

6. Questions to Ministers Without Notice - The Minister for Treasury and Resources

The Bailiff:

Very well. That concludes questions on notice. So, we now come to questions to Ministers without notice and the first period is to the Minister for Treasury and Resources. Deputy Le Claire?

6.1 Deputy P.V.F. Le Claire:

Since 2005 the States of Jersey has spent over £5.5 million on compost and green waste for a net revenue production of £300,000 worth of compost. Does the Minister view this as good value for money?

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

The public provides subsidy for a number of waste disposal operations- black bag waste, green waste. I am not immediately sighted on the numbers for composting but certainly it is something that I am happy to look at in conjunction with the Minister for Transport and Technical Services. It may well be that - and I am not suggesting this is a policy change - we do need to look at some sort of charging mechanism as a disincentive or a way of cost recovering certain waste streaming, but that is certainly my initial reaction to the numbers. I am not immediately sighted to it but I will certainly carry out some research with the Minister for Transport and Technical Services.

6.2 Senator B.E. Shenton:

D'Auvergne and Hautlieu School were fairly recent major projects by the States. Is there any truth that the roofs or part of the roofs have had to be replaced already, and if so who is picking up the bill?

Senator P.F.C. Ozouf:

I understand that in both school cases there were some dislodged slates as a result of the high winds late last year and there has been scaffolding put at d'Auvergne School and Hautlieu and in fact, in both of those cases I understand that there has been the original scaffolding... that the original roofing contractor has been contacted. D'Auvergne School has rectified the matter and there are ongoing discussions in relation to Hautlieu School. If there is anything in terms of liability for the States, I undertake to talk to my Assistant Minister, the Constable of St. Peter, and keep the Senator informed of any costs for the States.

6.3 Senator F. du H. Le Gresley:

In his written reply to question 27 the Minister commits, as he did in the 2011 budget debate, to bring forward proposals to increase the I.S.E. (International Services Entity) fees paid by some of these companies during 2011. Can I assume from that statement, therefore, that this will be a separate proposition to the budget debate and, if not, why not?

Senator P.F.C. Ozouf:

Normally the practice is that all budget matters are considered at the time of the budget debate. Certainly some of the fees which the Senator is referring to are within the purview of the Minister for Economic Development. Some of them may be at Treasury. Certainly I would propose to deal with them all at the time of the budget debate but certainly I reinforce what I said in the budget debate and that is that we are going to be looking at all of the I.S.E. fees and where we can lift fees without the Island becoming uncompetitive for the benefit of public revenues we will do so. I will consult with the Minister for Economic Development with the industry on that basis in the coming months.

6.3.1 Senator F. du H. Le Gresley:

A supplementary on that one. The Minister will recall that during the budget debate I brought an amendment on I.S.E. fees and I was told categorically that the industry had already been advised of the increases and, therefore, it was not permissible to increase them at the budget debate. So what is the point of bringing them in the budget debate?

Senator P.F.C. Ozouf:

I think an important issue is that there was certainty; the budget debate is published well in advance. Indeed that gives the likelihood, while being in no way presumptive, that the budget measures proposed by the Minister for Treasury are going to pass. It is more likely than not that probably they are going to pass. In terms of the timing, the timing is going to help us this year because the budget debate, because of the timing of the election, is much earlier. The budget debate will be held, I think I recall, at the first or second week of November, which will give the time in order to make those. The budget debate last year... that was simply not possible. Bringing it earlier means that I think we can make these decisions but if I need to bring it forward I will do so.

6.4 Senator A. Breckon:

As the Minister has shareholder responsibility for Jersey Post, does he support further competition and does he believe we need to maintain for the people of Jersey basic postal services under the Universal Service Obligation?

Senator P.F.C. Ozouf:

That is a very important question and the subject of some discussions that I am holding currently with the management of Jersey Post. There is a clear separation of duties between my good friend, the Minister for Economic Development, and myself. He is ultimately responsible for regulation, even though there is an independent regulator, but has powers in terms of regulatory matters to bring forward to this Assembly. I certainly am concerned and I am alerted to the issue of the widening of competition within the postal market and the potential consequences to the Universal Service Obligation. At the same time we have to be realistic that it is a dramatically changing world in terms of reduction of the letter market. There are changes that postal services around the world are having to make. At the end of the day, competition does drive innovation. It drives a value for money ethos. But I think there is a debate to be had about the extent to which the market is further liberalised. I am going to be holding discussions with the Minister for Economic Development. My job is certainly to support Jersey Post in relation to this issue and I will do so vigorously.

6.5 Senator J.L. Perchard:

Many Members agree on the importance of delivering public sector savings in our effort to keep taxes low and maintain our competitive position. Will the Minister please give an update on how we are doing in the C.S.R. process and is he confident he will be able to deliver the agreed C.S.R. proposed savings?

The Bailiff:

A concise answer please, Minister.

Senator P.F.C. Ozouf:

I am confident that we will deliver the C.S.R. objective of £65 million. There is considerable work of monitoring and assisting departments in going through the C.S.R. process. Perhaps it would be appropriate rather than spending time now, to provide some sort of written update for Members in relation to how I see the C.S.R. process evolving and what is going to be done when

over the next few months. But I do have a high level of confidence and I am going to help Ministers deliver their own individual targets as is appropriate.

[11:45]

6.5.1 Senator J.L. Perchard:

The Minister mentioned it may be appropriate. I suggest it would be appropriate and will he provide a written update for Members?

Senator P.F.C. Ozouf:

I will do so. I will discuss with the Chief Minister exactly what we are going to do in terms of communications in relation to that matter.

6.6 Deputy G.P. Southern:

The answer to written question 27, which was published earlier today, reveals that the 17,600 foreign-owned non-financial service companies which used to be exempt companies used to pay £14.6 million in fees and charges and currently only contribute £6.2 million to revenues. Will the Minister commit himself to restoring the £14.6 million, at the very least, of fees and charges from these companies that he used to receive and can he explain why the fees and charges on these companies have been so vastly reduced in the past 2 years?

Senator P.F.C. Ozouf:

The Deputy is as well as I am aware of all of the debates that we had in relation to the need to change our tax system to move to Zero/Ten to dealing with the exempt company regime. As a result of that, as well versed in this Assembly, we had a black hole which we needed to fill in terms of the original decision of G.S.T., *et cetera*. The issue of fees and charges is something that I am looking at, as I have already answered to Senator Le Gresley. Where we can raise fees in order to raise revenue without impairing the competitiveness of Jersey we will do so. But we live in a competitive world and locations for companies are made at cost levels and we need to look at what the Isle of Man, Guernsey and all the other jurisdictions are doing. We maximise our revenue where we can. The Deputy wants me to increase fees. Unfortunately if we increase fees we will end up with less revenue in the longer term.

6.6.1 Deputy G.P. Southern:

A supplementary if I may. The Minister referred to the creation of a black hole. The fact is that he or his predecessor between 2008 and 2011 has reduced fees and thereby increased the size of the black hole. Will he now restore that position? After all, these companies used to contribute £14.6 million. What has happened in between times that means they cannot?

Senator P.F.C. Ozouf:

The Deputy is quite good sometimes at airbrushing out history and he also airbrushes out any issue of competition. There is no point in this Assembly passing well meaning, well intentioned legislation increasing fees and seeing the business drift off. If I had not responded to the competitive world with the Chief Minister in the last few years, we would not have got this strong financial services industry, which we are seeing today benefiting the Island and paying for the services that he wants.

6.7 Deputy T.M. Pitman:

Talking of airbrushing history, I would like to read the Minister a story if he is sitting comfortably. Seriously, given that this chain of events was confirmed by a civil servant within Treasury as recently as 2007, could I just read the following paragraph from this new, best selling economics book to the Minister for Treasury and Resources? “For most of the 1990s

wealthy people, 1(1)(k)s, wanting to take up residence sent their lawyers directly to Mr. Christianson's office to negotiate their rates. Jersey would insist on a minimum annual tax payment and the millionaire or billionaire would then simply remit the amount which, when calculated at Jersey's flat rate of 20 per cent, produced this sum." Would the Minister like to withdraw his previous statements to the House, no deals were done?

Senator P.F.C. Ozouf:

Just because there were words written into a well bound book or constructed in a well presented blog and published on the internet does not mean to say that those words are correct. I have not read that book. I understand what it is but I understand the source and the particular focus of attention that it has. I am advised and told that it is unfair in its criticism. It is inaccurate. It also airbrushes out large areas. That it is sound bite politics designed to damage the reputation of legitimate finance centres such as Jersey. I stand by all the comments that I have made previously. I believe I always answer questions with the best information I have and honestly.

6.7.1 Deputy T.M. Pitman:

A supplementary. Given that the person who gave that information was the person who oversaw these deals, is the Minister then saying that the person is a liar because what other interpretation is there? His own department confirmed it 3 years ago. Does he know what is going on in his department?

Senator P.F.C. Ozouf:

I do not really know what the Deputy is talking about. If he is talking about it in relation to the 1(1)(k) issue, that is not only the subject of current review; it is the focus of a past review and many questions in this Assembly. Of course there is capital and business that will choose its jurisdiction, based upon its tax rates and based upon the service charges and all the rest of it. He simply I think suggests that the world is not competitive. The world is competitive and we need to compete.

6.8 Deputy R.G. Le Hérissier:

Would the Minister for Treasury and Resources confirm that the Island is to lose its Director of Human Resources? Would he not say that to lose 2 in fairly rapid succession is, as Oscar Wilde I think said, rather unfortunate?

Senator P.F.C. Ozouf:

It is the case that the Director of Human Resources has decided to move on but I think that it would be completely inappropriate to comment in any way about the circumstances of either the current post holder or that previously. I am certainly looking forward, with my new Assistant Minister, in order to build a Human Resources Department that is capable of guiding and helping departments and staff through the C.S.R. process. I have every confidence and have had every confidence in the Director of Human Resources. I thank her for the services that she has provided to the Island and wish her well in the future.

6.8.1 Deputy R.G. Le Hérissier:

A supplementary. Would the Minister for Treasury say whether the issues are systemic and if they are could he identify them?

Senator P.F.C. Ozouf:

I have not indicated at all that there are any issues in relation to the director's decision to move on to new opportunities, which are her own choice in terms of the choices that she makes in her professional career. Having been given the situation that there is now going to be a change at the top of Human Resources we are certainly going to take the opportunity of fortifying and

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strengthening Human Resources - as I have done with the Treasury Department - to ensure that we have got the right H.R. (Human Resources) function in order to assist departments and I hope revitalise the human relations and human resources function within the States. I want a happy, fulfilled workforce which is motivated and has good H.R. support. We have got a lot to do in terms of C.S.R. to make sure that happens.

6.9 Deputy A.K.F. Green:

If I could take the Minister back to the C.S.R. process. He will recall we had the Article 11(8) debate and I was very sceptical about the savings proposed and procurement. I just wonder if the Minister could give us a progress report to date.

Senator P.F.C. Ozouf:

Again I feel that that is not a subject that I can give quickly. I have to say that I am very satisfied with what is happening in relation to procurement. We are well on target to deliver the £6.5 million. It is something that my Assistant Minister again is going to be focusing on in terms of procurement. I am confident we are going to deliver the target. I will make sure that there is a timely update in terms of how we are doing during the course of the year.

6.10 The Deputy of St. Mary:

We have heard earlier today that Richard Murphy is not very good at listening. We heard from J.F.L. (Jersey Finance Limited) a few days ago that they are not listening any more either. But I just want to ask the Minister whether he thinks that that is a correct stance for a Government Minister to take and whether he does not agree that it is foolhardy not to listen to a so-called critic who is putting forward an alternative, which might yield a sustainable future for finance, especially when he predicted the outcome of Zero/Ten exactly right?

Senator P.F.C. Ozouf:

I do not agree with that and, frankly, it is important that all Members of this Assembly and Ministers of the States of Jersey listen and take account of views from across the spectrum. I cannot help but point out that there is a disproportionate amount of focus on one individual who is a U.K. domestic accountant who chooses to comment in a particular way. Frankly, there are views of global forum experts throughout the world that this Assembly also needs to take account of. We live in a fast moving, competitive world. A world that is dramatically different after the financial crisis. We should be also focusing on views from across the political spectrum. This focus on one individual who chooses to keep on picking on Jersey in the way that he does I do not think is assisting us in decision making. **[Approbation]**

Deputy G.P. Southern:

On a point of order, Sir, I believe. Can I ask whether ...

The Bailiff:

If it is a point of order you cannot ask, no. What is your point of order, Deputy?

Deputy G.P. Southern:

The point of order is by repeatedly describing this individual as a domestic accountant, the Minister for Treasury and Resources is trying deliberately to mislead the House because that is not the case.

The Bailiff:

I do not think that is a point of order anyway.

The Deputy of St. Mary:

Sir, may I ask my supplementary then?

The Bailiff:

No, I am sorry because now we have run out of time.