

Economic Affairs Scrutiny Panel

Meeting No 51

17th 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 Mr. N. Fox, Scrutiny Officer
Mrs. E. Kingston-Walsh, Scrutiny Officer

Ref Back	Agenda matter	Action
1.	<p>Minutes</p> <p>The Panel considered the Minutes its meeting of 3rd October 2007. It directed officers to amend the record to reflect the fact that it had delegated Deputy Breckon and Deputy Martin to develop questions on 'glasshouse payments' and the Single Area Payment under the Rural Economy Strategy. The members were to put these questions to the Director of Agriculture at his offices on 14th November 2007. The Panel did not require a briefing on the subject as had been recommended by the Department.</p> <p>The minutes of 5th September 2007 were approved.</p>	<p>AB JM NJF</p>
2. Item 3 5th Sept 2007	<p>Incorporation of Jersey Post</p> <p>The Panel recalled that it had directed officers to obtain a 6-month post-incorporation report on the performance of Jersey Post.</p> <p>The Panel was informed that such a report had not been undertaken, and that the current position of the JCRA was that while work on pricing and regulation of postal services was ongoing, no overall efficiency report was planned, and there was no intention at this time to investigate the matter of cross-subsidy.</p> <p>The Panel decided that it would be appropriate to carry out further work in to the operation of Jersey Post post-incorporation. It agreed a budget of £3,000 to £5,000 for accountancy advice in this regard.</p> <p>Authority was delegated to the Chairman to make the necessary arrangements.</p>	<p>GS</p>
3.	<p>Tourism Development</p> <p>The Panel recalled that the Economic Development Minister had indicated in a Public Hearing held on 13th June 2007 that he</p>	

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	<p>intended to oversee the development of a body designed to act for the tourist industry in the same manner as Jersey Finance Limited currently acted for the finance industry.</p> <p>Officers were directed to obtain information about this body for the next meeting.</p>	ELK
4.	<p>Reduction of Panel quorum</p> <p>The Panel noted briefing notes of the Chairmen's Committee meeting held on 5th October 2007.</p> <p>The Chairman, in reference to a matter raised at that meeting, noted that the current quorum level for meetings and Public Hearings (fifty percent of a Panel's membership plus one) was restrictive and unnecessary, especially when one or more members were for whatever reason conflicted and unable to take part in reviews.</p> <p>The Panel noted that the Deputy Greffier of the States was studying the feasibility and reasonableness of reducing Panel quora.</p>	
5.	<p>Forthcoming propositions</p> <p>The Panel noted that the projects entitled P.150/2007 - 'JFSC: Appointment of Commissioner' and P.153/2007 - 'JT Group Ltd: Proposed Sale' had been lodged.</p>	
6.	<p>Marine Leisure Growth Group</p> <p>The Panel recalled that officers had attended the first meeting of the Marine Leisure Growth Group, held on Friday 6th July 2007 in the Conference Room, Maritime House. The Panel received and noted minutes from this meeting.</p>	
7.	<p>Panel expenditure report</p> <p>The Panel received a report on its expenditure during 2007, and the funds available to it as at 16th October 2007.</p> <p>The Panel noted that £67,792.87 of its £80,000.00 budget remained.</p>	
8.	<p>Intellectual Property</p> <p>The Panel welcomed Mrs. C. van Dijk of 'Lysaght & Company', an intellectual property registration business, who had been invited to the meeting to brief the Panel on the current situation regarding intellectual property generally and the legislative situation in Jersey.</p> <p>The Panel was informed that intellectual property consisted of a number of different rights. Some were automatically acquired (e.g. copyright), and others (trade marks, patents and designs) required registration to be enforceable. The focus of the discussion was on</p>	

	<p>registered rights.</p> <p>Intellectual property rights were territorial, and had to be registered in each jurisdiction where protection was required. Jersey maintained a secondary registration system, which did not provide for primary 'stand-alone' registrations, and essentially provided an extension of rights registered in the United Kingdom.</p> <p>The shortcoming of this system was that Jersey trade mark owners with no interest in obtaining a registration in the United Kingdom were nevertheless obliged to register their rights in the United Kingdom before they were able to obtain protection in Jersey.</p> <p>Furthermore, without offering primary registration, Jersey was not eligible to join a number of important intellectual property treaties, including the GATT TRIPs agreement relating to intellectual property and the Paris Convention.</p> <p>The disadvantage of not being a party to these treaties was that Jersey companies were not eligible to hold patents and trademarks acquired through international registration systems such as the Patent Co-operation Treaty and Madrid Agreement and Protocol. These registration systems were widely used by intellectual property owners for obtaining their rights around the world.</p> <p>Mrs van Dijk stated that from a tax point of view Jersey could potentially be an attractive place for setting up intellectual property holding companies for licensing purposes. A Jersey company could be formed to own the worldwide intellectual property portfolio of a business, and could license these rights to subsidiaries or manufacturers in other countries, who would pay royalties to the Jersey company for the use of the intellectual property rights. However, the lack of a primary registration system and membership of these treaties precluded Jersey companies from holding various international rights, so Jersey was currently not a suitable jurisdiction for such holding companies.</p> <p>Companies incorporated to hold intellectual property rights in Jersey by overseas parents were likely to have few direct employees. Furthermore, under the 0/10 tax system they would provide little direct taxation revenue. The benefit would be in the form of company and intellectual property registration fees, and 'trickle-down' business to local business which serviced these companies. In determining the value of a primary registration system the States would have to weigh these benefits against the implementation costs.</p> <p>The Panel was informed that there were currently only three businesses working in the intellectual property sector in Jersey. The introduction of a primary registration system might also encourage more businesses specialising in this field to set up in Jersey.</p> <p>Were Jersey to develop a primary system, it would require a government body to administer applications and registrations, similar to the Patent Office of the UK. This would represent a significant investment.</p>	
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<p>9.</p>	<p>Draft Price and Charge Indicators (Jersey) Law 200-</p> <p>The Panel noted that the draft Price and Charge Indicators (Jersey) Law 200- was scheduled for debate on 6th November 2007.</p> <p>The Panel received a report based on advice from the Law Draftsman concerning proposed amendment to the aforementioned law.</p> <p>The Panel recalled that its intention had been to require the mandatory provision of receipts for transactions with GST-registered businesses. It now appeared that this would not be possible by means of an amendment to the draft Price and Charge Indicators (Jersey) Law 200-, as it fell outside of its scope and</p>	

	<p>would therefore require a fundamental change to the mechanics of the law.</p> <p>The Panel was informed that it could best achieve its objective by means of an amendment to Article 20 of the forthcoming GST Regulations. The Panel noted that the timetable of debates at the current time was such that no amendment could be brought in time for the debate on these Regulations.</p> <p>The Panel therefore agreed to bring to the States at some point in the future amending Regulations to effect the changes to price marking that the Panel required.</p> <p>The Chairman was delegated power to make a statement to the assembly informing members that the Panel would take the aforementioned action.</p> <p>Deputy Breckon reserved his position on this subject, and the Panel agreed that the statement would be made without his involvement.</p>	<p>GS NJF</p>
<p>10.</p> <p>Item 16 03.10.07</p>	<p>Annual Business Plan</p> <p>The Panel noted a report to be passed to the Chairmen's Committee detailing its experience of reviewing the Economic Development Department Business Plan 2008.</p> <p>The Panel directed officers to additionally include background information previously used in questions to the Economic Development Minister.</p> <p>The Panel noted that the 2008 Budget proposals were to be presented to States members at St. Paul's Centre on 22nd October at 9.30am.</p>	<p>NJF</p>
<p>11.</p> <p>Item 3 03.10.07</p>	<p>Privatisation of Jersey Telecom</p> <p>The Panel received a request from the Economic Affairs Sub-Panel (Telecoms Privatisation) for further funding.</p> <p>The Panel noted that the Sub-Panel was studying P.153/2007 – 'JT Group Limited ('Jersey Telecom') - proposed sale', a proposition to privatise Jersey Telecom, produced following the work of the Telecoms Privatisation working group.</p> <p>The Sub-Panel had noted while some of the concerns raised by Scrutiny in relation to the previously withdrawn proposition (P.28/2007 – 'JT Group Limited ('Jersey Telecom') - proposed sale') numerous others remained unaddressed. Numerous assurances had been made by the Treasury and Resources Minister, the reliability of which were uncertain.</p> <p>The Sub-Panel was therefore requesting £10,000 to continue its work.</p> <p>After discussion of the subject, the Panel approved the sum of £10,000 for the Economic Affairs Sub-Panel (Telecoms</p>	

	Privatisation) to undertake work into P.153/2007.	
12. Item 18 03.10.07	<p>Role and funding of Jersey Finance Limited</p> <p>The Panel received a briefing from officers in respect of the progress of this matter.</p> <p>The Panel was informed that the draft terms of reference for this review had been prepared for the Panel's approval. It had initially been intended to await terms of reference for reviews into the finance industry from the Minister for Economic Development but as these had not yet been forthcoming the Panel's terms of reference had been prepared.</p> <p>The Panel considered it unlikely that these terms of reference would impinge on other reviews.</p> <p>The Panel noted the position.</p>	
13.	<p>Retail Strategy Review</p> <p>The Panel received an officer report on the response of the Economic Development Minister to the Retail Strategy Review.</p> <p>The report was noted.</p>	
14.	<p>Questions to Ministers</p> <p>The Panel noted that the Economic Development Minister would be receiving questions without notice at the States meeting on 23rd October 2007.</p>	
16.	<p>Future meetings</p> <p>The Panel noted that its next meeting was to be held at 2.30pm on 14th November 2007 in the Blampied Room, States Building.</p>	

Signed

Date

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Chairman Deputy G. P. Southern
Economic Affairs Panel

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