

7. The Vice-Chairman of the Corporate Services Scrutiny Sub-Panel will make a statement on the Panel's Review of the use of the Tourism Development Fund to provide assistance to the private sector

7.1 Deputy R.J. Rondel of St. Helier (Vice-Chairman, Corporation Services Scrutiny Sub-Panel):

Members have now received their copy of the report, the *Tourism Development Fund: Assistance to the Private Sector* which has been presented following the work of the Corporate Services Sub-Panel on its review of P.26/2012. I would like to draw Members attention to our report and in particular to our primary conclusions. We found that the proposition to extend the T.D.F. (Tourism Development Fund) to the private sector entities should be supported in principle. If grant assistance was given to private organisations there is a high possibility that the T.D.F. would leverage additional investment in tourism and bring more visitors to the Island. Furthermore, the extended scheme would attract high quality projects that would otherwise not be considered if the current remit of the T.D.F. remained. If the proposition were to be agreed, there are a few matters that need to be considered with regards to the allocation of funds. For instance, in order to insure that funds are allocated fairly and appropriately and to guarantee that existing operations are not displaced, a strong compliance model should be established and governance arrangements put in place. However, despite our support in principle for the proposal, we do have some major concerns regarding the lack of secure funding the T.D.F. has received in the past and the uncertainty surrounding future resources. To date, since the T.D.F. fund was established, no secure funding system had been put in place. Furthermore, we found that only a small percentage of the £10 million which was originally agreed to be set aside for the T.D.F. in P.70 way back in 2001 has been awarded to the fund since that time. The evidence considered by the sub-panel shows that there is a high possibility that the T.D.F. Panel will dissolve unless funds are made available. Although the sub-panel supports the Minister for Economic Development for making a bid in the Medium Term Financial Plan for T.D.F. funding, we found that there is a possibility that the proposed amount of £500,000 a year for a 3-year term may be insufficient if the private sector is given access to the T.D.F. We have therefore suggested that if the Medium Term Financial Plan bid is accepted, the Minister for Economic Development should revisit the amount allocated after a 3-year term to evaluate its appropriateness. Currently there is much uncertainty surrounding future funding and unless the Medium Term Financial Plan is lodged, we are unsure as to whether the T.D.F. bid will be agreed by the Council of Ministers or indeed by the States Assembly. However, we were disappointed to discover that the Council of Ministers had proposed to remove the T.D.F. bid from the finalised list altogether.

[14:30]

We found that if the T.D.F. funding is not included in the Medium Term Financial Plan, it will have a detrimental impact on the future of the fund. As a result we propose that the proposition should not be debated until the Minister for Economic Development can clearly demonstrate how the T.D.F. fund will be funded going forward. If, in the future, the Innovation Fund was to be used to assist with large projects from the Tourism Sector, we found that the Minister for Economic Development would need to provide clarity as to how the 2 funds would operate in conjunction with one another. Furthermore, he would need to ensure that, while seeking resources for the Innovation Fund, attention is not deflected away from the issue at hand. In other words, securing future funding for the T.D.F. While reviewing the possibility of a loan scheme for the T.D.F., we found that a change to its remit could help to recycle money back in to the fund. Although the current legislation, the Public Finances Law, only permits the T.D.F. to provide financial assistance in the form of a grant, serious consideration should be given to developing a loan scheme going forward. Lastly, we found that improved lines of communication between the Planning Department and Economic Development could help

leverage additional investment in tourism while allowing T.D.F. funds to be set aside for other projects. I encourage Members to heed the recommendations of our report and would reiterate the proposition should perhaps not be debated until such time as serious consideration has been given to the matters raised. I commend the report to the Assembly. Thank you.

The Deputy Bailiff:

The statement is now open for questions. Does anyone have any questions for Vice-Chairman? Deputy Tadier?

7.1.1 Deputy M. Tadier:

Looking on page 38 of the report, I notice that there have been 3 written submissions. Will the rapporteur say whether there were any other written submissions? The reason I ask is because I did make a submission to the panel myself - I think, 4 weeks ago, possibly 3 and a half weeks ago - and I did not receive any form of acknowledgement from either the panel or an officer of that submission.

Deputy R.J. Rondel:

We have met on several occasions in order to come back to the House, as we promised, in a very short space of time. We did send out, in consultation, which is in the back of the report; Deputy Tadier unfortunately we received that past the deadline of when we were writing the report.

7.1.2 Deputy M. Tadier:

Thank you and that is news to me and I acknowledge that. It would have been nice to receive an email saying that: "Sorry, thank you for your submission, unfortunately it was too late." But that was not the case. Will the rapporteur ensure that in future when people do make submissions they are at least acknowledged and responded to?

Deputy R.J. Rondel:

Yes, absolutely and I apologise to the Deputy for not clarifying that.

7.1.3 The Connétable of St. Lawrence:

I am not clear from this statement whether the panel is formally proposing that the debate be deferred and whether any discussion has been held with the Minister about their proposal in this statement, because clearly we are due to debate P.26 in maybe half an hour's time and they have had time to prepare the statement. So I think I would like to know are they formally proposing in their statement that it be deferred and, if so, under what Standing Order and have they spoken to the Minister to consult with him to find out whether he is prepared to do that or whether he intends to go ahead with these propositions?

Deputy R.J. Rondel:

The difficulty with the proposition is that we are due to debate the Medium Term Financial Plan and the decision Members have got to make is, when we do come to debate that, whether they agree that £500,000 per annum is the right funding to be proposed and whether they will vote for that or whether they will vote for something in the Health and Social Services Department. At the moment we have got £26 million worth of capital projects, which is far more than the Medium Term Financial Plan will allow.

7.1.4 Senator P.F.C. Ozouf:

In thanking the Vice-Chairman and the panel for their work, does the Vice-Chairman accept that £500,000 is inscribed in the Medium Term Financial Plan proposals and does he not think it would be preferable if they want a debate on increasing the amount of money for the T.D.F. to pass this proposition to allow it and then to have a further amendment in relation to increasing

the amount? Is that not a more orderly way of proceeding? Otherwise I think we are always unclear as to whether or not the chicken or the egg follows.

Deputy R.J. Rondel:

Well this is the exact problem, it is a chicken and egg situation, I agree. Originally when we looked, it was on a low bid in the Medium Term Financial Plan. Now I believe it has been placed in so I would like to see this debated. I do not want to hold up the tourism industry and funding. I agree, in principle, and so do the members of our committee, and I would like it debated. But it is for Members to make up their mind whether they support this sort of funding. If it was debated after the Medium Term Financial Plan then it would be an easier decision because you would know. But that is not the case and I think people have got to make their own minds up.

7.1.5 Senator F. du H. Le Gresley:

I would like to ask the Vice-Chairman the basis of his sentence that starts: “However, we were disappointed to discover that the Council of Ministers had proposed to remove the T.D.F. bid from the finalised list altogether.” I am a member of the Council of Ministers and I have always supported money going to the T.D.F., in fact I brought a proposition as a Back-Bencher that they should have £500,000 in the Business Plan and I have no knowledge that we were ever going to remove the £500,000 for T.D.F.

The Deputy Bailiff:

And the question is?

Senator F. du H. Le Gresley:

What was the basis of that sentence in the statement?

Deputy R.J. Rondel:

Well, the concerns we had... it was a low prioritisation within the Medium Term Financial Plan and that is a fact. I think when we looked back into the history of the fund, last year for example... and thanks to the Minister for bringing his proposal at the time because that did secure funding in the past for the T.D.F. and without that funding, without the Minister’s proposal at that time, the T.D.F. and the panel would not have been in existence today. Thank you.

7.1.6 Senator L.J. Farnham:

The Jersey Hospitality Association, of which I am currently President, made a short but comprehensive submission to the Scrutiny Panel. I will not be participating in the debate of the T.D.F., I will explain at the right time, but the general message from the hospitality industry to the States is there can really be no further delay. There are a lot of amendments and there are a lot of things that can be improved with the fund in the future. But the message is that they are looking for the States is to crack on with these sorts of projects to assist the industry. My question reverts to the Deputy Chairman’s statement which really I would like him to clarify. Is he going to be proposing a delay to this proposition formally?

Deputy R.J. Rondel:

Thank you, Senator Farnham. No, I will not be proposing a delay to it. We are merely asking Members to make their own decision on this money, whether it is a priority or not. So we are happy and what I am hoping is that when we do debate it that Senator MacLean will clarify and give us more confidence that the money will be in the scheme. Thank you.

7.1.7 Deputy C.F. Labey of Grouville:

I, like many other Members I am sure, am quite confused now by this statement. My understanding was this Scrutiny Panel was to look at whether the Tourism Development Fund should be extended to the private sector. Is the Vice-Chair now suggesting that this be delayed to the private sector, yet the public sector funding to the Tourism Development Fund continue?

Deputy R.J. Rondel:

No, we are not proposing it be delayed to the private sector at all. I think we need to debate the proposition and it will be for Members to make up their own mind whether they support it or not.

7.1.8 Senator S.C. Ferguson:

I would like to first of all congratulate the sub-panel for an excellent report. Thank you. And the next thing is to say is it correct to say that you are recommending that...

The Deputy Bailiff:

Through the Chair.

Senator S.C. Ferguson:

I am sorry, Sir, yes absolutely. Is it correct to say that the panel is recommending that the grant to commercial organisations should in fact be loans to the organisations so that the money may be repaid and hence be recirculated in the community?

Deputy R.J. Rondel:

With looking into loans, we are merely asking for the Minister for Economic Development to look into the possibility. It is not possible to give loans at the moment because of the Public Finances Law but this is one aspect that could be looked at in the future.

7.1.9 Deputy J.A. Martin:

Just for clarification from the Vice-Chair, I think his last statement said that this proposition should not be debated at this time but now he just said it would. My confusion is that he seems to think the money might move from the Medium Term Financial Plan. Surely if we do not debate it and get the backing today it certainly will, if there is any other priority, be moved from the Medium Term Financial Plan. So can I have a bit more clarity? I think that is what he is saying but I would go for the debate today, decide and then I think if we vote the money in... I am asking the Vice-Chair if we vote the money in, does it not stand more chance of staying in the Medium Term Financial Plan?

Deputy R.J. Rondel:

Thank you, Deputy Martin. I would like to thank Deputy Martin. Absolutely, that is what we would like to do, get it debated today and it is for Members to decide.

7.1.10 Senator A.J.H. Maclean:

I wonder if the Vice-Chairman would just confirm his understanding that, notwithstanding his concerns for future funding, the T.D.F. currently has £435,000 available to it for the next round of bidding. Obviously if the Members of the States decide to approve this proposition today, which is to open it to the private sector, the fund would be in a position to leverage that to a greater extent. I wonder if he would just comment on that and confirm the position.

Deputy R.J. Rondel:

Yes, we are absolutely fully aware of that and that is what we would hope to do, open it up to the private sector as soon as possible.

7.1.11 Deputy M. Tadier:

I know the question sounds finished, but I think this has to be a point of order because it seems that the rapporteur may have inadvertently missed that bit out. He said in his statement in bold in the last paragraph no less, that they do propose that the proposition should not be debated until the Minister has clearly demonstrated something. However he has just told us that the proposition should be debated today and that they are not proposing that it should be delayed. So I am at a total loss as to what that last 10 minutes has been about.

Deputy R.J. Rondel:

I apologise if he is misled on the clarity of that. I do see there may well be some confusion but what we would like as a panel is for it to be debated today.

The Deputy Bailiff:

I understood your answers, Vice-Chairman, to mean that you hoped that the proposition would result in the Minister demonstrating how the T.D.F. would be funded, going forward, and if not then there might be an application for a delay.

Deputy R.J. Rondel:

Exactly, I could not have put it better myself.