

2.6 Deputy K.C. Lewis of the Minister for Economic Development regarding the potential relaxation of the Regulation and Undertakings Law to enable small local businesses to take on more staff:

When Zero/Ten is implemented, will the Minister consider relaxing the Regulation of Undertakings Law to enable small local businesses to take on more staff, and if not, why not?

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

When deciding how many staff a business can employ, the Regulation of Undertakings Law considers the contribution of a business to the Island, including its financial contribution. It follows that if a locally-owned business is contributing more tax then they will be more favourably treated. In reality, locally-owned businesses employing locally qualified staff in the domestic economy generally gets a green light. The Regulation of Undertakings Law is already applied with the objective of supporting small businesses and the implementation of Zero/Ten for decisions continues to be something that we are considering on an ongoing basis.

2.6.1 Deputy K.C. Lewis:

I thank the Minister for his reply, Sir. That is excellent news. I am sure the Minister is aware that since the downturn in tourism, with high rates and inflation, small local businesses are suffering badly. With G.S.T. (Goods and Services Tax), some are hanging by a thread and they need to expand slightly in order to survive. I am sure the Minister is aware of the perception that local businesses are of the opinion that the finance industry can have as many people as they like while their business are being stifled. I am glad the Minister assures us that that may relax in the future. Would the Minister not agree with that?

Senator P.F.C. Ozouf:

The Minister does not agree emphatically at all. High rates of inflation? This Assembly is learning of inflation rates at a historically low level because of the policies that we have been putting in place. I am acutely aware of the dilemma of businesses and particularly with red tape, and I would suggest respectfully to the Deputy in relation to G.S.T. we need to continue to have a simple form of G.S.T. and not burden business with a complicated system which will require every single good put with a different form of tax code in future. That is the way of encouraging an enterprising small sector of the economy. We have 4,000 small businesses employing less than 5 people in the Island and my job is to ensure that we have the right environment for them to prosper, and many of them are.

2.6.2 Deputy G.P. Southern:

Following his policies for economic growth will he assure the House that he will make it equally possible for small businesses and new start-up entrepreneurial businesses to take on non-locally qualified staff where they need to as well as the major operators in the banking sector?

Senator P.F.C. Ozouf:

As I said in an answer a few moments ago, the job opportunities for local people expanded by 1,200 jobs in the year up to June 2006. Only a small proportion of them were in financial services. Many of the others were in the domestic economy. I look at small businesses every day and hear the calls of small businesses and their requirements to employ more staff. I am proud of the track record that we have in turning round Regulation of Undertakings applications and I am not aware of any small business that currently has a difficulty that we have not been alert to or we have not solved in relation to the job of recruitment. But, the Deputy will be the first to say that if we allow more non-locally qualified people in the Island that is going to breach our population limits.

2.6.3 Deputy G.P. Southern:

Notwithstanding that answer, does the Minister accept that according to the O.X.E.R.A. (Oxford Economic Research Associates) report of 2002 growing the finance sector was going to reduce the low-skill, low-pay sector; tourism and agriculture in particular? What is he going to do about this?

Senator P.F.C. Ozouf:

I am confused by the Deputy's position. Financial services has one of the lowest percentages of non-qualified labour of all of our industries. The industries which he seeks to protect, and I care about too in terms of tourism and agriculture, have one of the highest levels of non-qualified, so he cannot have it both ways. So, the reality is that I want to support all sectors of the economy and I would remind him of the track record on tourism. Tourism bed-nights up 2 per cent this year, passenger arrivals up by 4 per cent. That is growth in the tourism industry and I would hope that he would be applauding it.