

**2.16 The Deputy of St. Mary of the Minister for Economic Development regarding the level of bed stock below which the tourism industry would not be viable:**

Will the Minister advise the Assembly if his department has calculated a level of bed stock below which the tourism industry would not be viable and, if so, will he advise how near we are to that situation and whether there is a commitment to avoid this situation arising, particularly with respect to threats to air and sea links?

**Senator A.J.H. Maclean (The Minister for Economic Development):**

While accepting the concerns of the Deputy of St. Mary, there is not and never can be a defined size for a minimum level of bed stock in Jersey. The 11,071 available beds on Jersey are almost entirely owned by the private sector, who operate their businesses according to market forces. Our role as government is twofold in that we stimulate demand by helping to promote the destination and have a responsibility to ensure through regulation that minimum standards are met. Air and sea services are also offered by the private sector, and they also operate their businesses according to market forces. We have seen the development of new routes and additional capacity already this year and I look forward to more good news stories like these in the months ahead.

**2.16.1 The Deputy of St. Mary:**

The Minister has in the same breath said that basically government has no role because it is all down to private enterprise, and then he says government has a role in stimulating demand. Can the Minister say whether he accepts the concept that if we go below a certain level of beds the air route starts to flake away and we are in serious trouble? Is there a floor - F-L-O-O-R - to his thinking?

**Senator A.J.H. Maclean:**

At some point I am sure there is a floor, but I think we need to concentrate on the fact that there has been significant investment in bed stock in the Island in recent years. There has been a drive towards improved facilities which is attracting visitors to the Island who are spending more. The productivity of the sector has been improving, and that is a good thing. But I do accept and I understand the concerns raised by the Deputy. It is impossible to give an absolute figure to him, which is what I think he is seeking.

**2.16.2 The Deputy of St. John:**

I am a bit concerned with the comments passed by the Minister given that in the 1990s we had something in the region of 24,000-plus beds in this Island and now he is telling us we have just on 11,000. That said, our air routes support our other industries, in particular the finance industry. Given the Minister's play earlier this morning on pushing other industries within the Island, how is he going to keep our air routes if we are in a diminishing market of tourism? I need to know from the Minister what he is doing to make sure that we keep our air routes, not opening the odd one that is only here for 6 months but that is here 12 months of the year for the next 5 years.

**Senator A.J.H. Maclean:**

The Deputy raises a very valid point. We have worked extremely hard in recent years to develop air routes. I think it is fair to say that for a jurisdiction of the size of Jersey we have an exceptional network of routes, both to the U.K. and also into Europe. We

have invested heavily with relationships and, in fact, the Deputy asked the question earlier on about the Jersey Enterprise awards. We were entertaining 3 airlines at the Jersey Enterprise awards. It is part of the development process. We continue to invest in these relationships and we continue to invest in developing air routes. Bed stock is important. There has been a drive towards quality. That is a good thing and we will continue to work on it. I understand his concern.

**2.16.3 The Deputy of St. John:**

I noted the Minister's comment on the Enterprise awards, but that £1,375 that they spent on tickets might have been better spent in sitting around a boardroom table with those particular people, not having a jolly up at the Fort.

**Senator A.J.H. Maclean:**

It is clear that the Deputy does not understand the difference between business development and having a jolly. There was no case of having a jolly at the Enterprise Awards. We build relationships with key business partners. The airlines fall into that category. I have to say in recent years that has developed significantly. We now know in advance when an airline is considering pulling or reducing a route. That did not happen in the past. The reason we know is because we have invested at the airport with the right personnel to develop the right relationships. We do all we can to maintain the routes we have and build on it, and it has been very successful in recent years. It is a harder environment now but we are continuing to work on it.

**2.16.4 Deputy A.T. Dupre of St. Clement:**

As so many of our medium-priced hotels seem to be turning into flats, what are we going to do to try and protect the medium-priced market?

**Senator A.J.H. Maclean:**

Yes, the Deputy is right. Certainly, in terms of bed stocks there have been a lot of medium size... in fact there has been a lot of hotels in all categories, to be fair. But equally, what we have seen is an investment of others who have improved the quality of what they have to offer, and that again is very important. We needed to improve the quality of bed stock in all categories, not just 5-star and 4-star where there has been significant investment. There has also been investment further down in the 3-star and in other areas, and that is very important to get a good cross-section and attract as wide a variety of potential visitors to the Island as we can.

**2.16.5 Deputy D.J. De Sousa:**

Will the Minister not strive to target the budget for tourism more accurately bearing in mind that Havre des Pas holds the seaside festival and looking at the number of hotels that have closed there in the last couple of years? Will he strive to supply the House with the figures of the beds from 2000 to date?

**Senator A.J.H. Maclean:**

I am not entirely sure what the Deputy was asking. Is she asking for how the bed stock has changed between 2000 to date? Yes, I am more than happy to supply her with those figures.

**2.16.6 Deputy G.P. Southern:**

The Minister talks about investing in air routes. Can he state whether he is still subsidising airlines to come to the Island, as was previous practice, to the tune of millions of pounds or not? Has that practice ceased?

**Senator A.J.H. Maclean:**

No, that practice has not ceased, although subsidy is not a word that I choose to use in this regard. It is a very heavily and carefully calculated economic model that is used to assess the value of introducing and supporting airlines who bring people who spend money in hotels, restaurants and within the economy generally in the Island. We have to get a return on the investment and I believe it has been a successful strategy to date. If the right propositions come forward, we will continue to do so.

**Deputy G.P. Southern:**

A supplementary, if I may?

**The Deputy Bailiff:**

If it is a supplementary on subsidising airlines, that is not related to the subject matter of the question. It is very peripheral indeed. Deputy Le Claire.

**2.16.7 Deputy P.V.F. Le Claire:**

Given that the Minister has said he has far more foresight now from these events, is he able to tell us how many hotels are due to be going and how many are coming in.

**Senator A.J.H. Maclean:**

I think the foresight the Deputy was referring to was the development of work with the airlines, but equally we work closely with all businesses in the economy to try and get a better sense of where the stresses and strains are so that we can deliver the best support that we can possibly can contained within the difficult budgetary situation that we find ourselves in. Yes, we are usually made aware when hotels are considering closure for whatever reason; we do what we can to support but we are confined by the budget that we have.

**2.16.8 The Deputy of St. Mary:**

The Minister has slid-off the question to emphasise the drive to quality and it is an indication of confidence in the industry, I agree, that people are prepared to invest at the top end of the market but he has evaded the question of quantity. In fact he has ducked it and I just want him to answer once again the question. The question was, does he recognise that in order to prove commitment to the industry he has to accept the notion that if we do go below a certain level the whole shebang is at risk? He does not seem to grasp that and I wonder why.

**Senator A.J.H. Maclean:**

I said to the Deputy that I grasped the concept of what he was saying. What I also said to him was he was seeking an exact figure and I said I could not give him an exact figure because that is not possible to do so. As far as commitment is concerned, I do not believe there is any lack of commitment, in fact in 2009 as the global financial crisis unfolded we managed to invest an extra £800,000 into supporting the tourism sector. That was the right decision, it was a good decision and it was together with the industry themselves in the form of the Jersey Hospitality Association. I welcome that.

**2.16.9 The Deputy of St. Mary:**

With respect, I did not ask for the exact figure, I asked whether his department has calculated the level of bed stock below which it would be unwise to go. I did not ask for the figure, that might be confidential, I asked whether his department has calculated that figure.

**Senator A.J.H. Maclean:**

I thought I had clearly said that it was not possible to calculate an exact figure.