chief Executive, Economic Development:**

I think we do not set a numerical target, because it is very much related to the market itself.

[11:30]

But since we have put dedicated resource into managing the whole 1(1)(k) market, which is an interesting set up, because it is that resource is funded by E.D.D. (Economic Development Department) because you know 1(1)(k) is a housing allocation, and it obviously has to be signed up with the Treasury in terms of the tax calculation, but since we have put that resource in place, which is really about an account management, a relationship management resource, we have been running at between 6 and 10 new 1(1)(k)s per annum since - and sometimes a little bit higher than that - and we aim to try and keep it at that level or above, because they are material contributors. I mean, over the course of the last - and this is registered with the Royal Court - 4 or 5 weeks, there have been tens of millions of property transactions, all of which are attracting stamp duty as a result of 1(1)(k) purchases in addition to the tax contribution that they are making. So we believe that the Jersey offering is still a good offering in that marketplace. There have been some changes made to it recently by the Treasury and the Minister for Housing and we continue to promote. What we are seeing increasingly is that people coming to the Island as 1(1)(k)s are bringing businesses with them and are providing local employment and actual local tax yield over and above their contribution as 1(1)(k).

**The Deputy of Grouville:**

Local businesses or foreign-owned businesses?

**Chief Executive, Economic Development:**

Well, they are providing ... they may be foreign-owned businesses, they may not be Jersey-owned business, but they are providing employment for local people.

**The Minister for Economic Development:**

Interestingly enough - sorry to interrupt, Deputy - but I was mentioning I was at this Business Angels event last week, where there were 3 local businesses and 3 U.K. businesses pitching for funding from Business Angels and there were in the room 2 1(1)(k)s, local wealthy individuals looking to invest and invest in local businesses. So you can see some of the below the radar activities that they get involved in, which are not always identified when you look just purely at the headline figures. The other thing I will just quickly point out, we spend just over £100,000 in attracting 1(1)(k)s to the Island, our high-value residency area in Economic Development, which we believe is probably our greatest investment and level of productivity of any activity that we undertake at the moment when you consider what we get for that particular investment.

**The Deputy of St. Mary:**

Has any formal study been done into the downside of attracting 1(1)(k)s to the Island, because I ... well, I will not say why, I will just ask the question: has any study been done into any possible downsides, enumerating the downsides and fleshing them out a bit and just looking at the issue objectively like that?

**The Minister for Economic Development:**

There is no clear downsides to attracting 1(1)(k)s to Jersey. Currently, historically some might argue that some of the 1(1)(k)s in previous periods are not still contributing at the level that was originally agreed, and in that respect, are not as valuable to the Island, but certainly in the current regime as it is operated, we believe the attraction of 1(1)(k) is to the Jersey economy - and community, I might say,

because the other level of contribution which is significant is through community events and charities and so on - but overall, it is believed to be significantly advantageous for the Island to attract such individuals.

**The Deputy of St. Mary:**

With respect, Minister, you have listed the benefits of 1(1)(k)s, which is fine, and you have listed 3 or 4 now benefits of 1(1)(k)s. My question was has there been a formal evaluation of possible downsides and your reply was: "There are no clear downsides." How do you know that if there has not been any evaluation?

**The Minister for Economic Development:**

Well, there is no assessment that there has been any downsides to 1(1)(k). Has there been a study carried out? I am not aware of one, if that answers your question.

**The Deputy of St. Mary:**

Well, the follow up now, I quite clearly remember a debate in the States about a year ago when the question of 1(1)(k)s came up, and I think it was in the context of housing, and there was a promise, a pledge, given by the Assistant Minister for Treasury and Resources that there would be a cost benefit analysis carried out, because there were clear concerns among Members of 1(1)(k)s. I have not seen it and I am waiting for it, and I just wonder where it went.

**Chief Executive, Economic Development:**

I am sorry, I am not sure that that was the case, but there has been a review undertaken of the 1(1)(k) regime, and that has resulted in the changes to the regime that the Minister for Treasury announced in his budget speech, and I believe that ... I am not sure whether the review itself was published by Treasury and Resources, but it certainly has been undertaken and certainly informed the decision to change the threshold on the 1(1)(k) tax yield.

**Deputy M.R. Higgins:**

Let us just move on to ... can I ask about enterprise grants? What is the level of grants that you have

given out in the last 12 months?

**Deputy Chief Executive, Economic Development:**

When you say enterprise grants, there are a number of different grant schemes in the enterprise grant scheme itself.

**Deputy M.R. Higgins:**

Can you elaborate on them quickly? What are the different types of enterprise grants?

**Deputy Chief Executive, Economic Development:**

We have the J.E.D.I. (Jersey Export Developments Initiative) Scheme, which is the Export Developments Initiative, where companies can have support to go overseas markets, to visit trade shows, to meet potential customers. That one has a limit of £10,000 and they can apply on a diminishing basis, so that the first time they apply, they can have 50 per cent, the second time they get 40 per cent and 30 per cent the third time, with an overall limit of £10,000.

**The Deputy of Grouville:**

The J.E.D.I. costs £109,000?

**Deputy Chief Executive, Economic Development:**

That sounds about the right sort of ... yes, yes.

**The Deputy of Grouville:**

For £10,000 worth of grant?

**Deputy Chief Executive, Economic Development:**

But very few companies take the full £10,000. They take what they need. It is still on an individual application basis. Each application is assessed separately and they have to feed back information regarding the business they have done from previous grants from that particular scheme. The other scheme we have is the Innovation Initiative Scheme, where companies who are creating new

products and new services can again have financial support towards development of those products and services.

**Deputy M.R. Higgins:**

Do you have limits on that in terms of how much they get?

**Deputy Chief Executive, Economic Development:**

That one I think from memory has an upper limit of £5,000.

**Deputy M.R. Higgins:**

How much of a take-up have you had on that?

**Deputy Chief Executive, Economic Development:**

That one, I think the budget last year was £50,000, so probably ...

**Deputy M.R. Higgins:**

Did you utilise the full budget?

**Deputy Chief Executive, Economic Development:**

I think we were fairly close to the limit last year, yes. In fact, we have increased the limit this year to £150,000, because it is an area we want to encourage.

**Deputy M.R. Higgins:**

Can you give us an example of the type of new initiatives or new innovative products that have been generated?

**Deputy Chief Executive, Economic Development:**

Well, a company last year came to us with an idea to create a special oven to create curry products.

**Deputy M.R. Higgins:**

To create what, sorry?

**Deputy Chief Executive, Economic Development:**

Curry products, Indian foods, and that has been an engineering type product. There are a number of different grants given for different types of services, particularly in the areas of online retail, eCommerce activity.

**Deputy M.R. Higgins:**

So they are the only 2 types of different kinds of grant?

**Deputy Chief Executive, Economic Development:**

We then had the scheme that we mentioned earlier, where we have the business coaches and mentoring scheme, where we have subsidised the cost of going to professional advice, so that can be anything from H.R. through to tax, through to accountancy and other areas of professional expertise.

**Deputy M.R. Higgins:**

How about export grants?

**Deputy Chief Executive, Economic Development:**

We have already covered export grants, that is J.E.D.I.

**Deputy M.R. Higgins:**

Oh, that was J.E.D.I.? Sorry.

**The Deputy of Grouville:**

Can I ask something about ... it was to do with diversifying the economy. I think it was in 2004 when I was working on the cultural strategy, you said that what this Island needs is a creative industry strategy.

**Chief Executive, Economic Development:**

It must have been after 2005, Deputy Labey, because I was still in Wales in 2004, although I probably did say it in my interview, I think.

**The Deputy of Grouville:**

It was around about then, sorry, if it was 2005 or 2004.

**Chief Executive, Economic Development:**

Creative industries, yes.

**The Deputy of Grouville:**

I know it was quite a while ago. Creative industry strategy: has that ever got off the ground or is it going to?

**Chief Executive, Economic Development:**

I mean, perhaps Andrew can talk about Creative Jersey, but we can talk to you about some of the things that we are working on at the moment in a minute.

**Deputy Chief Executive, Economic Development:**

Certainly in 2008, 2009, Jersey Enterprise supported Creative Jersey, which was the umbrella body supposed to be set up by the creative industry to help promote Jersey and its creative industries, both on-Island and off-Island. So from memory, the grant funding was in the region of about £30,000.

**Deputy M.R. Higgins:**

What did they do?

**Deputy Chief Executive, Economic Development:**

They held a number of workshops and seminars on the Island. I believe they went overseas on one occasion to promote themselves and Jersey as a creative destination.

**Deputy M.R. Higgins:**

I assume it died after that, did it?

**Deputy Chief Executive, Economic Development:**

At the moment, certainly I think it is now inactive, yes.

**The Deputy of Grouville:**

Did you work with Education on that?

**Deputy Chief Executive, Economic Development:**

Certainly I have met with Rod McLoughlin and others in Education on a number of occasions, yes.

**The Deputy of Grouville:**

So as far as the creative industry strategy, that has not happened yet, and would now not be the ideal time to start promoting that sort of thing?

**Chief Executive, Economic Development:**

I am not sure what the rationale is behind now being the ideal time, but the point is that we are ... when a good business opportunity in the creative industries is presented to us - we are actively working on 2 at the moment, I think - you know, we spend a lot of time and effort evaluating them and looking at whether or not they merit investment, and some of them, the requirement for investment is very, very significant, I mean well into 6 figures, and that demands a lot of attention from us. These are getting a lot of attention from us at the moment, and I think it is for us the creative industry sector ... sorry, the way the creative industry sector will have a major impact on the economic wellbeing of the Island is probably through the type of fairly significant projects we are looking at that would have the benefit of being created in the Island, but also have the benefit of when they hit the market, very actively presenting the Island in a very positive way, and that is what we are working on at the moment, for instance. We have some film proposals that are being actively evaluated at the moment.

**The Deputy of Grouville:**

Yes. I am not just talking about helping businesses, because that would definitely come under enterprise, helping businesses that come to you. I am talking of sort of creating the right environment to give artists a break, sort of ... what examples can I give? Shop space, just space for creative industries, tax breaks, that sort of thing.

**Deputy Chief Executive, Economic Development:**

But in February this year, we advertised a post for a media and broadcast project manager, and when I came back from leave this morning, there were 5 applications on my desk. Part of that role is about working with the media sector, eCommerce sector and the eGaming sector, to put together a fundamental strategy going forward for those particular areas. So that will be a post that sits within the policy and regulatory team.

**The Deputy of St. Mary:**

What I am not picking up is an overall feel for developing ... you know, the creative industry is a big industry in the U.K., it is one of the major earners, and because the U.K. has a reputation and we are linked to the U.K., and you can see it, you can feel it in Jersey, that there is that potential. So I am just wondering, where is the scoping, where is the overall picture?

**Chief Executive, Economic Development:**

When you say it is a big industry in the UK, what elements comprise the “big” in your view, because I think what comprises ...

**The Deputy of St. Mary:**

Fashion, music, art, drama ...

**The Deputy of Grouville:**

Yes, it is worth billions and I think it doubled in the last decade.

**The Deputy of St. Mary:**

... the fact that people go to London to see the shows, it is just massive, absolutely massive, and I

have also read things that show that every element of it supports every other element. So the little person in their garret sort of throwing paint at the wall is part of the whole set-up, because they might become the next Tracey Emin. G.B. (Great Britain) is the big creative mecca and Berlin is kind of up there, but it is a big industry and I am just wondering, why is Jersey not looking at this to get part of the pie?

**Chief Executive, Economic Development:**

But are you assuming that there is no activity of that nature in Jersey as we speak?

**The Deputy of St. Mary:**

No, I am just looking at how do we make this shape or what role does ... I mean, maybe you looked at it very carefully and thought: "Well, the Government does not need to go there" but you are pushing I.P. (Intellectual Property), you are pushing gambling, which is all nice and fine - no, that sounds funny on the tape - but in a sense, I would rather Jersey went into this niche.

**Chief Executive, Economic Development:**

Yes, but the reason that we are pushing intellectual property, and particularly one of the first reasons that we ... one of the reasons we put unregistered rights, which is copyright, at the head of the intellectual property legislation was because that facilitates the protection of creative content in the Island and that is one of the reasons that we do it. Is there any barrier to anybody in the creative industries coming and seeking support for their business from Jersey Enterprise or the broader E.D.D. will know, there is not, and it is all ...

**The Deputy of Grouville:**

No, but that is not quite the same as a strategy whereby you have got sort of a vision of how we would like Jersey to look as far as the creative industries go. It is not quite the same as someone coming off the street and saying: "Can you help me with it" is it?

**Chief Executive, Economic Development:**

No.

**The Deputy of Grouville:**

I mean, the bottom line is have we got a creative industry strategy? No. Are there any plans for one? Because you told me in 2005, whenever it was, that is what Jersey needed.

**Chief Executive, Economic Development:**

Yes, I think it is ... and from a creative industry perspective as a whole, it probably is what Jersey needs. Is it on the list of things that we are going to do in the short term within E.D.D.? Certainly not, because we do not believe it is a dedicated E.D.D. role.

[11:45]

**The Deputy of Grouville:**

Well, it might not be dedicated E.D.D., but ...

**Chief Executive, Economic Development:**

But the lead, I would have thought, should come from the Department of Education, Sport and Culture.

**The Deputy of Grouville:**

Should it? There is debate to be had about that, is there not?

**The Deputy of St. Mary:**

Put it another way, will there be a paragraph on the possibilities around ... what is it called?

**Assistant Director, Performance and Operations, Economic Development:**

Economic cultural strategy.

**The Deputy of St. Mary:**

Yes, cultural strategy, yes.

**The Minister for Economic Development:**

Creative industry strategy.

**The Deputy of St. Mary:**

Creative industry strategy, thank you, in the Green Paper?

**Chief Executive, Economic Development:**

There is a very extensive section in the Green Paper about economic diversification that would certainly not rule out the development of creative industry.

**The Deputy of St. Mary:**

Does it have a paragraph highlighting the potential in this area and using comparative data from other jurisdictions?

**Chief Executive, Economic Development:**

No, not the current draft.

**The Deputy of St. Mary:**

But it might do in the future?

**Chief Executive, Economic Development:**

It may very well in the future.

**The Deputy of Grouville:**

I think the bottom line is no.

**Deputy M.R. Higgins:**

Just going back slightly, because I got ahead of myself, and we were talking about the current state of the economy and we talked about finance. Can you just take us through the other sectors of the

economy, for example, tourism or agriculture or what else? Where do you see the growth coming from? Now, you mentioned earlier, for example, that economic growth in agriculture, yes, but it is starting from a very small base, significant in absolute terms. Tourism again, you know, where are you going in terms of the tourism and the agriculture and the other sectors, non-finance sectors in the economy?

**The Minister for Economic Development:**

Well, the ability to sustain and grow the economy includes the traditional industries, which are clearly agriculture and tourism. As far as we are concerned, they are important industries. I think the piece of work that was carried out on the rural strategy, of which your sub-panel did an excellent piece of work, we have adopted 28 of the 29 recommendations that the panel came up with.

**The Deputy of Grouville:**

Oh, that is good. We will come on to that.

**The Deputy of St. Mary:**

We shall be asking you questions on these later ones.

**The Minister for Economic Development:**

Oh, right. Well, we will not delve any further.

**The Deputy of St. Mary:**

All 28, and see how you are getting on.

**The Minister for Economic Development:**

Nevertheless, that was a very positive point and the diversification of the rural economy is important, as it is in all sectors. Tourism, in terms of performance at the moment, it is well-documented that agriculture has performed very well. There was an increase of, I think it was, 5 per cent G.V.A. (Gross Value Added) in the last published figures.

**Deputy M.R. Higgins:**

But 5 per cent is a very low figure, so ...

**The Minister for Economic Development:**

Indeed, but nevertheless, it is indicative of growth where that is not evident elsewhere, so ...

**Deputy M.R. Higgins:**

No, I am not knocking the fact it is growing. I like that, but what I am saying ...

**The Minister for Economic Development:**

So it is encouraging.

**Deputy M.R. Higgins:**

... is in terms of the overall, with most of our economy concentrating on finance, we are looking at these other sectors, so let us carry on.

**The Minister for Economic Development:**

Yes, and that is why it is important to make the traditional sectors as productive as we possibly can and I think that is beginning to be evident within agriculture. As far as tourism is concerned, they are, as an industry ... from a statistical point of view, the figures were quite encouraging last year. I do not think we can lull ourselves into a false sense of security by the fact that the figures were relatively good in terms of staying leisure visitors in a difficult market. The fact is that yields have been under considerable pressure and that is a competitive matter. Europe and the UK in particular, with the recession that is unfolding at the moment, are - particularly hotels - cutting their margins significantly and the Jersey hoteliers have had to respond accordingly, and therefore margins have been cut and profitability. So although they are capturing the numbers of individuals that are coming to stay in the Island, the profitability, for example, for hotels has been curtailed. We continue to work with the industry. We have set up, as you well aware, the Tourism Marketing Panel to help advise. We have put additional into private sector expertise, helping to advise on ways in which we can bolster and attract visitors to the Island and we continue to work with the industry in order to

sustain the tourism sector, which clearly has value to the local economy and there is no doubt in these difficult times that the small businesses that make up the vast majority of our in-Island tourism sector are the ones that need as much support as they can possible get.

**Deputy M.R. Higgins:**

And the other sectors?

**The Minister for Economic Development:**

There are new areas that you are familiar with. I think the Deputy Wimberley said we were pushing I.P. and eGaming. It was not so much pushing; we are trying to remove barriers to allow the private sector to grow. We can see clearly that there is a lot of opportunity on the creative side that Deputy Labey was referring to; protection of creative works through unregistered rights is clearly very important and we will continue to move forwards in that area. Protection and development of an eCommerce strategy, which includes, clearly, what has been a very profitable fulfilment industry with about 1,000 jobs currently in that area. That is another area that we continue to work hard to assist with the challenges that we are facing at the moment.

**The Deputy of Grouville:**

I was going to say, are you concerned at all about the history?

**The Minister for Economic Development:**

Of course we are concerned. We have had, over the last few years, continual dialogue with H.M. Treasury about preserves with regard to the L.V.C.R. (Low Value Consignment Relief) ...

**The Deputy of Grouville:**

In recent events, with the U.K. looking at legislation?

**The Minister for Economic Development:**

The Low Value Consignment Relief? Yes, we have had ongoing discussions with Treasury in this area.

**Chief Executive, Economic Development:**

U.K. Treasury?

**The Minister for Economic Development:**

U.K. Treasury, yes. I think first of all it needs to be made clear that this Low Value Consignment Relief is an issue that Jersey has been exploiting outside of the law. This is driven by an E.U. (European Union) directive from the early 1980s. Clearly there is some pressure within the U.K. with the tax position at the moment, in particular Small Business Federation are particularly vocal about the matter. But they need to focus their considerations on the fact that the DVD and CD market of which it takes the vast bulk, if you like. In reality, the large U.K. supermarket groups are selling DVDs and CDs at a price lower than those that are being sold out of the Channel Islands. There are many complexities to this matter, but clearly it does concern us and we will continue to have dialogue with the U.K. Treasury and the U.K. Government.

**Assistant Minister for Economic Development:**

Even technology is changing for those as well. I mean, technology is going to be ... people can be downloading things and that sort of thing in the future, so. There is a concern out there and those people in those current environments, like the large multiple retailers, their model is going to change completely.

**The Deputy of St. Mary:**

Can I ask about the detail of that? You said that we were not really exploiting Jersey ... you said Jersey is not exploiting anything outside the law. Yet, my understanding was the original L.V.C.R. was linked to agricultural produce. It was like the concession to allow Jersey and Guernsey to export into the U.K. This whole business of CDs and DVDs has been built on to that concession, which was for another purpose.

**Chief Executive, Economic Development:**

The E.U. directive is designed to make sure there is not an overly onerous administrative burden on

the collection of V.A.T. (Value Added Tax), which is where the level is set at £18 currently, which is about 20 euros. So, any goods from any non-E.U. country can be imported into the U.K., for instance, and set its limit at about £18 without that being levied; simply because to collect that V.A.T. would be very, very onerous. Now, as the Minister has said, there has been quite a lot of significant lobbying on behalf of the independent retail sector in the U.K. I think it is worth noting that still in the U.K. market only 15 per cent of total sales are online, for CDs and DVDs for instance. The majority of sales are still in the physical market. But it is declining and it is declining very quickly. The Minister referred to HMV. HMV now have terminals in their stores whereby rather than pick up a physical off the shelf, you can go into the store, order it, pay for it and have it delivered to your house. That is fulfilled out of Guernsey, not out of Jersey. So that market is changing tremendously. As the Minister has said, we have been in dialogue now for probably 5 or 6 years and we announced the new fulfilment policy in February 2006, which very much constrained the activity of this sector in the Island, so that people were not abusing Low Value Consignment Relief, it was legitimate business. Is it likely that the Chancellor will make an announcement related to Low Value Consignment Relief in the budget on Wednesday? Yes, we believe it is. But what that announcement will be, whether it be a small change or a radical change, we literally will not know until he stands up. We got together on Friday with 21 of the fulfilment operators and postal operators and obviously the amount of impact it will have is dependent upon how radical the changes. I think that the consensus view is that it is a modest initial change. Then the industry will look at how it can cope with that and can continue to flourish. Because our position with the Treasury has been very clear since day one. These are legitimate businesses. They are run as Jersey-owned businesses. They own the customer and the stock. They are doing nothing which is outside the law. The same could happen from any other jurisdiction. It is happening from China, Switzerland and indeed from the U.S.A. (United States of America) into the U.K. right now.

**The Minister for Economic Development:**

Just to point out that I think it is 80 per cent of the CD/DVD market in the U.K. is captured by the big 4 U.K. supermarkets.

**Deputy M.R. Higgins:**

Moving on, I would like to look at, again this is support of the firms, we have a loan guarantee scheme. How much money are you guaranteeing the firms?

**Deputy Chief Executive, Economic Development:**

There is an upper limit of £250,000.

**Deputy M.R. Higgins:**

£250,000?

**Deputy Chief Executive, Economic Development:**

Yes.

**Deputy M.R. Higgins:**

What budget do you have for that?

**Deputy Chief Executive, Economic Development:**

Because it is a guarantee scheme we do not have a budget.

**Deputy M.R. Higgins:**

You do not have a budget. You are just saying you guarantee up to a certain sum? You must have a figure in the accounts that you have set aside, a potential guarantee sum?

**Deputy Chief Executive, Economic Development:**

What we do is we guarantee 75 per cent of the loan. So, I think we have only one very significant loan. In the past, pre-G.A.A.P. (Generally Accepted Accounting Principles, we made provision for that by effectively a charge on our budget every year. That number was ... that was effectively a war chest, it was accumulating. Post-G.A.A.P., we are not allowed to do that. So what we do have is a reserve at the moment ... is we charge a premium of 2 per cent on the loan interest and that is used ... that is accumulated to deal with any liabilities that would arise. To date, touch wood, none of the limited number of investments that we have supported have required us to pay back.

**Deputy M.R. Higgins:**

How many loans guarantees have you give over the last 12 months?

**Deputy Chief Executive, Economic Development:**

Last 12 months? Just one.

**Deputy M.R. Higgins:**

One. Is this the large one you were just talking about?

**Deputy Chief Executive, Economic Development:**

No, it is not; no.

**Deputy M.R. Higgins:**

Can you give us an idea of the large one, what sector that one is?

**Deputy Chief Executive, Economic Development:**

At the moment we have one large one in the health care sector. It is a nursing home. We have one which is in the electronics sector. We have one which is in the animal care sector. Those are 3 examples ...

**The Deputy of St. Mary:**

Presumably the liabilities figure in the Minister for Treasury and Resources' 6 monthly report on liabilities in the capital ... he does a report, sort of supplementary report, and these liabilities are written out. I would have thought they would, because they are States' liabilities.

**Chief Executive, Economic Development:**

Off the top of my head, I cannot remember exactly how they are featured, but as I said, the monies that are accumulated from the interest rate premium of what is nominally there to offset any failure in the graph.

**The Deputy of St. Mary:**

It would not cut the grid?

**Chief Executive, Economic Development:**

That assumes that all the graphs fail at ...

**The Deputy of St. Mary:**

No, no, even if one did ... even if the 25,000 did, it would require value of 2 per cent.

**Chief Executive, Economic Development:**

No, no. In that case we would have to supplement that from existing budget.

**Deputy M.R. Higgins:**

Okay. Moving on to Skills Executive and your role in that; I was looking at the figures you have here about the number of apprenticeships and so on. We have a large number of people who are employed at the present time. A number of them are at Highlands or Advance to Work, whatever. What else are you doing, because there is certainly maybe half the people who do not appear to have anything to assist them with? Can you tell us what you are doing to help these people who are unemployed and to make sure that they will have the skills to get future employment?

**The Minister for Economic Development:**

The Advance to Work scheme, first of all should be identified as one that has been very successful.

**Deputy M.R. Higgins:**

It has only helped a certain number though when we look at the figures.

**The Minister for Economic Development:**

Yes, it has. But it still has got to a very important area. I think as far as the extra funding that has gone into Advance to Work, it should be just noted that it is extremely important that we continue

the programme on. Clearly the pressure is that we are seeing the economy, particularly from the employment point of view, are going to be felt certainly through the remainder of 2011. The extension of this scheme is September 2012. It is important. There is a clear recognition that young people are a high percentage of those that are unemployed and therefore most of the initiatives, like Advance to Work and apprenticeship schemes and so on are targeted at trying to get these young people into work.

[12:00]

Looking forward, I think we need to continue to ensure that the emphasis is on, not just the young people, but also those who seek to find work or re-employment that have appropriate training opportunities and get past the 3 month period. Once you get past 3 months it is proving to be increasingly difficult to get individuals back into the workplace. We have something like 270 companies currently who take placements. We are trying to expand that. Bearing in mind that thousands of companies exist in the Island, we would hope that more employers would be encouraged to take placements.

**The Deputy of Grouville:**

Senator Routier would probably be best able to answer this one. What has happened to the 5 year rule?

**Assistant Minister for Economic Development:**

In what way?

**The Deputy of Grouville:**

With regard to employing people.

**Assistant Minister for Economic Development:**

That still exists. Companies that want to employ people are given a quota of how many people, non-locally qualified people, and that is the 5 year section. It depends on the type of business to the

number they would be allocated.

**The Deputy of Grouville:**

So if you were to walk into a bank now, you would not expect to find anyone employed in the bank that has not been here for 5 years?

**Assistant Minister for Economic Development:**

It is quite possible, yes.

**Deputy J.M. Maçon:**

Unless they are being ...?

**Assistant the Minister for Economic Development:**

No. All businesses, depending on the licence they have been allocated, have a 3 year licence. Some will be allocated some non-locally qualified people.

**The Deputy of Grouville:**

Just for the purposes of the tape, because I sit on the Migration Scrutiny; there is a quota for below the 5 year rule on these licences, is there?

**Assistant Minister for Economic Development:**

Every business is treated differently. I mean, they come to us with a business plan and their requirements for what their staffing levels are. There is a 3 year licence put in place. A judgment will be made about how many locally qualified and how many non-locally qualified people.

**The Deputy of Grouville:**

The non-locally qualified, they still have to be here over 5 years?

**Assistant Minister for Economic Development:**

No, under 5 years.

**The Deputy of Grouville:**

So they are allocated a quota, whereby they can literally employ somebody who has arrived yesterday, as long as it is within their quota?

**Assistant Minister for Economic Development:**

If it is within their quota, yes.

**The Deputy of Grouville:**

Right. In these economic times, what is being done to address that situation? So that local people, coming out of school, have opportunities in the banks and local companies.

**Assistant Minister for Economic Development:**

Quite a lot. In recent times when we have been looking at licence reviews, we have been pulling back on non-locally qualified opportunities within businesses. We know that there is a need to make sure that people who are already here in the community are finding jobs. So, every time that we look at a review of a licence we look at it very carefully and try and ensure that the number of non-locally qualified that they are asking for is not excessive.

**Deputy M.R. Higgins:**

Again, how often do you change those? Because if you just say: "Okay, you can have 10 per cent of your employees who have been here less than 5 years." They are not going to look necessarily at the local jobs market and the people who are there or the kids coming out of school and say: "Okay, we do not need to employ them. We will take this person instead, who has just come in." How are you getting who they are employing? Is it just a block thing saying: "Okay, for the next year you can have 10 per cent of your employees"?

**Assistant Minister for Economic Development:**

It is done on an individual basis. Every business, as I said earlier, will make a request for a certain number of locally qualified and non-locally qualified. It is a 3-year licence. That is what the current

situation is. The new legislation is going to be totally different. It will be able to be reviewed at any stage. But the current legislation has allocated 3-year licences. Every time one of those licences come up, we are looking at them very, very closely and swinging back to try and control the number of non-locally qualified ...

**Deputy M.R. Higgins:**

How do you determine right now? What sort of monitoring are you doing to make sure that they are ... I am not saying they have to employ every local employee, because they may not have the skills or whatever, but the point is how are you ensuring that they are looking at the local labour market?

**Assistant Minister for Economic Development:**

When the manpower returns are carried out, they have to be within their licence.

**Deputy M.R. Higgins:**

But within the quota. If you leave them a 10 per cent quota ...

**Assistant Minister for Economic Development:**

It is not a 10 per cent quota. It varies from business to business.

**Chief Executive, Economic Development:**

I think the best way to put this, for example a company with 100 employees up to 12 could be non-locally qualified. Up to. That does not mean that they will be non-locally qualified. They could very well employ 100 locally qualified. It is a lot easier to employ locally qualified people, because there is less cost associated with it than with non-locally qualified people. I think R.U.D. (Regulation of Undertakings and Development) does not operate with a quota system, but it does operate based on their business plan. Indeed, in order for the Migration Advisory Groups, which Senator Routier sits on, to give anybody a non-locally qualified licence they have to demonstrate that they have tested the locally qualified market and had not been able to fulfil the positions.

**The Deputy of Grouville:**

Okay. With X amount unemployed over here and these businesses still requiring or asking for a non-qualified quota, then there is obviously a disconnect somewhere, is there not?

**Chief Executive, Economic Development:**

There are hardly any businesses now asking for non-locally qualified. I will give you a very good example ...

**The Deputy of Grouville:**

So the licences are being renewed at zero?

**Chief Executive, Economic Development:**

No. Depending on the business. For instance, if it was an agricultural business for picking potatoes, they would no doubt get a certain number of non-locally qualified people. If it was for a retailer the number would be hardly any non-locally qualified now. They will get some, but depending on the size of the business. If it is a small business, they would get none. If it was perhaps a very large business they may have a certain amount of non-locally qualified.

**The Deputy of St. Mary:**

Why? Just explain? Go through the process. Why?

**The Deputy of Grouville:**

Yes. Why?

**The Deputy of St. Mary:**

Which end? I do not get it. Which end of the business?

**Assistant Minister for Economic Development:**

They will have had some schools that ... firstly, when any decision is made, we always speak to Social Security about the availability of the schools or the people who are currently unemployed.

When that feedback is given from the Social Security Department about the availability of certain skills, we then make a judgment about if we need to give a licence for non-locally qualified people.

**The Deputy of St. Mary:**

Is anyone monitoring those requests for skills?

**Assistant Minister for Economic Development:**

Yes.

**The Deputy of St. Mary:**

So, there is a little table and you, we are up to 3, 4, 5 now who need those skills. What about bearing down on Skills Executive, firing off a memo to the Advance to Work people, making sure you fill those ... you know, get those skills locally available. I know it is not quite as easy as that.

**Chief Executive, Economic Development:**

You talk about it as if you flick a switch.

**The Deputy of St. Mary:**

Exactly. I was saying, you do not.

**Chief Executive, Economic Development:**

That is exactly what the Skills Executive do not, because it has been very clear in its work to assess the likely demand on a sector by sector basis.

**Deputy Chief Executive, Economic Development:**

That is what the Advance to Work programme is. Advance is about sector based. So they have done 2 lots of retail now. They have done one lot of business administration.

**The Deputy of St. Mary:**

You are feeding in this information directly, requests for non-locally qualified people?

**Deputy Chief Executive, Economic Development:**

Yes.

**The Deputy of St. Mary:**

It is straight into this process, is it?

**Assistant Minister for Economic Development:**

Yes. We also have the assistance of the Minister for Social Security who sits with us when we are making these decisions.

**Deputy M.R. Higgins:**

Who makes the decision, the Minister for Social Security and who else?

**Assistant Minister for Economic Development:**

The Migration Advisory Group sits ... talking to me today here, as part of the Economic Development team, I do not have that position when I am on the Migration Advisory Group. I am representing the Assistant Chief Minister. There is the Minister for Housing, who has input into it and also Constable Norman, who is the Assistant Minister for Economic Development. So there are the 3 who take a view on that. But assisting us at the same time is the Assistant Minister for Social Security, who sits with us. I have to say she is very demanding in her requests that local people are given ...

**Chief Executive, Economic Development:**

I think it is fair to say, Minister, that the majority of applications that come in for non-locally qualified positions the recommendation is to refuse.

**Assistant Minister for Economic Development:**

Yes.

**The Deputy of Grouville:**

Good.

**Chief Executive, Economic Development:**

That if anything ... I think it is probably worth saying this, even more ...

**Assistant Minister for Economic Development:**

It has got a lot tighter over the last few years. We have to recognise we are coming from a position whereby the economy has changed and there are more local people unemployed now. Gradually we are tightening and tightening and tightening as we go along. But in the past it was accepted that we needed non-locally qualified people in our community.

**The Minister for Economic Development:**

But to be fair there are certain sectors that, even in the current climate with high levels of unemployment compared to our norm, who find it difficult to recruit locally. We have to recognise that as well. That is factored into all the decisions that are made. But it is more difficult for companies to recruit non-locally qualified people, as you would expect. But there are sectors that still struggle to find local people.

**The Deputy of St. Mary:**

Can you tell us which sectors those are, because clearly there is a mismatch there, which Deputy Labey referred to.

**Assistant Director, Performance and Operations, Economic Development:**

Tourism is probably top of that list. We had a meeting last week with representatives from Tourism, Highlands College, Jersey Hospitality Association and other. They are finding it extremely difficult. You will have seen the headline in the paper where Jersey Pottery are making a substantial effort to recruit local people into local business and are finding it extremely difficult.

**Deputy J.M. Maçon:**

Is that because of a skills gap or is that simply because of ...

**Assistant Director, Performance and Operations, Economic Development:**

I would probably suggest a wage pay. It is a little bit of a skills gap, but it is also ... Highlands College has gone from single digit figures in the catering area 4 years ago to having surpassed the 100 mark of late. People are definitely coming into the skills, aided in large part by some of the television programmes about, some of the media type chefs, and aided by the significant increase and success of our own local chefs in our own local businesses. But it is back to the hours. A lot of ... when we spoke of one of the very large operators who said as soon as people came for interviews, they wanted to work Mondays to Friday, 9.00 a.m. to 5.00 p.m. Now the hospitality industry, as you well know, does not work on a Monday to Friday, 9.00 a.m. to 5.00 p.m. basis. They tried to get receptionists and front of house staff. They could not find one single local person. Something that the Minister mentioned earlier, they want to employ local, because it works out. They do not have a housing problem to deal with. These people can go to their own homes afterwards and have the ...

**The Deputy of Grouville:**

This goes back to ...

**The Deputy of St. Mary:**

And they know the Island, which helps.

**Assistant Director, Performance and Operations, Economic Development:**

They know the Island and they speak the language.

**The Deputy of Grouville:**

This goes back to the disconnect. The disconnect can be as much the attitude of the people looking for the job as much as it is the skills shortage ...

**Assistant Director, Performance and Operations, Economic Development:**

As the Chief Executive said, it is not as easy as flicking a switch.

**The Deputy of Grouville:**

No.

**Assistant Director, Performance and Operations, Economic Development:**

I mean it would be lovely if we could go and take 100 people from the list and put them into the retail industry and take another 100 into hospitality. But there is an element of choice on both sides.

**Chief Executive, Economic Development:**

I think if you look at the Employer Survey, and I think we did the last one 3 years ago or something like that, it is not about underlying technical skills, it is about the soft skills. That is where the gap is. I guess the attitude ...

**Deputy Chief Executive, Economic Development:**

A lot is to do with motivation and work expectation.

**The Deputy of Grouville:**

So where is the education of these people?

**Deputy Chief Executive, Economic Development:**

What you are finding now is Social Security are taking a new approach towards helping these people, where they are having personal advisers who are dealing with between 15 and 20 individuals themselves. It is like having a client management system whereby they are working with them. They are trying to give them the softer skills, the motivational skills that they need to get them into employment. That is a brand new service that has just been brought in.

**The Deputy of Grouville:**

But there is not the same incentive.

**The Minister for Economic Development:**

There is an element here that is sensitive, but nevertheless is one that the skills executive is looking at. That is in relation to the high percentage of young people are out of work. Young people typically would be the ones that would go for the jobs that we have described, certainly within tourism. The benefit structure at the moment is a disincentive to young people taking these types of jobs, particularly when the hours are outside the norm and so on and so forth. There is an issue here with the benefit structure and young people ... this level of unemployment at the moment, compared to pre-the income support levels here, where far greater percentages of young people got back much quicker in work in the last recession than they appear to be doing in this recession. A bit of work needs to be done on that.

**Deputy M.R. Higgins:**

We have also identified the fact that under 25s do not getting any housing benefit. There are all sorts of issues. It is not a straightforward one by any means.

**The Minister for Economic Development:**

You are absolutely right. It is not. There are many elements.

**Assistant Director, Performance and Operations, Economic Development:**

I was just going to say, one of the reasons ... we have looked at the employers and we have looked at the employees, but in the 18 to 22 the person who carries most influence 80 per cent of the cases are the parents.

[12:15]

The parents of Jersey people in that category have great aspirations for their children and do not necessarily want them going into working in certain sectors. So, you are dealing quite often, not just educating the person in question for the opportunities available, but also working on the parents.

**The Deputy of St. Mary:**

There is a job on attitudes with the parent level, there is a job on attitudes with the young people

themselves and there is also sort of really getting away from what the Minister was saying about: “Well, it is easier to sit around on benefits.” Possibly those attitudes belong to employers as well.

**Deputy M.R. Higgins:**

Can I draw a line under that? We all accept that it is a complex issue. It is not a straightforward one. I am conscious we have 15 minutes to go. I want to make sure we cover all the other points that want mentioning. So, Carolyn, do you have a point you want to mention?

**The Deputy of Grouville:**

Yes, 2 points. I would just like to touch on the Rural Strategy, just to see how the recommendations of those are going. Also, to ask why it was decided not to take that strategy to the States.

**The Minister for Economic Development:**

On the point with regard to taking the strategy to the States; my Assistant Minister, Constable Norman, obviously led on that from an Economic Development point of view. My understanding was that in discussion with the panel it was felt that this was the most practical way forward in terms of moving on, as a broad agreement between the recommendations made by the panel and the department that the strategy would be adopted, and that later in the year there was going to be a conference which would become an annual event which would allow the industry to get fully involved in the further development of the strategy as it evolved over time.

**The Deputy of Grouville:**

I was going to ask about the conference. Are there plans afoot on that this year?

**The Deputy of St. Mary:**

How is that progressing?

**The Minister for Economic Development:**

Yes, indeed. There are plans progressing in order to have it in the latter part of the year. The question that I suppose is most problematic is the advent of the elections in October and finding a

suitable date that is not going to interfere with that particular process. Yes, discussions are continuing in order to find an appropriate date.

**The Deputy of Grouville:**

Any particular month in mind?

**The Minister for Economic Development:**

September was discussed, but again it is getting very close and the election is really the big issue. I think, in reality, if there had not been an election, it would have been in the latter part of October. That was the original intention.

**The Deputy of St. Mary:**

Have you approached the stake holders, you know, the growers, the dairy people, surely you would have pencilled in a date by now?

**The Minister for Economic Development:**

But it is not, as I was saying, just the industry. It is a question of there is an election in the way as well. Yes, the department is undertaking ongoing dialogue on this matter to try and find a suitable date. But the reality is I think it is going to be after the election, but before the new States forms.

**The Deputy of Grouville:**

The recommendations, how are they progressing?

**The Minister for Economic Development:**

I believe, as I mentioned earlier on, following the review that was undertaken by your panel, we adopted 28 and 29 recommendations. As far as I am aware, all those are being progressed.

**The Deputy of Grouville:**

I thought you agreed them all eventually.

**The Deputy of St. Mary:**

Never mind. Let us not quibble over ...[Laughter]

**The Deputy of Grouville:**

I have to quibble over the 29, because I wanted to ask a question on it and I thought you had accepted them all. It was the one about the E.U. I thought you had accepted them all after more thought.

**Chief Executive, Economic Development:**

We can get you a progress report, but I think one thing that is important to say is that the 2012 budget, the rural economy element of that. It is wholly consistent with delivering everything that is in the rural economy structure so there is nothing ...

**The Deputy of Grouville:**

Yes, but there was a job of work to be done on the E.U. and the only reason why I was going to ask that is I was going to ask how that particular point was going, because one of the people that came to speak to us had huge amounts of knowledge about this particular issue. He had done a thesis on it and it would be an awful shame not to tap into that knowledge about the issue. At that point, I had thought you did, and it was the one that you were speaking on but ...

**The Deputy of St. Mary:**

So maybe one or 2 specifics just to sort of open them out now and then a progress report, as you said. If you take into account the need to encourage food security, which I think you accept, how is support going for Genuine Jersey and have you given consideration to some way of manipulating G.S.T. (Goods and Services Tax) on imported food as against locally grown food, both of which are in our findings? Not necessarily our recommendations, I am not sure.

**Chief Executive, Economic Development:**

Well as far as Genuine Jersey is concerned, one of the biggest, I think, changes in this factor was the initial document had a tailing off in terms of States support for Genuine Jersey. That was amended

and I think that has now been maintained, if not grown. So that is Genuine Jersey. What was behind that, you know this probably as well as I do, was the fact that if there is any brand we have got, Genuine Jersey has probably got the greatest potential over and above where it is today. I think the issue was whether or not the members of Genuine Jersey should bear more of the load of funding. That was the view that was initially taken. There was a lot of discussion around it and it was amended. We have moved on and we have got a very good outcome. I think on the second item, well ...

**The Minister for Economic Development:**

I think I probably better answer that one.

**Chief Executive, Economic Development:**

Yes, you better.

**The Minister for Economic Development:**

I am not entirely sure what the Deputy means by “manipulating”. Clearly, there are no exemptions to food as far as G.S.T. is concerned. I accept the sensitivities about locally grown versus imported foods. There is quite a lot of work that is undertaken with local suppliers, supermarkets in particular, and I am very pleased and I hope you have picked and noticed already the percentage of locally grown produce that is being displayed and promoted by Waitrose as the new entrant to the market (I would recommend it). They have made some effort to highlight local produce and it is something that we feel very strongly about. We will continue to encourage local supermarkets to do that. The Co-op has been very good in the past and most local supermarkets do do that. I made a comment in the Jersey Enterprise Awards about Muller yoghurts that you might have picked up on, encouragement to use local yoghurt as opposed to Muller yoghurt. That was a point that I made.

**The Deputy of St. Mary:**

Can I say there is a big point here about incentivising the consumer to buy local and I have just thought of 3 agendas here.

**The Minister for Economic Development:**

You are absolutely right.

**The Deputy of St. Mary:**

It is the health agenda because it was a fresh carrot as opposed to a tinned carrot. There is a big difference. The second thing is it hits the food miles agenda in carbon and, thirdly, it hits the economic agenda in supporting what we are going to do. So please, can we have a serious look at the tax structure and how it could help local growers?

**The Minister for Economic Development:**

Think twice, buy local. That was ....

**Deputy M.R. Higgins:**

You got caught out on that because you did not in the political ...

**Deputy J.M. Maçon**

With the flags, yes.

**The Minister for Economic Development:**

I think you are just referring to a particular media column, which was not necessarily entirely accurate.

**Chief Executive, Economic Development:**

I think changing the fiscal system again is in the remit of the Minister for Treasury for Resources and that is aim of the department. However, the dairy industry is a very interesting example. We produce roughly 14 million litres of milk a year. We consume about 11 million litres of liquid milk. The rest of it goes into products, like cheese and things like that. The Island consumes 30 million litres' equivalent of dairy products so there is a huge local market which is imported. Now there are issues of economies of scale, but if we can work with the retailers and in that we are talking in here about continuing to work with the Co-op and Waitrose and Marks and Spencer and others, to have

more local product in there than the economies of scale for Jersey Dairy, for instance, start to play out in a very different way. And that is what the Minister emphasised in his speech and that is where a lot of our work in combination with “think twice, buy local” is encouraging people to make sure that the local produce is the first port of call. The more they buy, the lower the unit cost is going to become and then it is a self-fulfilling prophecy. It somehow does not seem to gather on to that but we continue to work on it very hard.

**The Deputy of St. Mary:**

Another issue is the law on land, which was a big issue in our review. Has there been progress on the review of the 1974 Land Law?

**Chief Executive, Economic Development:**

Off the top of my head, Sir, I cannot tell you but we will find out for you. I am not sure whether that has.

**Deputy M.R. Higgins:**

Okay, we need to move on. Jeremy, you?

**Deputy J.M. Maçon:**

Just as a matter of process, could you please inform us what your top priorities for the next quarter regarding your legislative programme are please?

**Assistant Director, Performance and Operations, Economic Development:**

You have got the programme there. That gives you the full 12 months.

**Deputy M.R. Higgins:**

And have we questions here about the licensing.

**Assistant Director, Performance and Operations, Economic Development:**

Sorry, could I just add on there that you have got their programme for the 12 months which of course

there could be some slippage but if there is any area of that that the panel do want to have more information on, briefings, paperwork, whatever.

**The Deputy of St. Mary:**

Sorry, which is that about?

**Assistant Director, Performance and Operations, Economic Development:**

You have the whole programme until the end of the year. If there are any areas that you would like more information or a briefing, please do let us know.

**Deputy J.M. Maçon:**

I would like to know about the licensing law, yes, liquor licensing. I know that is a different one. Just the licensing law in general because I believe that has slipped although it has been ... or does that rest in Home Affairs or is that with you?

**Deputy M.R. Higgins:**

The only thing we have got here is the Royal Wedding, that is the only reference.

**Deputy J.M. Maçon:**

No then the major licensing, law which I believe has been neglected for some years now, the review. Can you please tell us what that is?

**The Minister for Economic Development:**

Deputy, I would not describe it as neglected.

**Deputy J.M. Maçon:**

What word would you choose, then, Minister?

**The Minister for Economic Development:**

It certainly needs progressing and, indeed, I think one of the problems historically has been the

strong views of a number of different stakeholders, in particular different departments, Home Affairs and the Health Department. In the past, we have involved both those 2 departments in discussions about how we progress the legislation and it made it very difficult to move matters forward with the differing views. What we are now moving to is producing a ... we have in 2012 law drafting times that we are going to pitch for, so hopefully within 2012 we will be in a position to bring to the States a new licensing law which needs to be done.

**Deputy J.M. Maçon:**

Thank you.

**Chief Executive, Economic Development:**

That White Paper will include the draft law which has been shaped following the Green Paper consultation which we did at the end of 2009.

**Deputy M.R. Higgins:**

I saw a reference in the legislative E.C.S. amendments. On the question of the D.C.S. (Depositor Compensation Scheme), the Board has been established and went through the States. Can you tell us how many times they have met and what they are working on?

**The Minister for Economic Development:**

The Board is there should there be a requirement for the Board in the event of a disaster.

**Deputy M.R. Higgins:**

But they are not working on any preparatory work, or is the department working on the preparatory work?

**The Minister for Economic Development:**

The department has worked on the preparatory work.

**Deputy M.R. Higgins:**

Yes, can you tell us what you have done then in preparation in case there was a banking failure? So you are ready to just go as soon as it happens?

**The Minister for Economic Development:**

We certainly hope so. Clearly the agreement reached following issues raised by your panel about the need for report which was not the initial intention as you know, we have now gone through that process, put the Board in place. The Board is there ready to react and discussions are ongoing between the J.F.S.C. (Jersey Financial Services Commission) and the department to ensure that we are in a position to mobilise should indeed the unlikely event of a disaster arrive.

**Deputy M.R. Higgins:**

Now you say you mobilised but what steps have you taken to sort of have the proceeds ... obviously you have got a quick payout under the scheme. How can you possibly meet a 7-day or whatever - I cannot remember what the exact date was - payout of initial money and everything else unless you have got some procedures and some things in place?

**Chief Executive, Economic Development:**

Those have been written. All the agreements in terms of providing the liquidity between the Treasury and the scheme that have been put in place. Everything is ready in the event of a bank failure to be able to make that ... because the initial payment is done on a formulaic basis. So it is not an issue of interpretation. It is an issue of proving that the deposits exist which is information that the bank has to provide and there is a payment made up on that basis and ...

**Deputy M.R. Higgins:**

Okay. Rather than disturb now because we are coming to the end of the time, can I ask you to supply us with all the procedures and what the arrangements you have put in place at the present time are? Then if I can ask the officer to note that and yes if you can get that to us, please.

**The Minister for Economic Development:**

Yes, happy to do that.

**Deputy M.R. Higgins:**

Okay, does anybody else have any questions?

**The Deputy of Grouville:**

If you can answer this extremely briefly. What is the future for Jersey Post?

[12:30]

**The Minister for Economic Development:**

There are plenty of challenges one of which we discussed briefly earlier on which was the low value consignment relief. Clearly, Jersey Post gets a significant amount of its revenue from the fulfilment industry and if there was a material change that impacted on their revenues, then that would have a significant impact on postal services in the Island but discussions are ongoing. At the present moment in time, the responsibilities are from an Economic Development point of view from a regulatory perspective. With regard to Jersey Post, performance is very much the remit of the shareholder, which is the Minister for Treasury and Resources.

**Deputy M.R. Higgins:**

In fact, just going back to that comment about the fulfilment industry, if it goes though, it is going to have a major impact on the other new entrants into the fiscal market. It could well be; that is the most lucrative part of the business that we may be relying on Jersey Post later on.

**The Minister for Economic Development:**

I think if you look at the broad numbers and this is a quick answer, you have around about £5 million of revenue through the fulfilment side for Jersey Post. They lose on traditional post around £5 million. There is a heavy subsidy of the fulfilment revenues going into the traditional postal market. They get about three-quarters of their revenue from 2 operators in the fulfilment area so there is a heavy reliance for that sustainability.

**Deputy M.R. Higgins:**

But again, if those changes in the U.K. will impact on the other postal providers, these new entrants who are looking to ...

**The Minister for Economic Development:**

It will have an impact but the greatest impact would be on Jersey Post.

**The Deputy of Grouville:**

I know it is the Minister for Treasury and Resources, but obviously it is going to have a huge impact on the economy one way or the other. Are there meetings taking place and things going on behind the scenes to ensure that we still have a postal service in place?

**The Minister for Economic Development:**

Indeed there is ongoing dialogue and meetings with Jersey Post which occurs, as you would imagine, independently. Obviously the shareholder's interests and views on these matters are going to differ from the regulatory side which is where our responsibility lies and so clearly we do not meet at the same time but we do meet, both ourselves and the Minister for Treasury and Resources, independently with Jersey Post and the regulator.

**Chief Executive, Economic Development:**

I think the most important thing to say is that the Postal Services Law under which the Minister for Economic Development has oversight of the regulator, what is the main constituent of that is sustainability of universal service obligation which is the postal service in the Island and they have to regulate to make sure that that is preserved at the level prescribed by the Minister which at the moment is 5 days a week with all the services they deliver. So that is our role as a department, the Minister's role, to ensure that no action is taken to damage that sustainability.

**Deputy M.R. Higgins:**

Okay, just 2 other things on legislation. The intellectual property and additional provisions, et cetera. According to this, there is going to be a ministerial decision 4th May. Then it says a briefing

if the panel wants it or if we call it in and you are talking about lodging it on 6th June and debating it on 6th June. Do you think that is enough time for us to properly scrutinise things like that?

**Chief Officer, Economic Development:**

You have already scrutinised the law. These are supporting the legislation and regulations.

**Deputy M.R. Higgins:**

So it is not the rest of the ...

**Chief Officer, Economic Development:**

No. It is not registered rights or ...

**Deputy J.M. Maçon:**

Yes, so when will they be coming forward then because this was obviously a high priority of the department?

**Chief Officer, Economic Development:**

What you will see is that the next thing to come forward from a legislative perspective I think is the Paris Convention, which is one of the major intellectual property conventions, and then it will be 2012 before the amendments to the registered rights law come into force.

**Deputy J.M. Maçon:**

So that will be in the new House then?

**Chief Officer, Economic Development:**

It would be, yes.

**Assistant Director, Performance and Operations, Economic Development:**

It will be the new House but if this panel would like the work to start sooner and be more involved at an earlier date, then of course we will not be waiting for the new House.

**Deputy M.R. Higgins:**

Okay, my final one is the sample protection consultation. The matter was proposed on 31st January, summary responses reportedly being given to the Minister. When can we have sight of that?

**The Minister for Economic Development:**

Well, the Minister is looking forward to having sight of that. To be fair, we gave an extension to allow all those that wanted to respond to respond. There was one outstanding response and so we extended for a month. I spoke to the officer who is dealing with this matter and he is hoping within the next few weeks to be able to provide me with the responses. We will then forward them and publish them, and I would anticipate moving forward with this fairly rapidly.

**The Deputy of St. Mary:**

I have got a couple more. One is on the same track of responses to consultation on the D.C.S. We notice that you have done a consultation with the banking industry about the funding of D.C.S. and various other questions which happen in the middle of July. Could we have the consultation report that arises out of that?

**Chief Officer, Economic Development:**

In due course, yes.

**The Deputy of St. Mary:**

Well presumably if you are going to the States with the regulation which you are doing very soon.

**Deputy M.R. Higgins:**

If it was July 2010, surely you have got all that information already?

**The Minister for Economic Development:**

I think that is what is enshrined in the scheme itself now.

**The Deputy of St. Mary:**

Yes, as you are going to bring it forward?

**The Minister for Economic Development:**

Yes.

**The Deputy of St. Mary:**

So we can see that as part of what you were referring to. The other question is going back to business advice, does the question arise and do you have a line on giving advice about the structure of businesses? I am thinking particularly of now that we have Waitrose, people are thinking: "Oh, that is a new structure, you know, people owning the business they work in" and so on so there is a big source of people thinking differently about Co-operatives, Mutuels and also social enterprises, i.e., not-for-profit, are all those in the advisers' minds as people come forward and had you considered these options as part of the package?

**The Minister for Economic Development:**

I think the simple answer to the question is yes we will look at the broader range of options as is available.

**Deputy M.R. Higgins:**

All right, anyone, any more questions? No, in that case, can I thank you very much for coming and for the information you have given us.

[12:36]