

Economic Affairs Scrutiny Panel

Meeting No. 50

3rd October 2007

Present Deputy G. P. Southern, Chairman
Connétable M. K. Jackson
Deputy A. Breckon
Deputy J. A. Martin
Deputy K. C. Lewis

Apologies

Absent

In attendance Nathan Fox, Scrutiny Officer
Liz Kingston-Walsh, Scrutiny Officer

Ref Back	Agenda matter	Action
1.	Minutes of previous meetings The Minutes of the meeting held on 5th September 2007 were approved with one amendment for signature at the next meeting.	EKW
2. Item 2 (b) 05.09.07	Enterprise and Business Development Strategy briefing The Panel recalled that the format of the Enterprise and Business Development Strategy briefing held on 22nd August 2007 had been significantly different to that indicated by the Department when the arrangement had been made. The Panel agreed that as a point of general principle it would require written background information to be provided prior to future briefings.	
3. Item 2 (d) 05.09.07	Privatisation of Jersey Telecom The Panel noted that the Telecoms Privatisation Sub-Panel would soon be receiving a copy of a projet entitled 'The Sale of JT Group Limited', to be lodged by the Treasury and Resources Minister. The Panel was informed that the sale of Jersey Telecom was proposed with certain conditions, and that the sale criteria had been revised to meet some, but by no means all, of the Telecoms Privatisation Sub-Panel's concerns. It was anticipated that the Sub-Panel would study the proposition in detail. It was noted that Senator B. Shenton would no longer be able to take part in any activities of the Sub-Panel as he was now the Health and Social Services Minister. It was considered likely that he would be called as a witness, however.	
4. Item 2 05.09.07	Rural economy The Panel noted that it had a number of questions for the Economic Development Department in relation to the Rural	

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	<p>Economy Strategy and the Agricultural Loans Scheme. The Department had agreed to provide a briefing on these subjects to the Panel at a time to be agreed. The Panel noted that in accordance with its decision as detailed in Section 2 of these Minutes it would require written background information prior to attending this briefing.</p>	
<p>5. Item 2 (c) 05.09.07</p>	<p>Dairy Industry</p> <p>The Panel recalled that officers had been directed to obtain a copy of the proposition to allow the importation of bovine semen which it understood had been passed to the Council of Ministers.</p> <p>Accordingly, the Panel received a projet entitled 'Community Provisions (Bovine Semen) (Jersey) Regulations 200-'. The Panel noted that this had been received in confidence.</p> <p>The Panel noted that there had been little progress towards the establishment of a new dairy facility, and that it was currently unaware of the situation regarding the future structure of the industry. The Panel did not feel that this situation was satisfactory, given the efforts expended to ensure that P.170/2006 – 'Draft Howard Davis Farm (Partial Abrogation of Covenant) (Jersey) Law 200-' progressed in a timely fashion to provide certainty to the industry.</p> <p>Deputy Breckon was minded to address a question to the Chief Minister in the assembly to clarify the situation.</p>	<p>AB</p>
<p>6. Item 3 05.09.07</p>	<p>Incorporation of Jersey Post</p> <p>The Panel recalled that it had expressed concerns regarding the previous cross-subsidy between Jersey Post and its now-defunct subsidiary, Offshore Solutions Limited. It was minded to maintain a watching brief on the operation of Jersey Post.</p> <p>Officers had not yet succeeded in obtaining post-incorporation reports from the Jersey Competition Regulatory Authority and were directed to do so as soon as possible.</p>	<p>NJF</p>
<p>7. Item 3 05.09.07</p>	<p>Retail Strategy</p> <p>The Panel recalled that it's projet P.84.2007 – 'Retail Strategy: Impact Assessment' had been approved by the States on 25th September 2007.</p> <p>The outcome of this had been that the Economic Development Minister had agreed to instruct the Jersey Competition Regulatory Authority (JCRA) to undertake a review into the effects of the entry into Jersey of an additional overseas supermarket operator. However the Panel was not satisfied with the terms of reference of the proposed review. It considered that the terms were so nebulous as to give little indication of what the review would consider, and furthermore that they appeared, inasmuch as they could be properly assessed, to exclude some of the key elements of the Panel's recommended terms of reference.</p>	

	<p>The Panel noted that the Chairman had written to the Economic Development Minister requesting that Minister provide clarity as to the intentions and scope of the JCRA review.</p> <p>The Chairman noted that this situation was a result of the Panel's terms of reference not being clearly expressed within the body of the proposition. He therefore recommended to the Panel that all further propositions should be developed in conjunction with the Scrutiny Office to ensure they were properly robust.</p> <p>The Panel then discussed the previously proposed continuation of the Retail Strategy Review. It recalled that it had previously intended to consider the effect of a large retail development on the surrounding area and the local economy in general, and to assess the true costs of doing business in Jersey compared to the United Kingdom, in order to determine if local shops were in fact generating excess profits.</p> <p>The Panel decided to undertake this further review and directed officers to prepare draft terms of reference, a scoping document and review files as necessary. Officers were also directed to obtain the necessary background data and to arrange for the financial accounts of the Channel Islands Co-operative Society (the Co-Op) to be reviewed by management accountants at a later date.</p> <p>Deputy Lewis, upon noting that the Co-op was likely to be involved in the review as a witness, commented for the record that the Co-Op funded his business to the tune of several thousand pounds per year in order to show films for schools. He did not feel that this precluded him from taking part in the review, however.</p>	<p>NJF</p>
<p>8.</p>	<p>Actions of the JCRA</p> <p>On a matter related to Section 7, the Panel noted that the Jersey Competition Regulatory Authority (JCRA) had been highly active in areas which the Panel had reviewed or intended to review. The Panel therefore directed officers to request from the JCRA details of the reviews carried out since the beginning of 2006 and the associated cost to the Economic Development Department.</p>	<p>NJF / EKW</p>
<p>9.</p>	<p>Documents received and noted</p> <p>The Panel noted the following documents-</p> <ul style="list-style-type: none"> (a) a letter dated 11th September 2007 from Education and Home Affairs Scrutiny Panel regarding a forthcoming review of the 'User Pays' system for the policing of events; and (b) terms of reference for the aforementioned review by the Education and Home Affairs Scrutiny Panel. 	
<p>10.</p>	<p>Executive response to Scrutiny Reports</p> <p>The Panel received a document entitled 'Executive response to</p>	

	<p>Scrutiny Reports – Guidance document’.</p> <p>Officers were directed to determine if the response of the Economic Development Minister to the Retail Strategy Review report was complaint with this document.</p>	NJF
<p>11.</p> <p>Item 11 10.05.07</p>	<p>Economic Development Department - Strategic Initiatives</p> <p>The Panel received the section of a document entitled ‘Report to the States - Progress against Strategic Initiatives’ relevant to the Economic Development Department.</p> <p>The Panel expressed reservations as to the veracity of the indications of progress of certain projects detailed within this document. It considered that while almost every item was listed as ‘on track’ the progress reported did not always support this. It noted that this had been the case in a previous document of this type considered by the Panel on 10th May 2007 and that the Economic Development Department had accepted that this was the case.</p> <p>The Panel was of the opinion that this represented a systemic problem and that it would be appropriate for the Chairmen’s Committee to co-ordinate a response to this document from all Scrutiny Panels.</p> <p>Officers were directed to consider this document and indicate which items might be unadvisedly labelled.</p>	NJF / EKW
12.	<p>Forthcoming propositions</p> <p>The Panel noted the following forthcoming propositions-</p> <p>P.136/2007 – ‘Draft Banking Business (Amendment No. 6) (Jersey) Law 200-’</p> <p>P.137/2007 – ‘Draft Insurance Business (Amendment No. 6) (Jersey) Law 200-’</p> <p>P.138/2007 – ‘Draft Financial Services (Amendment No. 4) (Jersey) Law 200-’</p> <p>P.139/2007 – ‘Draft Collective Investment Funds (Amendment No. 4) (Jersey) Law 200-’</p> <p>The Panel was informed that these were legislative changes based on recommendations from the last inspection of the Island’s finance industry by the International Monetary Fund (IMF) in 2003. They were being introduced prior to the next IMF inspection due in early 2008.</p>	
<p>13.</p> <p>Item 6 11.07.07</p>	<p>Dr. D. Parker, Telecoms Privatisation adviser - invoice</p> <p>The Panel noted an invoice in the sum of £4,937.68 received from Dr. D. Parker in respect of work carried out on behalf of the Panel on the review of the privatisation of Jersey Telecom.</p>	

	<p>The Panel recalled that it had been agreed that as this invoice related to the period which Dr. Parker spent assisting the Telecoms Privatisation Steering Group the cost of his services would be split evenly between the Panel and the Treasury and Resources Department.</p> <p>The Panel therefore authorised officers to make a payment of £2,468.99 as indicated.</p>	NJF / EKW
14.	<p>Jersey Harbours</p> <p>The Panel noted that it had been invited to attend a briefing by the Economic Development Department on the future operation on Jersey Harbours.</p> <p>The Panel was informed that the http://www.gov.je/EconomicDevelopment/ Department intended to undertake reviews into both the management of Jersey Harbours and Harbour operations as a whole.</p> <p>The officers were directed to request the terms of reference for both reviews.</p> <p>The Panel considered the minutes of the Marine Leisure Growth Group meeting held on 12th September 2007.</p> <p>The Panel noted that £38,000 was spent on hospitality at the Southampton Boat Show with a view of attracting 'high net worth' individuals to Jersey. It considered that performance indicators relating to this event should be requested in six months.</p> <p>The Panel was minded to maintain a watching brief on the Harbour development plans.</p>	EKW
15. Item 2 05.09.07 (Private Session)	<p>Intellectual Property</p> <p>The Panel recalled that it had directed officers to invite Ms. C. van Dijk to attend a meeting of the Panel to discuss matters relating to intellectual property.</p> <p>The Panel noted that that Ms. van Dijk had agreed to attend the Panel meeting scheduled for 17th October 2007, at 11.30am.</p> <p>Officers were directed to prepare basic background material on the subject for the use of the Panel at this meeting.</p>	EKW
16. Item 12 05.09.07	<p>Annual Business Plan</p> <p>The Panel noted a draft report concerning the scrutiny of the States annual Business Plan in response to a request from the Chairmen's Committee.</p> <p>The Panel recalled that it had experienced significant difficulties in its attempts to scrutinise the Economic Development Department's section of the States Annual Business Plan, and that it had previously expressed its dissatisfaction on this subject.</p>	

	The Chairman undertook to produce a report for the Chairmen's Committee detailing these difficulties by 17th October 2007. Officers were directed to assist.	GS / NJF / EKW
17.	<p>Tourism</p> <p>The Panel recalled that it had been informed by the Economic Development Minister during the Public Hearing in relation to the States Annual Business Plan that a body akin to Jersey Finance Limited was to be established to centralise and enhance the marketing of tourism.</p> <p>Officers were directed to obtain the details of this statement and brief the Panel as necessary.</p>	EKW
18. Item 9 05.09.07	<p>Role and funding of Jersey Finance Limited</p> <p>The Panel was informed of the Economic Development Department's intention to commission reviews-</p> <ul style="list-style-type: none"> (a) into the future of the local finance industry to be undertaken by the London Business School; and (b) into Jersey Finance Limited's (JFL's) internal performance to be undertaken by Mr. C. Clarke, Chairman of Thomas and Dessain International Consultancy. <p>Having considered the potential impact of these reviews on its intention to review the role and funding of JFL, the Panel agreed to proceed. To avoid duplication of effort, officers were directed to obtain the terms of reference for the JFL review. The Panel's considered that the timeframe for the review would be in the order of 12-16 weeks.</p> <p>The Panel discussed issues regarding the history and funding of Jersey Finance Limited and its role as a model for a Tourism body (see Section 17 of these minutes).</p> <p>The Panel considered the terms of reference for the review and directed officers to a final draft.</p>	EKW EKW
19. Item 14 05.09.07	<p>draft Price and Charge Indicators (Jersey) Law 200-</p> <p>The Panel recalled that its report S.R.17 – review of the draft Price and Charge Indicators (Jersey) Law 200-', had been presented to the States on 2nd October 2007.</p> <p>The Panel noted that media coverage of the report had tended to focus on the recommendation that GST be priced inclusively, and the Panel's recommendation that there be mandatory provision of receipts had been largely ignored.</p> <p>The Panel noted that representatives of the Channel Island Co-Operative Society (the Co-Op) had requested a meeting to discuss</p>	

	<p>the outcome of this report and future reviews.</p> <p>The Panel was of the opinion that when the draft Price and Charge Indicators (Jersey) Law 200- was returned to the States it would be appropriate to lodge an amendment to include a provision that required all GST registered businesses to provide receipts displaying the amount of GST chargeable on the transaction.</p> <p>Concerns were expressed, however, that the introduction of this requirement might be more problematic than the Panel currently considered.</p> <p>As the draft Price and Charge Indicators (Jersey) Law 200- could not be debated by the States before 20th November 2007, the Panel would have sufficient time to lodge an amendment at a later date. The Panel therefore agreed to defer consideration of this matter to the meeting of 17th October 2007, where it would be dealt with as a matter of priority.</p>	
20.	<p>Future Review Topics</p> <p>The Panel noted that it did not currently have a report in progress, although work to conclude the Retail Strategy, the review of the draft Price and Charge Indicators (Jersey) Law 200-, and the Telecoms Privatisation Review (through the appropriate Sub-Panel) was ongoing.</p> <p>The Panel discussed possible topics for future reviews, and noted that it was currently considering agricultural matters and training, employment and apprenticeship schemes, in addition to the planned review topics detailed in Sections 7 and 18 of these minutes.</p> <p>The Panel accordingly directed officers to undertake research into the current apprenticeship scheme as detailed in Section 2.5.1 of the document entitled Economic Development Department - Strategic Initiatives (see Section 11 of these minutes), as well as matters pertaining to training and employment generally.</p>	NJF / EKW
21. Item 1 28.04.06	<p>Budget report</p> <p>The Panel recalled that it had expended very little of its annual budget for 2007.</p> <p>Officers were directed to produce a report detailing 2007 expenditure and budget remaining.</p>	NJF
22.	<p>Fisheries complaint</p> <p>Connétable Jackson informed the Panel that he had received a complaint from a local fisherman that certain businesses were using the 'Genuine Jersey' label on goods which were being sourced from overseas. The Panel discussed the matter and concluded that as Scrutiny had always attempted to concentrate on policy review and avoid engaging directly in complaints it would be more appropriate if any action the Connétable chose to undertake</p>	

	was carried out in his function as a private member.	MJ
23.	<p>Future meetings</p> <p>The Panel was informed that neither the Chairman nor Deputy Martin could attend the Panel meeting scheduled for 31st October 2007 due to off-island commitments on States business. The Panel accordingly decided to cancel this meeting, although it noted that at some point during the latter half of October the Panel would have to either reschedule the meeting or carry out a telephone meeting in order to continue its business.</p>	

Signed

Date

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Chairman Deputy G. P. Southern
Economic Affairs Panel