

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

The Bailiff:

We come now to questions without notice of Ministers and the first question period is of the Minister for Economic Development.

3.1 Senator J.L. Perchard:

Earlier when answering questions the Minister made reference to state aid provisions and the Jersey Competition Law. I believe I heard him say that state aid provisions are exempt from the Competition Law. Would the Minister like to expand on the relationship between state aid provisions and the Jersey Competition Law and importantly inform the Assembly why state aid provisions are not included in the Law and does he consider that in fact they should be included?

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

I think the first thing to say is I do not think I said they were exempt: they are just not in the Law. The standard Article 87 - as they are known - state aid provisions effectively regularise and set out a procedure for governments giving monies. I think Members will be well aware of all of the big stories that we know about of governments helping Air France and all these other places, they do not exist in our Law. Our Competition Law was brought in only a couple of years ago and it contained most of the provisions of competition authorities around the world but it did not have the state aid provisions. Personally I think that we will move to a situation where we should have state aid provisions in the Law. In respect of the guiding principles of state aid provision what one would normally do is have a completely transparent process by which you go ahead and issue state aid provisions and there are numerous examples of airports around the world. In respect of the B.M.I. arrangements, in respect of the Heathrow link, there were effectively 2 operators; one was B.M.I. and one was B.A. - the 2 biggest slot holders by a mile in terms of slot holding and we did consult with British Airways in respect of the slot arrangements for Jersey. They did not want to do so; so in other words we were transparent with the other operator to the extent that that is possible and they did not want to enter into the route. That is why we did a deal with B.M.I.; but yes, indeed I am happy to look at the state aid provisions and certainly to apply best practice and certainly consider bringing that into our own Law in future.

3.2 Deputy S. Power:

Does the Minister have any market research data on the possible yield of passengers - either business or recreational - from Heathrow and the volume it might achieve for Jersey in the coming year? Related to that, Sir, does he have any information on the resistance to Gatwick from business passengers over those that prefer the Heathrow link to Jersey?

Senator P.F.C. Ozouf:

The market research that we have is that when we lost the British Airways route from Heathrow we lost between 80,000 and 90,000 passengers. That needs to be divided into 2 for individual human beings because there is the return leg there. That is a substantial volume and we lost the ability to effectively market Jersey in that west of London/Oxford/Reading area and that is the catchment area that we are looking at. That is the first thing to say about market research, but we are determined and part of the arrangement with B.M.I. is to have targeted marketing around that area and around that catchment in order to get those passengers back which are affluent passengers well used, I think, to having short holidays, for which Jersey is now having an expanding market. In respect of the consultation with the finance industry my Chief Executive and my Assistant Minister, who are both Members of Jersey Finance, asked the board of Jersey Finance for their views on that. We consulted widely, and indeed certain markets such as Switzerland, Germany, have a particular difficulty in going through Gatwick. There is a particular issue, for example, with Israel and individuals wishing to transfer through to Jersey. There are North American groups, there are Asian groups, and the B.M.I. service is going to give

us access to those markets that we have not had without that frankly dreadful journey around the M25. That is what we are trying to target.

3.3 Deputy G.P. Southern:

Will the Minister agree to revisit the section of R.4/2007 - Strategic Plan Progress Against Initiatives which has currently all got green symbols suggesting that all his initiatives are on track? Surely at least 2 of them - and I refer to 4.2(i) the production of the EDAW plan, a co-ordinated plan for the town, by the end of 2006 - cannot possibly be, as he suggests, on track with a little green symbol. It should at least be an orange or a red symbol because it has not been produced by the end of 2006.

Senator P.F.C. Ozouf:

Economic Development is a large department with a range of initiatives which we are delivering and we are delivering huge, I think, changes in the way that the economy is responding. In respect of EDAW I think that chart was issued - I am not sure what date he has got it - it was expected to be done by 2006. It has not been done, that is a shared report with the Minister for Planning and the Chief Minister's Department and indeed chaired by the Constable of St. Helier. We are looking at the final drafts of EDAW. I have seen the drafts; I am happy with the drafts - we have done a lot of work for it and it is going to change the face of St. Helier in a variety of different ways. It complements all of the work that has been done on the Waterfront and effectively it is going to deliver the capacity for the economy both in terms of residential units and office units that I am wanting to see to underpin the growth of the Jersey economy, which I am sure the Deputy will agree is what we are trying to do. Is it amber today? Yes. Are we going to deliver it? Yes, we are and very shortly.

The Bailiff:

May I just remind Members that one-third of the time for questioning this Minister has been consumed in 3 questions. May I please encourage both Members and the Minister to be concise as required by Standing Orders in questioning? Deputy Mezbourian.

3.4 Deputy D.W. Mezbourian:

I will try to be concise. In an earlier response the Minister spoke of the benefits to the Jersey economy of the reintroduction of a Heathrow link. Notwithstanding that he is indeed Minister for Economic Development, will he advise the House what consultation, if any, is undertaken with the Planning and Environment Department as to the benefit or otherwise to the Jersey environment?

Senator P.F.C. Ozouf:

The issue of a low carbon footprint is something which I am in discussion with my friend the Minister for Planning and Environment on, and indeed I only sent an email this morning in respect of what we can do for Jersey airport and our partners at Jersey airport in terms of reducing the carbon footprint and offsetting the carbon footprint. Travel is not bad, you just need to have an offset, and I would like to do something and I am discussing that with the Airport Director, my Assistant Minister only today.

3.5 Deputy S.C. Ferguson:

There are a number of rumours around about large international supermarkets. Will the Minister give us his assurance that no large international supermarket will be allowed to open in the Island without being brought to this House first?

Senator P.F.C. Ozouf:

I am giving evidence to the Retail Economic Development Panel on Thursday evening. I intend to set the record straight in a number of aspects of the retail strategy. Matters for supermarkets

are, indeed, shared by Regulation of Undertakings which are decisions that I make and, indeed, they are delegated to me by this Assembly and also by the Planning Minister in respect of planning consents. I am happy for the Deputy to be invited to listen to what I have to say on Thursday so I do not take up too much more time. I will be setting the record straight on the retail strategy on Thursday.

Deputy S.C. Ferguson:

Will the Senator give us his assurance?

The Bailiff:

I think the answer to that is no.

3.6 Senator B.E. Shenton:

I am pleased to see that Heathrow route back, but would the Minister admit that it is not usual practice, nor best practice, to keep airline subsidies confidential?

Senator P.F.C. Ozouf:

I do not agree. I have already answered the question earlier. I do not think I have got anything else to say in respect of the answers that I gave. I disagree with the question.

3.7 Deputy C.J. Scott Warren:

This is really a brief supplementary from the previous question I asked. I can support the commercial emphasis on the airport on re-establishing old routes and getting new routes, but does the Minister accept that it is still important for Jersey residents to be able to have access by air to nearby destinations in France, mainly for weekends, short breaks. Also, a few people in the past have used that to come to work in Jersey, and so can I have an assurance from the Minister that there will also be consideration to the local population?

Senator P.F.C. Ozouf:

Yes, I absolutely agree. Heathrow, however, represents from January to February... **[Laughter]** sorry London represents more than 50 per cent of the market. Can we do more for other groups? Yes. Are we doing so? Yes. Is there going to be news on more routes? Yes, I hope so.

3.8 Deputy R.G. Le Hérissier:

Yesterday an economy airline said it wanted Jersey Airport to run in a way that met economy airline conditions, i.e. sparse, utilitarian, basic, fast. In other words, is the airport now being structured, what with the new shops and the movement into the airside of all sorts of facilities... is its restructuring going very much against the whole notion of budget airline operation?

Senator P.F.C. Ozouf:

On the contrary, the restructuring of the airport and bringing the passenger gates forward is designed to give a better passenger experience, but also get the amount of non-airport revenue up. That means more retail sales for people waiting for their flights. That is one way that we are going to be able to offset the costs of operating for low-cost airlines. There is an unshakeable destiny in lower airport charges and that is what the policy is designed to achieve and I agree with the sentiments of what the Deputy is trying to say.

3.9 Deputy R.G. Le Hérissier:

Would the Minister not admit, Sir, that the unshakeable destiny of economy airlines is to have economy operations and people shopping is not part - no matter how fine the experience - of what they require?

Senator P.F.C. Ozouf:

Airport revenues: I must give the Deputy a lesson in airport economics and airport finances. **[Laughter]** The amount of revenue which the Jersey Airport has in terms of just passenger airfares and passenger landing fees is disproportionately high to virtually any other airport around. We are trying to get the non-aeronautical revenue up. That means getting more people to buy and have a good shopping experience at the airport and we are looking at the rest of the airport estate to see what we can do to raise the revenue in order to offset landing charges and maintain the infrastructure.

3.10 Deputy A.D. Lewis of St. John:

Could the Minister advise if there are any projects currently being considered for funding by the Tourism Investment Fund and, if so, what is the nature of any such applications?

Senator P.F.C. Ozouf:

There are a number of applications that are being considered by the Tourism Development Fund, one of which is I think in the public domain, but I am happy to confirm that, for example, one of the most exciting projects that we are looking at is the redevelopment of the Watersplash out at St. Ouen. There are a number of other projects which are being looked at and I am confident in the deliberations of the T.D.F. now having been set up separately under the chairmanship of John King, in order to deliver me good advice in respect of the administration of that and to help as much as we can to develop the visitor economy.

3.11 Senator J.L. Perchard:

It now looks likely that Jersey's new sales tax will be introduced probably in April 2008. Does the Minister consider April to be the best time to introduce G.S.T. (Goods and Service Tax)?

Senator P.F.C. Ozouf:

That is a very good question. I would have liked it to be earlier and, indeed, I will, of course, support the Treasury Minister. He has given an undertaking that it should be a 12 month period since this Assembly approves it. We need to balance at the right time to bring in the tax with the amount of time that businesses have to prepare for it. Frankly, I would like it to be a little earlier and, perhaps, there could be, because of the timing of Easter, et cetera... Certainly, if it could be brought forward slightly then that would be better, but that is clearly a matter for the Treasury Minister, but no doubt we will be consulting on this issue and debating that in this Assembly and, perhaps, somebody wants to bring an amendment to the actual implementation date so that we can have a debate on it.

3.12 Senator J.L. Perchard:

Supplementary, Sir. Why would the Minister like to bring it in a little earlier?

Senator P.F.C. Ozouf:

Partly because of the timing of the tourist season and, indeed, the whole kick-off of the arrangements of tourism. Frankly, the quicker we can get this tax in the better. There is always a cyclical market in Jersey in respect of tourism, visitors and the rest of it and, frankly, the earlier it is brought in, the quicker businesses can be equipped to do that. I authorised yesterday expenditure for Jersey Business Venture so they can help small firms adapt to the new regime. The quicker it is brought in, frankly, the better, but maybe a month early would be better.

3.13 Deputy K.C. Lewis:

While I am absolutely delighted that the Heathrow route is now back on line, many people have said to me in the past that the trek across London is absolutely horrendous with many people saying: "Never again." My question to the Minister is, are there any other U.K. airports that he seeks to target with subsidies?

Senator P.F.C. Ozouf:

My Assistant Minister and his Airport Director are doing very well. They have got Luton, they have got Leeds/Bradford I think is a new airport - or Teeside - and I am happy to give all States' Members a list of all the airports that we have now achieved a new route and there are some other routes which are currently under discussion outside the United Kingdom.

3.14 Deputy G.P. Southern:

Will the Minister finally undertake to give a response to my letter of 10th January, followed up in February, seeking a chat with an officer responsible for the finance sector, so that I can properly organise my Scrutiny Panel's work agenda?

Senator P.F.C. Ozouf:

That is a bit rich. **[Laughter]** I enjoy excellent communication. He is not going to get away with cheap shots like that - just letters being sent: my telephone number is in the book. He knows the responsible officers. We work night and day to deliver information to the Scrutiny Panel. If he wants to meet with officials and me in relation to the finance industry he can do so. What he is aware of, however, is that there is a new senior official which has been appointed only 3 weeks ago in respect of the financial services, and if he wants me to arrange an interview with him or a meeting with him, I will do so immediately that I sit down.

3.15 Deputy P.N. Troy of St. Brelade:

Regarding the airport retailing, can the Minister advise whether any new retailing companies are going to be invited to take up positions within the areas concerned, or whether it will just be dished out to the existing operators?

Senator P.F.C. Ozouf:

My Assistant Minister and the Airport Director have been reviewing a decision made by the previous Harbours and Airport Committee concerning the awarding of a contract. It is said to be exclusive. There are some elements of exclusivity in it. Yes, I would like to see more retailers up there; yes, I would like to see more people spending money and enjoying Jersey produce - Jersey purchases - before they depart from the Island and we are going to do everything we can to do that and that is why we are moving the security gate forward. Not only to do that, but to give people the best passenger experience, not so that they are herded through the gates right at the last minute.

The Bailiff:

I thank the Minister for his concision and that concludes the first question period.