

4.3 Deputy C.F. Labey of Grouville of the Minister for Treasury and Resources regarding Fiscal Stimulus support for the finance and tourism industries to date:

Would the Minister inform Members how much money from the fiscal stimulus has gone to support the finance industry and how much has gone to support the tourism industry to date, and explain what these amounts were for?

Senator P.F.C. Ozouf (The Minister for Treasury and Resources):

I may well need to give a written answer to the detailed question but I will do my best to answer the question. The total support for the financial services sector on fiscal stimulus funding has been £2.4 million and it can be broadly broken down as follows: boosting the legislation programme £445,000; J.F.L. (Jersey Finance Limited) grant technical project, £80,000; assessment of potential for insurance opportunities, £10,000; granting for the commencement of a third office in the Middle East and Indian area of £200,000; J.F.L. grant to boost inward investment, £132,000; £100,000 for work on the alternative investment A.I.F.M. (Alternative Investment Fund Managers) difficulties; and a £750,000 allocation to be drawn-down dealing with the consequences of the pressure on the Island on Zero/Ten; and £700,000 to be drawn down for marketing and promotion by the Chief Minister's Department on inward investment. While this is not a contest between, obviously the Tourism Department and Financial Services, as far as tourism is concerned, E.D.D. (Economic Development Department), I am advised, has identified significant additional funds within their budget to boost marketing activity. They identified, I think, £500,000 in 2009. E.D.D. supports businesses through Jersey Enterprise and provides help and opportunities for all sorts of businesses and a specific example of that is the Bienvenue training. I am advised that the department is in the process of finalising its programme for 2010 and the varied amounts for tourism may well be increased during the course of the year. I can also say that I have received now a bid from E.D.D. of £500,000 for fiscal stimulus money, and I am looking at that, and I should also point out to Members that the grant for Durrell, which is yet to be completely finalised but is in the order of £1.5 million, is regarded as raising the profile of one of Jersey's most important tourism sectors, and I would also remind Members that all ministerial decisions are public in relation to fiscal stimulus funding.

4.3.1 The Deputy of Grouville:

It was quite difficult to follow that and I appreciate the Minister went into a lot more detail than I expected. But, from what he said, I gather £2.4 million has gone to finance but as yet, even though he has got an application for a grant in, no monies have gone to tourism. Maybe he could confirm this, please?

Senator P.F.C. Ozouf:

Certainly, this is not a contest between tourism and finance. It is probably worth just reminding the assembly that, in 2009, there was £6.8 million worth of funding that went into the tourism sector as opposed to financial services of £2.4 million. We did not receive specific grant applications for fiscal stimulus until now for tourism but there has been some generic funding available to Economic Development for general business support, of which tourism is a part. I am sympathetic to the Economic Development's position in relation to now asking for some fiscal stimulus money for tourism. We are also engaged in constructive discussions about how to find solutions

for the T.D.F. (Tourism Development Fund) funding. I support the tourism industry; we will do what we can when we can within the available resources.

4.3.2 The Deputy of St. Mary:

Would the Minister agree that the T.D.F., for example - the Tourism Development Fund - were it to receive fiscal stimulus support would then spend the money within the Jersey economy and would therefore boost employment and so on, whereas third offices in the Middle East are less likely to do so?

Senator P.F.C. Ozouf:

I do not agree. All fiscal stimulus money is designed to boost economic activity and deal with the consequences of the downturn. I am afraid I need to say to the Deputy that there have been serious difficulties in relation to all sectors of the economy and financial services and we need to step-up our activity in order to get business that otherwise would not have come to Jersey as a result of increased marketing. Extending the geographical reach of financial services in Asia Pacific, in the Middle East is a key part of our growth strategy that is offsetting some of the jobs that have unfortunately been lost in financial services as a result of the downturn and the difficulties in financial markets. All of this is very carefully assessed and I would hope the Deputy would welcome Jersey as stepping-up its marketing activity, boosting activity and securing jobs for the long-term of financial services and the other parts of the economy, too.

4.3.3 The Deputy of St. Mary:

Yes, I take the point about supporting marketing for the finance industry. However, does the Minister not agree that the picture painted by £2.4 million and zero is the same picture as we see in the cuts in the C.S.R. (Comprehensive Spending Review) for which he is also responsible, the spending review, where there is a reduction in funding to tourism of £300,000 and an increase in funding for financial services, I think if my memory is right, around about £600,000 or £700,000. It is the same picture, and would the Minister for Treasury and Resources like to comment on this apparent neglect of what was once our major industry?

Senator P.F.C. Ozouf:

It is not neglect, and I repeat again to the Deputy that tourism, as far as its share of the Economic Development support, and this Assembly's support, for business towers above that of financial services, has done for years, and I have no doubt will continue to do so for years because it is important that we support tourism. It is simply not right to simply suggest that, because there has not been specific fiscal stimulus funding for tourism, that there is a lack of support for it. There have been particular issues with financial services which, at the end of the day, drive enormous economic activity which drive the taxation receipts into the Island, and we need to deal with the consequences of the serious issues that we have been dealing with in the financial markets. This should not be interpreted as not supporting tourism; on the contrary, look at the track record.

4.3.4 Deputy D.J. De Sousa:

Does the Minister really consider that funding towards a third office in the Middle East really does fit within the 3Ts of the stimulus package, i.e., timely, targeted, temporary? Surely, setting up a third office is a permanent thing and will incur ongoing payments.

Senator P.F.C. Ozouf:

It is certainly targeted as one of our key geographic areas for growth in this particular economic climate and, certainly, if it is unsuccessful in terms of delivering, and I expect it will be in terms of economic growth, then it will not continue. What is quite clear, it is for a specific period of time; if that is successful, that is going to have to be built-in by a decision of this Assembly into long-term funding. This was the way that we could kick-start boosting activity into financial services. Opening offices is exactly what our competitors are doing and fiscal stimulus money, I think, has been very wisely done in order to achieve that.

4.3.5 The Deputy of St. John:

Is it wise use of stimulus money, given that some of these far eastern countries do not have the same scrutiny to business as they do in the western hemisphere? Is the Minister happy that we may not be opening the door to problems in the future because of lack of scrutiny and the way of doing business in that part of the world and is that wise use of stimulus money?

Senator P.F.C. Ozouf:

I would be very cautious, and I do not think the Deputy is insinuating any difficulties in relation to that particular geographical region. I think the Deputy can take considerable comfort from the extremely high standards of regulation, independently assessed by the I.M.F. (International Monetary Fund), by Foot, *et cetera*, on the standard of business that comes to Jersey. We are increasing our standards, we do not accept activity or financial activity which is questionable, that is why we have a separate Financial Services Commission and, wherever that business comes from, will be given the same level of scrutiny in terms of the quality of that business. There is good business to be had in the Middle East, certainly - particular areas of the Middle East where there is significant liquidity - and that has got a good home in Jersey providing liquidity to London markets.

4.3.6 Deputy T.M. Pitman:

Would the Minister not concede that this is abandonment of the tourism industry and does the Minister not also agree that, with an uncertain future for financial services industries the world over, we should be investing to invigorate towards our tourism with a long-term view, not a short-term outlook?

Senator P.F.C. Ozouf:

Simply hurling money at sectors of the economy in the way that perhaps this Assembly did in the past with the agricultural industry, I am afraid, simply does not work. What is required is targeted and extremely well-judged attempts to boost economic activity through marketing, *et cetera*, and the work that Jersey Tourism does. I would remind the Deputy again: that it received significantly higher levels of support than other areas of the economy, including financial services, quite apart from an abandonment of tourism is a commitment of this Assembly to support it, but support it carefully and wisely in order to get investment, secure jobs and to maintain our position as a premier tourism destination with fantastic restaurants, hotels and facilities such as Durrell.

The Bailiff:

Deputy Vallois and then a final question, if she wishes, from the Deputy of Grouville.

4.3.7 Deputy T.A. Vallois:

Could the Minister confirm that a section of the stimulus funds for finance will be a recurring cost to Economic Development and therefore has failed his own criteria of 3Ts, namely: “Temporary.”

Senator P.F.C. Ozouf:

The fiscal stimulus money is one-off and so, if E.D. (Economic Development) in conjunction with Jersey Finance wish to continue some of these start-up arrangements, then they will have to be paid for in their base budget but we should be under no illusion about the challenge that we face in properly communicating, in properly representing, what we do in Jersey as an off-shore centre and that is what I have made a decision on, upon advice, to put some - and only some - fiscal stimulus funding in order to secure a better future than otherwise would have been the case for financial services. If there is recurring spending, that will need to be taken in future business plans.

The Bailiff:

Do you wish a final question, Deputy of Grouville?

4.3.8 The Deputy of Grouville:

Yes, I do, Sir. Thank you. Within the E.D. budget, I realise the Minister is Treasury, but within the E.D. budget, Tourism has had £138,000 cut from their events budget and £175,000 cut from P.R. (public relations) and route development in order to comply with the C.S.R. They have put in a request for the economic stimulus funds of £500,000, which has been considered now. The way things stand, finance is getting £2.4 million and tourism, if given the grant that it is asking for, will get an increase of £187,000. Does the Minister accept this and accept why there is a certain amount of disquiet within the tourism sector?

[12:00]

Senator P.F.C. Ozouf:

I do not think that there is disquiet among the tourism sector, I am looking forward to Economic Development bringing forward its proposals for the Jersey Finance equivalent of Jersey Tourism so that tourism professionals, and the tourism industry as a whole, can also take part in joint funding initiatives with States support for marketing initiatives in the future. I think Jersey Tourism has come a great journey in the last few years in what they do; its activities are targeted and it delivers huge amounts of tourists into this Island. There is a debate to be had about the split of E.D.’s budget; I do not think it is right for me to comment on what are proposals within the C.S.R. programme at the moment, those are subject to scrutiny, they need to be discussed with E.D. and final proposals in the Business Plan. If they are not right, then Members will make those views clear to the Minister and changes will be made.