



# **Economic Affairs Scrutiny Panel**

## **Quarterly Hearing with the Minister for Economic Development**

**THURSDAY, 24th APRIL 2014**

**Panel:**

Deputy S.G. Luce of St. Martin (Chairman)

Connétable J.E. Le Maistre of Grouville

**Witnesses:**

The Minister for Economic Development

Strategy Manager, Economic Development

**Topics Discussed**

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[10:05]

**Deputy S.G. Luce of St. Martin (Chairman):**

Good morning, everybody. Welcome to this quarterly meeting with the Minister for Economic Development. Before we start, I just remind people to turn their electronic devices to quiet mode and if they are leaving to do that also as quietly as possible. For the benefit of the tape, if we could start by just going round the table this morning and announcing ourselves. My name is Deputy Steve Luce and I am Chairman of the Economic Affairs Scrutiny Panel.

**The Deputy of St. Martin:**

Thank you very much. Minister, this morning there are a couple of major subjects that we want to focus on and then there will be a couple of others we will just touch on as we draw to the close. Just to outline where we are going this morning, we are going to start with retail. We are going to move to tourism and then, towards the end, we would like to touch briefly on aircraft registry, the Jersey Innovation Fund and then very quickly on Condor and then a very short summary on ports. We have had a lot of discussion on ports recently. I do not want to spend too much time on that, but there are one or 2 questions that we need to put to you. So if we start with retail. Minister, we are in the middle of a review into retail and it was quite a concern to us when we were given a document entitled *Retail Development Plan*, which came to us via a third party at the end of March, which appeared to be something that your department had been working on for some time. It was quite detailed. It had some conclusions and monies had been voted. Considering we did not know anything about it, as I said, it came as a bit of a surprise. Could you tell us exactly when this work started and where we are with it?

**The Minister for Economic Development:**

Yes, sure. Obviously we are the Economic Development Department, so work on a number of projects to support industry across sectors. Retail is a sector, as you all know, Chairman, that has been suffering as a result not just of the recession starting in 2008 but also the onslaught of technology as far as the internet is concerned, so local retailers have been finding the world very challenging. As a result of that we started, about 12 months ago, looking at ways in which we could support the retail sector and we put together a team in 2013 called the Retail Development Team - "the town team" it is terms in the document - which is a mixture of government and industry, realising that the solution was not one that government alone could deliver on and that we needed to work in partnership with industry to look at ways in which we could support retail, understand what the challenges were and consider potential ways in which support could be delivered. We included within that, of course, trade groups, such as the Chamber of Commerce, that are key to a greater understanding of their smaller members, which are represented by retail. So about a year ago was when we first started looking in detail on this particular project.

**The Deputy of St. Martin:**

I share your enthusiasm for partnership working, Minister. Working together is certainly something I try to mention as often as I can. What I would like to come back to is the fact that we are supposed to be working together on this and this *Retail Development Plan* came out of a blue. As a Scrutiny Panel that is actively engaged in a review into retail, do you think it was right for your department to be continuing working on such a document without telling us?

**The Minister for Economic Development:**

I am surprised that you did not know we were looking at supporting retail. That has been mentioned. Certainly I have mentioned it in the public forum before. The document to which you are referring is a draft document. I believe you got it through sources at the Chamber of Commerce. As I have said, we were including Chamber as part of the group that we were consulting on to look for solutions to retail. They had a copy of the document to comment on it, which we thought was completely correct. There was no secrecy around this or there was not deemed to be secrecy around it.

**The Deputy of St. Martin:**

Well, I am not going to dwell on it, Minister. You say there was no secrecy, but one would have expected, under the Code of Practice, that Scrutiny would have had full view of this before it went to the Chamber of Commerce. Notwithstanding that, I think we need to get on and move forward. We will put this behind us. The idea is to be positive and not negative and we have got some major parts of our Scrutiny review which we would like to question you on, which are questions we put to all parts of the retail sector. The first one, I think, is this champion for the retail sector. It is mentioned in your own plans. It has been mentioned by everybody that we have spoken to. Do you see a role for a co-ordinator champion, somebody who can really get out there and wave the flag for the retail on the Island?

**The Minister for Economic Development:**

Ultimately it is the role of the Economic Development Department and the Minister to be the champion. This comes up. Many sectors are asking for a champion. That largely came out as a result of the move from a committee system where individual committees used to, if you like, be the champion for the area that they directly represented. In terms of a conduit to focus activity, which is probably a better way, in my view, of putting it, yes, I am a supporter. I think that makes sense and I think what that draft document is looking at is the possibility of Jersey Business providing the service being the conduit to support the retail sector. After all, Jersey Business was established largely to support S.M.E.s (Small and Medium Enterprises), small and medium-sized businesses. The majority of those in retail fall into that category and the expertise therefore exists

within that organisation largely for them to fulfil that role. So, in short, I think that they would be an ideal conduit but clearly, as I have said already, this document is only at a draft stage at the moment. We have not finalised our views on exactly what needs to happen and what is going to happen and what is going to be proposed. The document you are looking at talks about Jersey Retail. That is the potential branding name of how support will be delivered. That is not a new organisation I hasten to add, but just a brand to focus how we would deliver support to the retail sector. I would just add, I understand and have picked up the sensitivities from your perspective about lack of detail from us to you about what we are doing. As I have said, there was no intention to do that. Largely the Scrutiny function is to scrutinise strategy and policy and legislation that is finalised and developed by the Executive. This is very much in draft form at the moment. It is not anywhere near at a final stage.

**The Deputy of St. Martin:**

As I say, I do not want to dwell on it but it certainly did not appear to be in draft form. It does not mention the word “draft”. It does not mention the word “confidential” and the Code of Practice is quite clear that it says that when we engage on a review the department should, just as a matter of course, hand over anything they think is relevant. It is quite difficult to understand how this quite substantial document, which has got monies voted in it and other decisions that have quite obviously been made, is a draft. I mean there is £400,000 worth of monies being set aside here and it is just disappointing that you have got to this stage without any input from Scrutiny at all, but getting back to your champion ...

**The Minister for Economic Development:**

Chairman, can I just say that I certainly concede that there was an error in a lack of proper branding on the document with regard to “draft” and “confidential”. That document, as pointed out, was shared with one of the partners in this arrangement to look at retail, which was the Chamber of Commerce. Clearly the lack of proper confidential branding and draft identification on the document allowed it to reach other hands. That is unfortunate. It is in the development stage. There is no wish to hide anything from yourself, but perhaps I could ask Darren just to add ... You were involved a little bit in this.

**Strategy Manager, Economic Development:**

Yes. At the moment it has been circulated with the partners in development of the plan. So it has been shared with Chamber of Commerce for their comments and also the board of Jersey Business. So it has not been circulated to the public but, as the Minister says, it is not a secret document and there was no wish to withhold it from anybody. It was merely an attempt to elicit the views of the partners in the development of the plan, but I think we acknowledge, and the Minister

has just accepted, that the email that you have seen in sending this document out clearly did not give that impression.

**The Connétable of Grouville:**

Could you tell us when policy will be the final article? It is draft now. When do you see the new policy being available for us to scrutinise? You must appreciate we have been scrutinising the existing policy without knowledge that you were developing a new one, which means that to some extent we do not know where to go here. Do we stop and wait for the new policy to come and then scrutinise that?

**The Minister for Economic Development:**

Dates: the intention was around the event, the Jersey Enterprise Awards, in June. We are creating an Enterprise Week and the original target, going back some time, was that we wanted to be in a position to be able to publish this around that time to coincide with Enterprise Week.

[10:15]

**The Connétable of Grouville:**

You see our position. We are scrutinising an existing policy and you are developing a new one without telling us, which has put us in a pretty strange position.

**The Minister for Economic Development:**

I do fully understand that. My understanding was that you were aware we were doing it. I was not fully sighted on the fact that you had no knowledge whatsoever. I have made public statements about the fact that we were seeking to develop a plan to support the retail sector and that goes back months and months and months. We have been working in partnership with various groups, including Chamber, as I have mentioned, and other representatives from the private sector. So there was no secret from our point of view. If there was a lack of communication in terms of what has gone to yourselves as a Scrutiny Panel then I apologise for that. That certainly was not the intent.

**The Deputy of St. Martin:**

I am not going to speak on behalf of Chamber, but I am not sure that they would say that they have been properly consulted on this document, Minister. But getting back to the champion for retail. It says in here and you have already suggested that you are looking for somebody probably within Jersey Business. Now, obviously it would not be the senior person. It would be somebody lower than the top man in Jersey Business who might be a co-ordinator, but do you not think that the retail sector of the Island deserves better than that? Do we not need a politician who has a bit

of *gravitas* and the ability to pick up the phone or walk into the Chief Minister's or Ministers' or senior civil servants' offices and say: "This is what has to happen"? Do you not think the champion for retailers is a role for a senior politician?

**The Minister for Economic Development:**

It goes back to what I commented on before and that is ultimately that an organisation such as Jersey Business, if they identify problems within the area and the remit that they have responsibility for - in that regard it is supporting S.M.E.s - then they would feed that back to me as the Minister for Economic Development. We established Jersey Business to be independent, to support S.M.E.s in the Island. If they find issues that are proving to be a barrier to investment, to growth, to development, to job creation and so on, then they feed that back to me as the Minister and I would act accordingly and raise it up, eventually, ultimately with the Council of Minister and more broadly with the States if there was the requirement for a policy change in a particular area. I think that is absolutely appropriate. Independence is important as well. There needs to be confidence within the private sector of whoever it is who is delivering support, and Jersey Business, being independent, being grant funded, having an independent and professional private sector board, I believe gives confidence to S.M.E.s and that is good. That is a positive move.

**The Deputy of St. Martin:**

Do you see retail as a classic example of where collective responsibility in the Council of Ministers will be important, Minister? From our point of view, we see roles in the development of retail for, obviously, E.D. (Economic Development), for Planning, for T.T.S. (Transport and Technical Services) and for the Environment Department. All these people are going to need to come together to develop a new policy for the retail strategy for St. Helier. So you must be quite in favour of collective responsibility where a decision can be made at the Council of Ministers with a direction and the industry could then be confident that all departments will work together towards the same aim.

**The Minister for Economic Development:**

Absolutely, I do support the principle of collective responsibility and I have said many times that, as the Minister for Economic Development, the Economic Development Department cannot alone return the economy to growth. It requires many other departments to play a leading role in delivering an overall package that is going to be mutually supportive and, yes, that ultimately leads back to the Council of Ministers.

**The Deputy of St. Martin:**

I suppose the 64,000 dollar question is: where do you see the greatest challenge for retail in the next 10 or 15 years?

**The Minister for Economic Development:**

I am not even sure it is that far ahead. I think the market is moving so rapidly and I think the point that is important to make is the fact that this is not an issue for Jersey alone. This is an issue that you see being played out in every town and city in the United Kingdom and elsewhere. Technology has changed radically and continues to rapidly influence retail as we have known it in our lifetimes, in particular the internet. There was a very interesting programme on about Amazon recently, about the retail revolution and that is exactly what it is, but it does not have to necessarily be a threat. It can be an opportunity. Many retailers in local areas see the internet as a threat. I would like to view it more as an opportunity and, if you look at Amazon as an example, they have got their Amazon marketplace where small traders at low cost have an opportunity to trade their products and open their marketplace up not just to their local jurisdiction but to the world. You see individuals who can make a living purely by utilising the services offered by Amazon. Amazon is just one example of ways in which retailers could enhance their offering or perhaps change their business model to recognise that certain products are more applicable for the high street and some more so for the internet and they perhaps need a combination of the 2.

**The Deputy of St. Martin:**

It is interesting that you mention Amazon, and I think that is the one that everybody immediately thinks of when we think of internet sales, and you mentioned working with your partners, Jersey Business and the Chamber of Commerce. But the Chamber of Commerce have, for some time now, been trying to promote something called Jamazon, which would be a local version of the Amazon, and they have been to your department to seek funding to see if they could kick this off and develop it. In this *Retail Development Plan*, which I accept is not finalised and is now draft and what have you, the Chamber's proposal for Jamazon seems to have been dropped completely in favour of other initiatives. Is there a reason for that?

**The Minister for Economic Development:**

Well, I would not say it is dropped completely. As you rightly pointed out, this is a draft but certainly the cost of what was on the table was an element that we looked very closely at. We have looked at other options. I have mentioned Amazon simply because that is a very low-cost way for local retailers to get an internet presence and trade their products to a worldwide audience. The Jamazon proposal was expensive or appeared to be expensive and clearly we are under a duty to ensure we get maximum return for every pound of taxpayers' money that we invest and we were not convinced or are yet, I should say, to be convinced that the Jamazon proposal represents the best value and best option in order to deliver the desired end result. The concept behind, by the way, I think is excellent, but we have got to ensure that the delivery is right and the cost is also appropriate.

**The Deputy of St. Martin:**

So are we dropping it or are we investigating to see whether it could be done more cheaply?

**The Minister for Economic Development:**

We have been looking at other options and it appears that there are other options that are possibly more cost-effective. So there is not yet a final decision on where it is going to end up.

**The Deputy of St. Martin:**

When you say "other options" are you talking about something very similar to the Jamazon proposal or are you talking about ...

**The Minister for Economic Development:**

Yes, very similar and very similar in some respects to what I have referred to with regard to Amazon. The idea of Jamazon, which is a somewhat curious description, is to create a local environment. So it is purely, as you will have seen if you have read the document, focused on-Island; whereas the Amazon marketplace that I was referring to was opening up the whole world to local retailers to sell their products.

**The Connétable of Grouville:**

One of the things that some of the retailers have told us is, with the *de minimis* of G.S.T. (Goods and Services Tax) so high, that it does put our retailers at a disadvantage. Do you have a view on that?

**The Minister for Economic Development:**

I think in some respects that is a valid point, but I do not think that is the reason for the challenges. Certainly it is not the reason alone for the challenges that retail face. One has to be realistic and look at the V.A.T. (Value Added Tax) levels in the U.K. (United Kingdom). Of course you have got economies of scale and I accept that point, but they are dealing with G.S.T. of 20 per cent in the U.K. So that could create a disadvantage.

**The Connétable of Grouville:**

A local Jamazon selling a £200 product would have to charge G.S.T. If you ordered the same product from the U.K., you could get the V.A.T. taken off and not pay G.S.T. on it. So it does put local traders, even if they were internet traders, at a disadvantage with the levels so high.

**The Minister for Economic Development:**

Yes. I certainly would not be a supporter of this, but if ever G.S.T. were to increase from the level it is currently at I think that becomes a far more problematic issue. The point I was trying to allude

to was at 5 per cent I do not think that that is necessarily going to be a critical issue. I accept and appreciate the Treasury issues over the cost of collective and such like. One has to consider that as part of the equation as well, but I do not think it is a defining issue.

**The Deputy of St. Martin:**

What do you say to the local retailers who say they are not on a level playing field and it is the *de minimis* level which is creating that?

**The Minister for Economic Development:**

I do not think it is. I do not think, alone, you could say that 5 per cent is the one issue that was going to make a difference. I do not think for one moment if, for example, you removed it that you would suddenly find that the retail sector in Jersey would be transformed.

**The Deputy of St. Martin:**

But one would hope that you would say that, given the opportunity, it would be nice if the local retailers could sell a product worth £150 at the same price that they could buy it over the internet. I mean £150 is going to attract an extra £7.50 in tax for the local seller as opposed to somebody who could sit at home on their sofa and order it from the U.K.

**The Minister for Economic Development:**

Yes. Again, it is not just about price. When you look at the issues facing retail, it is as much about convenience. People like and feel much more comfortable shopping in the evenings and weekends and such like. It is not just price that people go on line for.

**The Deputy of St. Martin:**

That takes us very conveniently on to the discussion over the convenience of purchasing and one thing that we still have the ability to do locally would be to deliver on the same day, which is something the internet cannot do if you order from off-Island. I take it you would be in favour of more people going online locally because they are then in a position to sell on a Sunday, which is something we cannot do, and then it is going to take us into the realm of going for Sunday trading. Do you think it is important that we open up Sunday trading so that people on a Sunday morning, instead of ordering something which might arrive on a Tuesday or Wednesday, can actually go into a large shop or whatever have you and purchase it then and there on that day?

**The Minister for Economic Development:**

I am a believer that people should have freedom of choice, both retailers and consumers; so, in principle, yes. I understand and accept the arguments around employees and appropriate protection for employees who might not wish to work on a Sunday, for example, and indeed the

arguments around keeping Sunday special, family life and such like. I mean there are very compelling arguments and the fact that Jersey has not had, to a certain extent, Sunday trading is something that many view as being extremely important and something we should hang on to. I think, from a commercial reality perspective, we need to look at the impact of the internet in the Island. There is an estimated £60 million of spend that Islanders make off-Island through the means of the internet. By opening on Sundays the question is: could a small percentage of that be recaptured? In other words, if the retail experience ... and I think that is a really important word, by the way, "experience". It is not just about shops being open, but it is about an experience on a Sunday of going into town, perhaps some markets, perhaps some street entertainment, the opportunity to sit in a coffee shop, to meet friends and socialise. I think it is the whole package which would allow families the opportunity to have another dimension to their entertainment and, by the way, is, in my view, vitally important to another topic we are going to talk about which is tourism. Many people come from France and get frustrated. They come into town on a Sunday and they largely cannot shop. Most of our tourists, you will be aware, come from the U.K. where, of course, there is Sunday trading and they come here and, if the weather is not very nice or for something else to do, they cannot shop. We are hampering, surely, our retailers and their ability to be able to meet the challenges of the internet.

**The Deputy of St. Martin:**

What about timing for opening on a Sunday, Minister? Do you see the necessity for a full 8 to 9 hours opening or do you think that we could shorten it to keep part of Sunday special?

**The Minister for Economic Development:**

I would be in favour of looking again at the experience that the U.K. have had since they introduced Sunday trading back in the 1990s where it should be noted, by the way, it took some time to catch on. It was not a success initially. It did take time and indeed it took time right in the heart of London. Even in Oxford Street the big department stores found a slow start as people got used to the change. Sorry, I have missed the ...

**The Deputy of St. Martin:**

What hours on Sundays?

**The Minister for Economic Development:**

Yes, sorry. The hours, I think, are important. Looking at the U.K., they have a limit of 6 hours, I believe, and they tend to trade between 10.00 a.m. and 4.00 p.m. So it is a shortened day and I think that that sounds perfectly sensible from a Jersey perspective. A limited number of hours that would be available for trading on a Sunday would be a suggestion that I think merits serious consideration.

**The Deputy of St. Martin:**

Just going away from Sundays but on the same subject, do you think there is some scope, Minister, for changing or encouraging retailers generally during the week to modify their opening hours so that they might open later in the morning but stay open later after people work in the evenings?

**The Minister for Economic Development:**

Absolutely. I am completely and utterly in favour of later opening hours, particularly in the key summer months when we have many tourists in the Island; again trying to improve the experience for visitors to Jersey before they go out perhaps for an evening meal in the town and indeed people working within St. Helier who are already here and perhaps leaving their offices at 6.00 p.m., 6.30 p.m., 7.00 p.m.

[10:30]

There are opportunities for retailers, I think, to gain some incremental growth in their revenues without significant additional costs. We used to see it back in the 1970s; retailers typically were open until 9.00 p.m. or even later. I accept there were significantly more visitors to the Island at that stage but, nevertheless, I think an extended opening period would be very valuable. We tried to encourage some retailers to run a trial last summer and it was limited in success because the take up was not as good as it should have been. One of the keys, by the way, in my view, to the success of Sunday trading or the success of late opening is getting the buy-in of retailers. It is not good at all if you only have 2 or 3 shops or half a dozen shops and, in particular, you need the anchors, the big department stores, to be open. That really, by the way, is at the very heart of the Sunday trading debate from a commercial perspective. As you will be aware, Chairman, currently the legislation that we modernised a few years ago changed the arrangements to size-based, so shops below 700 square metres can open on a Sunday now as we stand. So we talk about further liberalisation of our Sunday trading laws. What we are talking about is allowing about 20 stores to open who currently cannot because they are over 700 square metres. That is all it is, but what is happening is that the retailers below 700 square metres, which are the majority of the shops in the Island, a lot of those are not opening because, without the anchor stores, the big department stores, they do not feel that the footfall exists to justify them doing so.

**The Deputy of St. Martin:**

So, to be quite clear, you would be in favour of taking away that red tape on the square footage and saying: "You can open on a Sunday"?

**The Minister for Economic Development:**

We have just completed a consultation. There have been many consultations on Sunday trading. It is a hugely emotive subject and there seems to be very strongly-felt views on both sides of the argument. What we are looking at, subject to considering the outcome of that consultation, is proposing a trial deregulation for Sunday trading to allow the large stores, which I have just referred to, to open for a trial period over, say, 18 months and then assess the success or otherwise of that trial.

**The Deputy of St. Martin:**

When would you see that trial period starting?

**The Minister for Economic Development:**

We are working through the consultation responses now. We hope to have that very imminently and I would be intending to make a decision as to whether to take a proposition to the States with regard to a trial within a matter of a week or so. That proposition would be heard hopefully by the States pre-summer because we would like to get it in place to implement for this summer season.

**The Deputy of St. Martin:**

Yes. I was just about to say I would certainly be in favour. If the trial period is 18 months, I think it is going to be important that those 18 months include 2 summers as opposed to 2 winters, because the summertime will be hopefully when the retailers will see the most benefit if we have got tourists around.

**The Minister for Economic Development:**

Yes. The intention is to make the decision quickly and present to the States the proposal which, incidentally, as I have said ... You asked the question about the hours, which I have answered. I did allude earlier to the issues around employee protection and I think that is an area which we will give consideration to. We would not be able to provide that protection for a trial period because it will take some time. It would require the change to primary legislation from a Social Security perspective, but we would be asking Social Security to look at that should the trial move on to be more permanent, if it is a success, because I think that is something that does, for the longer term, need to be addressed.

**The Connétable of Grouville:**

Many people think that if we started a trial we would never be able to shut the door again. So, in effect, we are liberalising our laws and it will never change back. It may not be successful, in which case people just may not choose to open, but it is unlikely that, if the trial period is agreed, we would ever go back to having restrictions as we have now.

**The Minister for Economic Development:**

No. The way it is being proposed is that it would automatically revert back. The trial would allow for the legislation effectively to be suspended for the period of the trial. At the end of the trial period it would automatically revert back to the existing legislation. So it would not be a case that you start a trial and then we forget to do anything about it and it just carries on, if that is what you are suggesting.

**The Connétable of Grouville:**

No, I just thought that once you have opened the door people are going to say: "Just leave it."

**The Minister for Economic Development:**

The States Assembly would have to make a decision under the way it is currently being conceived. It has not been finalised yet, so you would have to take what I am saying with a pinch of salt, but if it is put forward and presented in this way, then of course it would revert back automatically at the end of the period. That is why the trial period, although I have described it at 18 months, in reality is a 12-month trial and a 6-month assessment period to allow, if necessary, to go back to the States and say: "We have done the trial for 12 months. We have assessed it. These are the results. We believe it merits a permanent change" and therefore that would allow time for the States to then consider having another debate on it to make a permanent arrangement.

**The Connétable of Grouville:**

The other thing you mentioned was it will need the bigger traders to buy into it. At least one of them is opposed to Sunday trading. Are you concerned about that?

**The Minister for Economic Development:**

I can think of 2 large traders, but I think I know the one you are referring to, and I know him very well. Yes, he is opposed, and I have not managed to understand fully why. He uses some of the arguments that you will be familiar with: it is simply smearing profits over a 7-day period. That has not proven to be the case in the U.K. This particular retailer, it is interesting, because he has got a slightly different dynamic to maybe many. He owns his own building, for example, he does not have the same sort of cost base perhaps, so it is a slightly different dynamic from his perspective, but it is equally ... I mean, there are only 20 or so stores over 700 square metres, of which that is one of them, and ideally, to make it a success, we really would need to see some of the large ones. But I suspect a number of them will open, from what we understand, and given the passage of time I suspect, despite the reservations the stores that you are referring to have, I think in time they probably would open. I think he has more or less admitted to that, he just does not like the idea or the principle.

**The Connétable of Grouville:**

He is not the only one though.

**The Minister for Economic Development:**

No. As I say, I know of 2 large stores that are not terribly keen, although interestingly, the other one I can think of is opposed to Sunday trading but also has a very successful online retail presence that is growing rapidly. I did ask that particular owner does he allow his online facility to operate on Sunday or does he close it down? There has got to be some consistency, because there are many people in Jersey and elsewhere in the world who are trading on a Sunday. We have got lots of restaurants and other services operating, you can fly in and out of the Island on a Sunday. There are all sorts of people who work on a Sunday as we speak.

**The Deputy of St. Martin:**

I think a lot of the Islanders would be quite upset if everybody stopped working on a Sunday, because even though it is nice for us to visit our tourist destinations and go on the beach or go out for lunch, we all expect the kiosks, the restaurants, the hotels, the limited buses, the taxis, we expect other people to work on our behalf on a Sunday, while we may not want to do it ourselves.

**The Minister for Economic Development:**

We do, Chairman. You will have gathered I am a supporter of allowing people the freedom of choice, as I said at the beginning, both retailers and consumers, but we have to be aware of the arguments on the other side and make sure that employees are protected and we have a balanced view. It is important, there are very relevant arguments that need to be considered and I think that is quite appropriate.

**The Deputy of St. Martin:**

I just want to concentrate a little now on the experience that we talk about when we talk about coming to town, and most people seem to acknowledge the fact that we have to make it an attractive place to come. Certainly at the moment, Minister, we are one of the very few places in the U.K. that are enjoying a full high street with shops that are not closed or boarded up. I would like to just seek your views on where you see the footprint for the retail sector in St. Helier, inasmuch as at the moment we have a high street, we have periphery along the side and it is all full up. Do you think it is important to maintain 100 per cent inside whatever we decide is the footprint, so if the industry contracts, do we need to reduce the size of the footprint and make sure the heart is always full, always vibrant and always busy, or do you think that we can continue to have this large footprint for retail in St. Helier that we have enjoyed over the past decades, even though some of those shops may disappear or may close?

**The Minister for Economic Development:**

It is an interesting question, because my mind is springing back to a comment made by one of the large retailers - not the one that I think the Connétable was referring to - who was, at the same time as not supporting Sunday trading, also suggesting that he saw the retail high street shrink by 20 per cent or 25 per cent, I think he said. If there is consolidation, which is quite probable, because there have been and continue to be radical changes to the way in which retail operates here and everywhere else, I think you will always have or need to have a central part for the shopping experience. But as I have said before, the overall retail experience, which in my view includes street entertainment, it includes eating out, drinking in coffee shops and suchlike, that can spread out a bit, but I think overall you are going to see a consolidation probably in the retail area. I think one of the key points though, and this is relevant to the existing retail strategy, which I think you referred to earlier on, and that was identifying issues around potential, at that stage, third supermarkets and suchlike. I do think that if there is going to be additional competition in the food retail area, then there needs to be an agreed policy on suitable sites that would allow that to happen, because the barrier that prevents further competition in food retail, and in particular the introduction of a deep discounter in food retail, is the lack of sites, the lack of space.

**The Deputy of St. Martin:**

I am going to ask you what your views are, but obviously you are talking about a potential third supermarket or other supermarkets: what would be your view on a new supermarket coming to Jersey, question one. Secondly, I could not believe that you would want that new supermarket to be out of town if we are talking about reinvigorating and revitalising the retail sector in St. Helier.

**The Minister for Economic Development:**

No, I was not suggesting it should be out of town at all, but if you look at the area that is defined for retail, it is quite small. It is quite large in terms of existing retail, but if you lump together, which is perfectly appropriate, food retail - in other words, a supermarket - within the defines of what you would describe as St. Helier, there is not the area and the space identified within that plan that would allow a large retail site.

**The Deputy of St. Martin:**

So you think we need a large ...

**The Minister for Economic Development:**

Within town, not out of town.

**The Deputy of St. Martin:**

Yes, so you are saying we need another large supermarket in St. Helier to encourage people to come back into town?

**The Minister for Economic Development:**

Sorry, to encourage people to come into ... no. I think there are 2 separate arguments.

**The Deputy of St. Martin:**

Well, to further encourage people into St. Helier, you add to the experience by another supermarket, another large supermarket.

**The Minister for Economic Development:**

No, sorry, I am obviously confusing you, Chairman.

**The Deputy of St. Martin:**

Easily done.

**The Minister for Economic Development:**

Not at all. I confuse myself sometimes. There are 2 separate issues. I was happening to talk about retail and food retail in particular. You were talking about the size of the retail area and I was simply saying that we do not allow for the provision of a third supermarket, if you like, because there is not the allocated site or space within the retail ring from a planning perspective to allow that to occur. It is not about bringing people specifically into town that would go to a deep discounter and then go shopping in town. They might do that, you might bring more traffic in that respect, but the 2 were 2 separate comments.

**The Deputy of St. Martin:**

But getting back to that, if you could redesign the Island planning for St. Helier, are you therefore saying that you would be in favour of creating a space for a supermarket in St. Helier that does not exist currently?

**The Minister for Economic Development:**

I think it goes back to your earlier comment about a joined-up approach between the Council of Ministers and recognising ... well, they are not joined up, but recognising that one Minister in one department alone cannot deliver on a particular policy, for example, to allow the opportunity potentially for another supermarket or a deep discounter, whoever that might be. We would need

additional land to be zoned that is appropriate for it, which currently is not the case. That is the barrier that exists for ...

**The Deputy of St. Martin:**

While we are talking about the departments, one we would specifically be thinking of in doing what you have just suggested would be the Planning Department. Do you see a need for the Planning Department to be a little bit less draconian or more lenient when it comes to change of use in St. Helier? I am thinking here specifically as the retail centre moves in St. Helier or contracts, there will be areas on the periphery which have been shops historically which it would be nice to think those shops could be converted into accommodation and that type of thing.

[10:45]

But at the moment, the Island Plan might make that difficult. Do you think Planning need to take a slightly different approach to retail in St. Helier?

**The Minister for Economic Development:**

I am not sure I would limit it necessarily just to an approach regarding retail. I think we can look at other jurisdictions, the experiences they have had with trying to stimulate their economies, the recognition that the planning system is key to that, the clear understanding that there needs to be a balance and I think that balance I would describe as obviously the Planning Department have responsibilities under the Planning Law, they have responsibilities for social impact, for environment impact. What there is not, in my view, appropriately is the right level of economic input into some of the decision-making, and I think other jurisdictions - the Welsh are a good example - give equal consideration to economic, social and environmental matters from an overall planning view. I think that that holistic and balanced way of determining all matters in relation to planning is probably a sensible move forward.

**The Deputy of St. Martin:**

Another instance that we have had recently given to us while we have been engaged in this review is the difficulty in certain retail outlets closing and somebody else coming on to take on a small shop with a small frontage and applying to turn it into a café or a coffee shop or something and being then told: "Oh, because you have got such a definite change of use in the type of retail that you are engaged in, you now need to have disabled toilets and you need to have this and you need to have the other" which renders that property completely impractical for use as a coffee shop. When you have got a string of shops which are all similar sizes in the street, it basically says there is a whole range of stuff that you cannot then do in that street. Do you think Planning

should be ... I do not want to use the words “tearing up the Island Plan” but do you think that in those instances, they should just use a bit more common sense?

**The Minister for Economic Development:**

It is very difficult to give a specific answer to that. I am always in favour of ... you will think I am a greater supporter of Amazon if I dare use Amazon again as an example, but they focus on the customer, and successful businesses focus on the customer. I believe governments need to focus on the customer as well and I think there needs to be a practical and pragmatic view with the interpretation of laws that, quite rightly and appropriately, have to be properly managed, but they have to be done, in my view, in a quick and efficient way to ensure that in this case, the example you used, the business can function. That is, going back to what I said a moment ago, why social, environmental and economic factors need to be given equal consideration. I think to the question you have asked, that is the best way I can answer what you have just posed.

**The Deputy of St. Martin:**

We suggested to T.T.S. that in certain areas of town where shops are quite small and it is difficult to create toilets, especially disabled toilets, because there just is not the square footage on the ground floor, that maybe they should be providing more facilities for the public. Do you have a view on that particularly? I know it is a little bit off piste, but do you think that we should be more responsible for providing amenities for the public in St. Helier? We recently seem to have converted most of them into coffee shops.

**The Minister for Economic Development:**

That has been a great stimulus to the economy. I think the coffee shops are doing very well, one of the plus points.

**The Deputy of St. Martin:**

Yes, but the more coffee you drink, the more amenities you need.

**The Minister for Economic Development:**

Yes, absolutely. As you say, it is a little bit off piste. There are some very good facilities there that have been upgraded, which I think is encouraging, because some of them historically left a lot to be desired. I think there should be appropriate facilities in and around town and on the whole I think that the balance is probably about right at the moment.

**The Deputy of St. Martin:**

Do you have a view on pedestrianisation? We have obviously spoken about the experience and we have got King Street, Queen Street and other little areas where we have made it our priority for

pedestrians to get around. I think that works really well, but do you think we should be encouraging even more pedestrianisation and keeping the car out of town more?

**The Minister for Economic Development:**

It works better from a retail point of view if people can walk, I suppose, and have easy access to shops. It presents issues around the subject of parking, which you have not asked me about specifically.

**The Deputy of St. Martin:**

Do not worry, we are coming to it.

**The Minister for Economic Development:**

There you go, and the cost of parking, of course, which some view as being a barrier to people coming to town and shopping. I think if you are going to create larger areas of pedestrianisation, then that has got to be tied in clearly to a clear policy on car parking and allowing people the opportunity to park close enough and therefore be able to access the key shopping area. I am not sure that the balance is not about right at the moment. I still remember King Street and Queen when you could drive down it. I am sure you can, Connétable.

**The Deputy of St. Martin:**

Just.

**The Minister for Economic Development:**

Of course, I was very young at the time. I think the fact that has been pedestrianised has been very helpful from a retail perspective and I am not sure that I would go very much further than where we are at the moment.

**The Deputy of St. Martin:**

When you talked about experience in towns, one of the places that just about everybody puts at the top of their list - and is described as the jewel in the crown by just about everybody we have spoken to - is the Central Market. Your development plan, while it does not dismiss the Central Market, it certainly does not offer any ideas other than to just say that Property Holdings should get on and do something about it, but do you see the Central Market and the markets generally as a potential centre for the experience of retail in St. Helier?

**The Minister for Economic Development:**

I am not sure I would describe it as the centre, but I think it is an important part of the fabric of what a positive experience would be. I think the Central Market is a remarkable building and a lot more could be made of it.

**The Deputy of St. Martin:**

So you would be in favour - like a few other people - of a radical shake-up in the Central Market, a redesign, different types of retail in there and maybe some areas for greater public access and relaxation and entertainment?

**The Minister for Economic Development:**

Yes. I think I would like to know from a factual basis how well it is working or not, as the case may be. I do not know what sort of analysis has been done on traffic in and out of the market, how well it is working at the moment. There is some quite interesting retail options available currently, but I have no doubt that the overall experience could be improved dramatically with a properly developed plan and effectively executed, which is obviously the key part of anything. It is all very well coming up with a plan; you have got to execute it. So, yes, I think somebody does need to look at details around how that could be better presented and enhanced. It is a bit like Fort Regent: there is an awful lot of talk and not much action.

**The Deputy of St. Martin:**

It is not just Fort Regent, Minister, there are all sorts of areas where there is lots of talk and no action.

**The Minister for Economic Development:**

That is a little bit unfair perhaps about Fort Regent. There has been some change, so ...

**The Deputy of St. Martin:**

The other one after the Central Market is the Royal Square, which we have just outside. Do you think that is utilised enough?

**The Minister for Economic Development:**

I think it is a wonderful area that you see quite a number of markets and events being held in. I think that is extremely positive. It acts as a magnet. You could always do more, never say that you cannot do more, and I think part of the term "experience" that I used was about the fact that retail is not just about coming into town and going to a shop, doing some shopping and going home again, it is about spending time, meeting family, friends and these sort of market experiences that go on in places like the square are fabulous. I think that we should seek to do more of those, if we possibly can.

**The Deputy of St. Martin:**

More publicity? I presume that would just go hand in hand with more events, more publicity, a more joined-up approach to tourism, retail?

**The Minister for Economic Development:**

That is why within that document - our secret document that you have got in front of you - it talks about the importance of communication and it talks about social media, developing those sort of channels, because nothing is more powerful than word of mouth, apart from perhaps social media, which is like word of mouth on steroids; it is fantastic. We talk about that within that document, utilising multiple channels of communication as a key part of assisting retailers. They need to help themselves, by the way, in all this.

**The Deputy of St. Martin:**

Yes. Well, let us go there now. I was going to come to parking, but let us get on to retailers helping themselves. One thing that the internet cannot provide is a person to person customer personal service with dialogue. Where do you see the quality of retailer service in St. Helier at the moment, if you had to score it one to 10?

**The Minister for Economic Development:**

Oh, that is not a very fair question.

**The Deputy of St. Martin:**

That is a nasty question.

**The Minister for Economic Development:**

It is, it is. It is a mixed bag I think is probably a fair way of putting it, although having said that, to put some meat on the bone, we did do - in fact, the document there talks about mystery shopping - a customer satisfaction survey. The response was really, in my view, quite shocking, certainly very disappointing, that the level of customer service was well below what we had hoped or expected it would be currently. I would have thought in this current economic climate, we are still ... well, hopefully at the tail end of the longest, deepest recession in living memory, you would have expected that businesses would have raised the game in terms of customer service and made sure that the consumer experience within the store, the shop in question, was at the highest level you possibly can.

**The Deputy of St. Martin:**

But where does the fault lie there, Minister? Is it the fault of the owners or the management of the businesses not paying enough attention to the quality of their staff or are they being forced to

employ people who are not trained well enough or have the wrong attitude because they cannot find anybody else? Where is the balance to be struck here? We have certainly heard from some very large retailers about the efforts they put into training their staff and the quality that they expect their staff to have when they are serving a counter, and if they do not attain a certain level, they will be removed. Do you think that sort of thing should be sort of just used generally across the board? I go back to the original question: where does the fault lie? Is the quality of service just not there to be employed or are managers/owners not taking enough notice?

**The Minister for Economic Development:**

I do not really like the term “fault.” I think I would rather phrase it: “Where is the responsibility?” If it is your business and you are suffering within a very difficult economic climate, it is surely your responsibility to look at what is within your powers as a business owner to improve. Clearly, just about anybody in business will realise that customer service is one of the most important - my Amazon example again - to focus on customer service. That is something that relatively easily most businesses should be able to focus on themselves and do something about in terms of giving advice to people that they employ and training to the people that they employ to improve that experience. A lot of it is quite simple. How often have you been into a shop - it does not have to just be Jersey, by the way, but anywhere - and somebody is wandering around the shop, the worker is looking at the floor, ignoring you, they do not smile at you, they do not ask you can they help you? The product knowledge, when you eventually say: “Well, I am quite interested in buying one of these widgets. How does it work?” and they do not know how it works. It is all that type of stuff, which is relatively straightforward. There is a responsibility, in my view, for the business owner, the retailer, to make sure that the staff can do the basics and I think that would improve the experience.

**The Deputy of St. Martin:**

Is there a role for Government here or would that be too much interference?

**The Minister for Economic Development:**

There is a role for government, and that is why we established Jersey Business Limited, which sits, as you know, outside of government, it is grant-funded, but has a private sector board of individuals, entrepreneurs who have run businesses, have been at the coalface, who know what it takes to make businesses successful. So the ingredients are there with Jersey Business to provide free advice to largely S.M.E.s which, as I said, is principally the retail sector, and it is there for them to access and they will go in and they will look at the business, they will give some advice. I have just given some myself. I am no expert on the subject, but I would have thought it just comes under the heading of common sense.

**The Deputy of St. Martin:**

But when it comes to staff training, is that not a job of departments like the Education Department or Social Security Department to provide people who already have that ethos of wanting to help customers, rather than just say: "I turn up, take my money and go home"?

[11:00]

**The Minister for Economic Development:**

Yes, but it comes back to the word I used, which is about responsibility. If it is your business, your investment, you are going to do everything, one would have thought, to make it work and you are going to start with the basics. The basics surely is making sure that you employ people and ensure the people you employ ... if you have worked in business and in retail for a number of years, you should understand what the basics are to make it a success. You get the right product at the right price, you present it in the right way and part of that is the staff and making sure that they are there, smiling, happy, right product knowledge and so on. If the business model is wrong ...

**The Deputy of St. Martin:**

But why are we not enjoying that experience throughout St. Helier then, Minister, at the moment?

**The Minister for Economic Development:**

I have to say, Chairman, I am somewhat baffled. There is nothing like a difficult trading environment to push anybody to re-examine their business and re-examine their business model and find out where it is not working. When we are going through a boom period, you tend to find that, quite naturally, businesses have not, if you like, got the time to concentrate on the basics because they are doing so much business, it is flying through the door, and standards, often customer service slips. When trading conditions become more difficult, that is when businesses tend to refocus on margins and customer service and suchlike. For some reason, we saw from the survey that was carried out that in a number of cases, the survey indicated that customer service fell well below where we had expected to see it, and that is disappointing, and that is why a focus of Jersey retail in the plans that you have before you include addressing that matter. That is why I felt and feel that Jersey Business are the appropriate conduit through which to drive the initiatives that have been considered for Jersey retail, including dealing with the matters that we have just discussed.

**The Deputy of St. Martin:**

Let us move on to car parking, always a difficult issue, trying to encourage people on to buses to come into town is also a difficult issue and the cost of parking is a subject which gets people excited, but generally speaking, do you think there is enough parking in town, Minister? Do you think people still think: "I do not want to go to town at weekends, it is impossible to park. Why should I waste an hour driving around trying to find a space to go shopping"?

**The Minister for Economic Development:**

I think if you speak to T.T.S. they will give the statistics which show that there is available space just about all the time and that you cannot argue with the statistics. You might say: "Do I want to go and park up at Pier Road and walk into town when it is raining? Do I want to go into town when I can go online because it is a lot easier?" I said earlier that the internet is not just about price, it is about ease. So there is a lot of noise around parking. We looked at the possibility of giving, as part of the draft plan that you have before you, some free parking periods, for example, if there was a free parking or a discounted parking on a Saturday morning, whether that would encourage more traffic into town in terms of more consumers to shop. Obviously it would have to be accounted for, so if we were going to discount parking or reduce parking, that would be an impairment to the budget of T.T.S., so we would need to fund that, and that is part of the funding options that you see within the paper. We concluded that the something like £300,000 or more - I cannot remember the exact figure - that potential option would have cost could have been deployed more effectively by providing support in other ways. We were not convinced, in other words, that by doing it we would drive enough additional consumers to town that would be beneficial. I think we need to make parking as simple as possible, but I think there is the capacity there. I think, by the way, your ... not idea, but your suggestion or question about pedestrianisation, the more you provide pedestrianisation, the more difficult it is for people to get close to the shopping area. The other critical point of course is with an ageing population in particular, we have got more and more elderly people who need to be able to park in disabled parking and suchlike, and that creates more of a problem if you spread out your pedestrianisation.

**The Deputy of St. Martin:**

We spoke about the markets, and I am particularly thinking of identifying the footprint for retail, which at the moment certainly would include the markets, West Centre and then the bottom of Bath Street up towards Snow Hill, but in that area of town there definitely seems to be at the moment a lack of available parking spaces. Minden Place car park is always full. It is particularly difficult to park large vehicles in there, it was designed for much smaller vehicles many decades ago. Ann Court is a debate whether we are going to have some parking there or not. We know that there is a demand in that part of town, and we are just trying to work it out, but it seems to us

that there is a definite need for some more multi-storey or large-scale consumer parking in that part of town.

**The Minister for Economic Development:**

Yes.

**The Deputy of St. Martin:**

Because if we are going to keep that area vibrant, I think we need to accept that not a lot of people can get there easily.

**The Minister for Economic Development:**

I think at peak times that there is a challenge in some of the closer car parks. My analogy of Pier Road, T.T.S., as I have said, will always say there is capacity, because there virtually always is in Pier Road, whichever way you look at it. So is there enough car parking? You could argue: "Yes, there is, because there is capacity" but the question probably is: is there enough parking close enough to encourage people to come into town? I think parking is a little bit of a red herring in terms of stimulating retail. We cannot discount it. Some are of the view that it was the only point and the only issue that really matters. I do not subscribe to that. I think it is one facet of an overall package that is required to help to support the retail sector, only one part.

**The Deputy of St. Martin:**

Yes, okay. Before we move off on to other subjects, I think we have covered most of the issues that we wanted to speak to you about retail, but I am just going to finish on a generalisation. We have spoken about experience and I think everybody accepts that we need to make the attraction of coming to St. Helier better, but where do you see the unique selling point in St. Helier, Minister, or the unique selling points for retail in St. Helier? Are there any? Where can we concentrate to really encourage people?

**The Minister for Economic Development:**

I think the heart of St. Helier is very attractive and appealing, but the key is always going to be what is on offer in terms of the businesses that we have here. I think that there is an opportunity to improve Jersey and add - as we are going to come on to in a minute - to tourism. Another string to the bow from a tourism point of view could be retail. Currently it is not, but we do not have, for example, the range, breadth and depth of luxury brands. That is an option that other jurisdictions have taken up. I think it is something that Jersey could capitalise on, but that is not a matter for Government.

**The Deputy of St. Martin:**

Could you give us some practical examples, Minister, of what luxury brands you are talking about?

**The Minister for Economic Development:**

The top brands that you would expect to find in London ...

**The Deputy of St. Martin:**

Or Paris.

**The Minister for Economic Development:**

Paris, if you go to Bond Street or wherever, you will find all the top luxury brands in one area in Dubai and places like that, and they attract people to come in, the higher spenders, the wealthy and suchlike for a long weekend. I think there is undoubtedly an option for Jersey to look at something similar. We are sitting here in a very pleasant environment and I think the right delivery in terms of store or presentation of luxury brands is something that is potentially attractive for the Island and could help to deliver high-value visitors for short stays, as other jurisdictions have seen and benefited from in the past.

**The Deputy of St. Martin:**

Is that something your department is working on actively?

**The Minister for Economic Development:**

It is not. Well, this is not something for Government to do, but I think there is some interest in the private sector for people to look at that as an option and there is private sector investment that if they can see an opportunity for making a return on that, I think we will develop the opportunity.

**The Deputy of St. Martin:**

We are looking to encourage new 1(1)(k)s, we are looking to encourage new high-tech businesses, new digital businesses. Would this not just be an extension of that type of encouragement to high-value products coming on to the Island or high-value businesses coming to the Island?

**The Minister for Economic Development:**

I think it is about the confidence of investors to invest in a concept. I have just given you a concept that happens and operates very successfully elsewhere. I do not see any reason why it should not do the same here in Jersey. There is investment, I think there is potential. As we have attracted more inward investment to Jersey, both in terms of high-net worth individuals and others, then many of those people go to London, Paris and elsewhere to buy their luxury brands. They may

well seek to buy them here, but more importantly, I think you can drive high-value visitors to come if the offering in the Island is good enough and I think there is the potential.

**The Deputy of St. Martin:**

A final question, Minister, about the movement of the centre of retail towards the waterfront with the finance centre and more office developments down on the waterfront. Do you consider a need for the heart of the retail to move in that direction or do you think we can continue to maintain it where it is with that number of people now working that little bit further west?

**The Minister for Economic Development:**

I think if you look at the experiences elsewhere, you do tend to see somewhat of a drift when a waterfront development matures. There are many examples around the world; Cape Town springs to mind. I think there will be other opportunities around the waterfront. We are already seeing Liberty Wharf is beginning to develop: a slow start, but that provides another experience, a very attractive environment. I suspect with the development of a finance centre, which we hope will develop over the coming years - the Island desperately needs grade A office accommodation, by the way - if we are going to be successful in attracting and developing inward investment, which is key to diversification of the economy - I know you have not asked me about that, but I thought I would just push it in - so I think there are options. Liberty Wharf is interesting. It is under cover, it is a good experience. I think you will get a mix, and I think that is positive, people want different experiences, and I think between the waterfront, around that area, and what we have currently got is probably going to be right. I think further north in town, some of the smaller shops I think you will see them perhaps disappear and the opportunity for redevelopment of some of those areas. That applies also to some of the secondary office space there, which is perhaps not suitable for modern businesses, so you will see opportunities for St. Helier. That was a big advantage of the development of a finance centre. By the way, it is called a finance centre, but any high-value business, it does not have to be just finance-related. There are other businesses that might wish to relocate to the Island and need quality, sizeable, grade A office accommodation, so that area applies to all. But what you will do is you will see some of the secondary office accommodation being redeveloped, I would suspect, over the medium to longer term into other uses, accommodation and suchlike.

**The Deputy of St. Martin:**

I am not going to go there, because I could start touching on the new building bylaws and the amount of regulation there is about new office space, commercial, and insulation and the difficulty in converting old offices into new premises. I will not go there today, but there is an issue there that Planning need to address, as far as I am concerned. If we are going to move people from old

offices into new ones, the planning laws at the moment make it very difficult to do anything with those old offices, things need ...

**The Minister for Economic Development:**

We need to be bold.

**The Deputy of St. Martin:**

I am happy to be bold. I am going to be bold now and move to tourism, Minister, which is not that far away from what we have been discussing so far, inasmuch as Sunday trading and retail in St. Helier is dependent to a large majority on tourism. In the last couple of months, Minister, we have had some new direction shown or potential direction for tourism. We have had the Shadow Board have come out with their initial report, which you have given conditional approval to. Most recently we have now had a response to you from your Chief Officer of Tourism, or Director of Tourism, Mr. De Carteret, and it seemed the 2 documents were a little bit at odds with each other. Can I ask you where your preference lies? That is probably the wrong word, but you have appointed a Shadow Board, they have come out with a report, you have given it your conditional support. Is that your view, given the document you have now had from Jersey Tourism?

**The Minister for Economic Development:**

I should say first of all that I welcome the report presented - I have just read it - from David De Carteret and the Jersey Tourism team. We encouraged them to respond to the Tourism Shadow Board's report.

[11:15]

It was perfectly appropriate that they should do so and I think it makes interesting reading. There are obviously going to be different views and it identifies some interesting points, but as I have already stated publicly, the position remains exactly that, that broadly I support the comments made in the Tourism Shadow Board's report. Where we are now is that we have asked the board to go away, together with the support of E.D.D. (Economic Development Department). We have appointed some funding and a project manager to work up the business case, because it is all very well having the high-level detail contained within the Tourism Shadow Board report, but the business case needs to be developed to support that, and over the next couple of months, that is exactly what is going to happen.

**The Deputy of St. Martin:**

You talk about business cases and funding, but quite early on in Mr. De Carteret's report here, it says: "The budget available is currently £5.46 million, not the publicly-quoted £6.5 million." That

has confused us a bit and we tried yesterday and again this morning to work out where those differences are, because £1 million worth of difference is quite a considerable amount. Could you clarify exactly the situation with the budget available to Tourism?

**The Minister for Economic Development:**

I certainly can, and in fact both figures are correct. Does that confuse you?

**The Deputy of St. Martin:**

Absolutely.

**The Minister for Economic Development:**

Let me explain.

**The Deputy of St. Martin:**

Absolutely.

**The Minister for Economic Development:**

It is broadly £6.5 million. It has been rounded to that number, but broadly £6.5 million. I think I have got a figure here somewhere. Oh no, it is a bit more than that, it is £6.681 million is the full budgetary figure, but that includes some central costs of E.D.D. and suchlike. It also includes the Tourism Development Fund funding which, as you know, stands at £500,000.

**The Deputy of St. Martin:**

The £500,000 for tourism development is included in the £6.681 million?

**The Minister for Economic Development:**

Yes, exactly.

**The Deputy of St. Martin:**

All right.

**The Minister for Economic Development:**

You have also got staff costs in there as well, so I think if you ... I have only very briefly read - I have been away for a few days - David De Carteret's report, but I think in there he uses the figure ... is it £5.4 million or £5.5 million?

**The Deputy of St. Martin:**

£5.46 million he uses. He has a statement here. It says: "The current tourism revenue budget stands at £5.46 million, which covers all activity and staffing costs."

**The Minister for Economic Development:**

It does not.

**The Deputy of St. Martin:**

Is he wrong then?

**The Minister for Economic Development:**

It does not include T.D.F. (Tourism Development Fund) or the central costs that are allocated from a management point of view. Some of the functions for Tourism are carried out through E.D.D., so if you include those and T.D.F., you come to the figure that I have just given you, which is £6.681 million.

**The Deputy of St. Martin:**

So it is a moot point then when Mr. De Carteret says: "Tourism includes all staffing costs." That is specifically people who are employed at Tourism, while we have other people employed at E.D. who do tourism jobs who are not employed by Tourism?

**The Minister for Economic Development:**

Exactly, spot on.

**The Deputy of St. Martin:**

As clear as mud.

**The Minister for Economic Development:**

That is what I said, both are right.

**The Deputy of St. Martin:**

Okay. One of the main thrusts of Mr. De Carteret's report here is that he seems to be very ... "set" is probably the wrong word, but quite dismissive of the fact that the Tourism Shadow Board have not concentrated more heavily on the merging of Jersey Tourism with Ports of Jersey. Now, we find that quite interesting, because I think we, on the one hand, feel that Tourism need to have a flag to fly and one of the problems they have had since the ministerial Government came in is they may have lost a little bit of identity without a president, without a committee specifically for them.

**The Minister for Economic Development:**

You mean without a champion?

**The Deputy of St. Martin:**

Without a champion. We have got a retail champion and we have now got a tourism champion, we are going to have champions all over the place. Where do you sit on this, Minister? Do you think Tourism should be consumed into the Ports of Jersey? Surely there is a conflict there or there will be a conflict. I know we have had discussions about whether Ports need a representative on the Shadow Tourism Board, and I think we accept that that was an important link, the conduit that needed to be maintained, but we do not want to lose Tourism into Ports, do we, surely?

**The Minister for Economic Development:**

You know, it is an interesting debate, this one. Transportation is key to tourism, clearly, and you might argue that you have got already a Shadow Ports Board that has been operating very effectively and efficiently and you could see that there are quite a number of synergies therefore between what the Ports do in terms of bringing people to the Island and tourism itself, so you can see perhaps why some will support that as a way forward. I think it is a little bit early to be having that debate, or indeed moving to a model of that nature. For example, if the business case turns out to be supportive, we then move to implementation in terms of creating whatever the new structure which is termed within that report, as you will have noted, Visit Jersey. That would then need to be created, a chief executive would need to be recruited and so on and so forth. There would need to be a period of bedding in. I think we are also moving the Ports towards the incorporation model. There is an awful lot of work to do there, but my biggest concern about trying to lump it all together at this stage, I think it is just too much, it will take away the focus of the executive and the board for the Ports from their key objective of addressing Ports incorporation. I think that what we need to concentrate on doing is working up the business case on this, if that is supportable, then developing that particular model as a standalone, because industry itself, the tourism industry, is - and this is one of the key points that has come through from every bit of research done in recent years - all about independence. I think they will feel, the industry themselves within tourism, will not feel that it is properly independent with a proper champion, if you want to call it that. I do, by the way, subscribe to the fact that the Minister for Economic Development is champion of tourism, as he or she should be for any sector of the economy, by the way, so I think the focus is going to be lost if a new direction for tourism and structure was subsumed within the Ports at this stage. I think in the longer term, it probably should be revisited and there might be some opportunities. Whatever happens, it will be absolutely essential that the Ports and Tourism work closely together. They work reasonably closely now. They can develop that relationship in a mutually beneficial way and I think that is essential.

**The Deputy of St. Martin:**

I could not really agree more.

**The Connétable of Grouville:**

The Tourism Department, as we have now, will not be in existence in 3 years' time?

**The Minister for Economic Development:**

Sorry, were you asking if that was ...

**The Connétable of Grouville:**

Yes. I mean, in 3 years' time we will have moved to a Tourism Board as opposed to the Tourism Department we have now?

**The Minister for Economic Development:**

I cannot guarantee that. We have had a recommendation. We set up a Shadow Board. They have produced a report now. The first thing they were asked to do was to look at the governance and structure of Tourism, and they were asked to look at a new strategy for Tourism, by the way, but they came back pretty quick and said that was a step too far with the resource they had. They were going to concentrate on what they considered to be the key issue, which is structure and governance, and I thoroughly agree with that, which is what they have now done. The business case has been developed. The key bit is the business case. The business case has got to demonstrate that what the report says is deliverable and what it is going to look like, what it is going to cost, is it affordable and so on. So to answer your question, I cannot guarantee there is going to be a new model in 3 years' time. I believe there will be, and in fact I believe it will be a lot sooner than 3 years, because I do not think we have got time to sit about and wait. I think we need to get on with whatever we are going to do and there needs to be change, in my view. The Tourism Shadow Board have delivered their view at a high level as to what change should look like. The business case will put the meat on the bone and prove the point.

**The Connétable of Grouville:**

I was going to come on to that, because the industry were telling us that there is a real urgency here, and so 3 years is too long really for ...

**The Minister for Economic Development:**

Where did 3 years come from?

**The Connétable of Grouville:**

I am just suggesting. I just want to know, looking ahead, but the industry tell us that if you are talking about marketing for 2015, it is going to start now, so we are too late for that year. Will we be too late for 2016?

**The Minister for Economic Development:**

They are absolutely right, and I am absolutely clear that what we are looking at now and what we need to do in terms of changes, whatever those changes may be - let us not focus too much on what that might look like - but there does need to be change, because I am absolutely determined that we get to a position where we can return our tourism industry to growth. Is that possible? Yes, I believe it is, absolutely believe it is. You just need to look at the work that was carried out at World Tourism, which is forecast to grow over the coming 10 years; Visit Britain have had various bits of research; most recently Deloittes did some research, which identifies 3.8 per cent growth potential. That is our main donor market. If we cannot grow in that environment, then there is something seriously wrong, so the focus is about turning tourism back to growth. Now, in terms of doing that and from the timing point of view that you have referred to, the development of the plan for marketing the Island for 2015 is underway now and will be completed, as it has to be, around summertime, so there is limited options, although I would hope there will be some influence from either the Shadow Board or others into 2015. The reality and target is to ensure that 2016 is influenced in a different way, whether that is through a new structure such as Visit Jersey or in some other way, then whichever way we look at it, the changes have to happen quickly in order to deliver on the objective of returning tourism to growth and the target is to influence the 2016 season fully.

**The Deputy of St. Martin:**

It is an awful long way away, Minister. Is there ...

**The Minister for Economic Development:**

It is not, Chairman, if I may say, because to do that, we would be talking about a lot of change potentially and the 2016 programme needs to be put to bed by the summer of 2015, so it sounds like a lot, but it is 12 months away, 14, 15 months away.

**The Connétable of Grouville:**

The T.S.B. (Tourism Shadow Board) report is plain that the tourism numbers have been declining over 15 years is wrong, because over the last 4 years, the numbers have stabilised. Mr. De Carteret quotes a 2009 figure being 1,000 visitor numbers less than last year, so his claim is that the Tourism Department have only stemmed the flow of decline, so do you have any comment on that? Is that right? One assumes it must be.

**The Minister for Economic Development:**

I have not sought to audit the numbers in the report - I have only just seen it - but they are broadly as I understood it. We have stood up better than most jurisdictions during the course of the last few years, which have been very difficult for the global economy, and I think that is a testament to the work that our Tourism Department have done. I think they have done a good job, but is it satisfactory to say we have declined more slowly or should we be saying that we want to be in the environment where we are seeing growth now returning? We want to see that we ensure that we have the structure in place to deliver growth, and we have not seen growth, whichever way you look at it, for the last 15 years.

**The Deputy of St. Martin:**

Mr. De Carteret put some figures in his report, and he has used very selective figures, in my view, to maintain his argument. Do you not think that it is all a bit premature? Should he not be waiting for the business plan that you refer to coming out of the Tourism Shadow Board before he starts commenting or criticising? He is very critical that the Shadow Board are coming out with claims and aspirations and targets and he says there is no substance behind it, but you have just admitted we all know the business plan is coming. Should he not be waiting for the business plan before he criticises? I think he and the department are perfectly at liberty to comment on a report that has been put into the public domain. I would be very surprised, and indeed I would expect them to comment further on the business case when that is developed. I have no criticism of the fact they produced a report commenting on what the Tourism Shadow Board have published.

**The Deputy of St. Martin:**

But some time ago, I believe still under your ministerial reign, Minister, the last P.P.P. (Public-Private Partnership) proposal that was put forward, which did not happen, what was the real reason that it did not work? Why did we not move to a P.P.P.? The issues I have tried to balance up are a resistance from the Tourism Department itself and a lack of funding, because more funding would have been required. Is it a combination of the 2 or is there one or the other? Certainly Mr. De Carteret would say: "The money was not forthcoming, so we did not move forward."

**The Minister for Economic Development:**

Look, there is always going to be resistance when there is any change anywhere. None of us like change, if we are honest, do we? So it is not really surprising that there is resistance. That is not a particular issue. As far as the P.P.P. is concerned, it started life as a concept being developed before the recession in an entirely different environment, when the industry was clearly very focused on the fact there needed to be change, very focused on the fact that they wanted to have

more involvement in the direction of the tourism sector and the fact that they were prepared to invest on the back of getting more involved.

[11:30]

A structure, a Public-Private Partnership, was a delivery mechanism that industry bought into and gave undertakings that they would invest in and then the environment changed dramatically, overnight, if you recall. I think one of the key aspects was the likely reduction in investment from the private sector in a scheme that was developed before the recession and then we found we were in the middle of the deepest, darkest recession, and do not forget, at that time there was a number of uncertainties, so it did make the plan much less viable and workable and that is largely the reason that it did not proceed.

**The Deputy of St. Martin:**

Talking of joint funding, and in a similar vein, the conference business in Jersey has been declining. That was a similar issue, where the States were funding two-thirds of the cost and the industry was coming up with the other third. Where do you think we have gone wrong with the conference business? It is out there. Have we not been chasing it? Have we been waiting for it to come to us? Have we not been doing a good enough job when they are here?

**The Minister for Economic Development:**

I think that there is a multitude of reasons, if you like, and I think the statistics that you have probably got in front of you there - I do not have them here - you see the numbers falling, and if you go back, if you look at the David De Carteret report, it is only I think a relatively short period he covers, but there are other issues within that that impacted on numbers in conferences. For example, one of the key venues for conferences was the Hotel de France. You will recall - and I cannot remember the exact years - but the Hotel de France has had 2 major fires, which wiped out their conference facilities for 2 periods, and that had a massive impact on conference delegates that we were able to attract, and in particular the larger conferences, because there are very few hotels, bar the Hotel de France, that can cope with the larger conferences, so that dented the figures. The market, as we went into recession, and particularly the smaller businesses, the sort of mid-size conferences that we were attracting, were very much more sensitive to the economic climate and travelling across to a higher-cost location was something that their budgets largely could not withstand. So I think the economic climate, when you look at conferencing generally, has had an impact. Consequently, the industry, as they were seeing a drop-off in interest from the market, cut back in terms of their investment and that is the sort of trend that you see follow through.

**The Deputy of St. Martin:**

Is that a sector of the market we need to be looking at again when the economic confidence starts to return or are we going to say: “No, conference is not quite for us. We are going to give it a miss”?

**The Minister for Economic Development:**

I think it is important that business looks at and identifies the opportunities. Government’s role, as I have said many times, is to remove barriers that might exist. From a structural point of view, it is the size of conferences that we can accommodate in the Island. Obviously with the loss of the Hotel de France, that is one large venue that is gone, and it is what could be utilised to replace it that will dictate the types of target size of conferences that we can accommodate here in the Island.

**The Deputy of St. Martin:**

You say Government needs to remove barriers that might exist. You could turn it around the other way and say we have got a barrier in Jersey where we do not have a large-scale conference facility now. Is that something the Government should be looking to invest in then?

**The Minister for Economic Development:**

There was work carried out, for example, as part of the many iterations of the Fort Regent redevelopment and reinvigoration, however you want to describe it, looking at the potential of developing a conference centre at Fort Regent. The fact of the matter is that the investment I think at the time was something like £10 million potentially to put a bespoke conference centre in, and if you look at examples elsewhere in the U.K., conference centres are very difficult in and of themselves to make viable and get a return on a significant investment. So I think the view taken some time ago - and I think it was the right decision - was to focus on the size of conferences, more of the niche conferences that we can accommodate within the Island to provide additional stimulus to the individual businesses. The Radissons, the Royal Yachts, the Grand, the Atlantic, all these hotels can accommodate smaller conferences.

**The Deputy of St. Martin:**

Are we going out and looking for that work, Minister, or are we relying on people phoning us up because they think Jersey is a nice place? Are we aware that Tourism are marketing ourselves off-Island as a niche conference centre?

**The Minister for Economic Development:**

The Conference Bureau, one of its major functions is attending many of the trade shows where clearly those that are involved in promoting conference destinations attend and, so yes, and they

have won quite a number of accolades and awards, the Conference Bureau, in that regard. So I think they have done a good job. I think in truth there is more that we could do and I think that is basically picked up as one of the comments within the Tourism Shadow Board's report.

**The Deputy of St. Martin:**

Yes, I was about to say, I think if my memory serves me correctly, the idea is to almost dispense with the Conference Bureau as such, and put it back into the new Jersey entity and then go out and promote it.

**The Minister for Economic Development:**

Yeah, I mean it is somewhat of a specialist discipline because you are going more for ... at one level you are going for the business to business market, but I think there does need to be probably greater focus with regard to marketing conferences. I think it is an opportunity. It is a very profitable area.

**The Deputy of St. Martin:**

Talking about marketing, we will come on to the funding in marketing in a second, but as a professional I wanted to ask: do you think we are doing a good enough job of targeting ourselves across the spectrum where we need to be in Europe, in Germany, in Switzerland, in France, in England, in the south, in the north? Are we getting into all those places we need to so we can attract a complete diversity of people, different types of tourists for the Island or are we tending to focus on the more expensive, upmarket ... are our bed numbers reducing because of that?

**The Minister for Economic Development:**

Chairman, I think that I could not sit here and say we were doing a good enough job because you would not see the numbers declining, and have been declining over quite a number of years. So clearly we are not doing certain things that we should be doing. I do not subscribe to the fact that it is just about budget, about spending more money. I have been involved in many businesses where you can double your marketing budget and not necessarily make any difference to your bottom line. I think you have got to be smarter and more targeted, and I think the strategy has sought to do that. It has sought to be targeted in the way that we market the Island because of the resources we have available, to try and identify niche markets and leverage those to the best possible way. I think Europe is an interesting area. Germany and France have been strong markets and, in fact, they were identified at the time the last tourism strategy was developed as being key markets to develop and indeed that work is ongoing. In fact, I attended the I.T.B. (Internationale Tourismus-Börse) conference in Germany recently where 90 countries represented is not the ... the fact it is in Germany, it is one of the largest trade travel shows in the world that occurs in Germany. Interestingly it is an area of co-operation where Jersey and Guernsey have a

joint stand, and I hosted a joint dinner with tour operators from Germany and other countries. These types of events are good ways of promoting the Island.

**The Deputy of St. Martin:**

Is there more to be gained by the sum of the 2 parts with Jersey and Guernsey or the Channel Island co-operatively marketing themselves? Is that something we should be looking at saying ... are we better off to have a tourist who comes for a week in Jersey and a week in Guernsey than not having them at all?

**The Minister for Economic Development:**

That is exactly the point of the I.T.B. and that particular conference and why we do it jointly, because visitors from, as an example, Germany when they come to Jersey or when they come to Guernsey tend to want to do both Islands. Consequently, yes, it is a perfect example of where the Island should and indeed in this case, are, jointly marketing themselves. I think more of it should be done. I think there are opportunities in Europe, in particular, doing more joint initiatives. There are understandably sensitivities. We are competing. But I think if you consider the Channel Islands as a package, as some Europeans do, I think there is more mileage in recognising that both Jersey and Guernsey have limited budgets and consequently we have to market smarter.

**The Deputy of St. Martin:**

I wanted to come on to budgets, so we got you there. Your analogy about doubling your spend and not increasing your actual marketing was an interesting one. Can we assume from that that there will not be a doubling of the marketing budget for the next couple of years? No, that was probably a little bit tongue in cheek. What is your intention with funding for tourism?

**The Minister for Economic Development:**

I think the proof of the pudding is in the eating and over recent years I have ring-fenced tourism. I should say that I have been under significant pressure to further cut the tourism budget, which it has been over many years, but I took the decision to ring-fence it because having had the discussions over the P.P.P., having recognised that we needed to make changes, having appointed a Shadow Board and asked them to look at the future governance and structure, I thought it was not reasonable to cut the budget at the same time. We need to complete that process and then assess what an appropriate budget is for tourism to deliver our objectives. That was the reason why it is being ring-fenced. I think I could add to that, that there is no doubt over the coming few years, and certainly the Medium-Term Financial Plan 2, the next 3-year period that is coming up, all States departments are going to be under significant pressure with budgets and we, as a department, E.D.D. are going to have to make some very difficult choices as to where we apportion the budget we have got and its likely, as an overall, that E.D.D., as well as others, will be

under pressure to reduce the budget that we have got. We will have to look very carefully and closely at how we apportion that budget.

**The Deputy of St. Martin:**

I would hope that I am pushing at an open door here, but do you also subscribe to the theory that tourism is much bigger than just tourists coming to the Island? It is the industry which allows Islanders to enjoy really good quality and diversity of hotels and restaurants, beach facilities and other things that happen on Island that would just ... services that just would not be available to Islanders by planes and boats and stuff like that, if we did not have a tourist industry. From that point of view tourism, as such, is a much bigger and more important industry to the Island than a lot of people might consider it to be.

**The Minister for Economic Development:**

Yes, absolutely. I mean the definition of tourism, or one definition of tourism - the one I choose to use - is hotels, restaurants and bars. If you look at G.V.A. (Gross Value Added) that is 3.9 per cent, and there are thousands of people in those areas - hotels, restaurants and bars - that are gainfully employed. That is clearly very important. Hospitality, which is the other term often used, is far broader and it includes much more, some of the things you have talked about, and we have looked at it before and my view you can include, for example, retail in that. You can include transport in that, which you have talked about. There are all the tourist attractions and such like. If you throw all that lot into the mix, you have probably got a G.V.A. contribution from hospitality of around about 8 per cent, not 3.9 per cent. Possibly more. I am sure the hospitality sector would say it is higher than that but it demonstrates the difference in definition between tourism and the broader hospitality. The fact of the matter is, it is a big employer. You have got 7,000-plus people in hospitality across the piece and you should not underestimate, for example - and this is the statistic or 2 figures that are thrown at me quite often - that the annual spend is around about £240 million a year. Do not forget the contribution that visitors to this Island make in terms of G.S.T. is something like £12 million a year. £12 million a year, if we did not have visitors, we did not have a tourism sector, we would probably have had a higher G.S.T. rate than we have currently got. That is a sobering thought.

**The Deputy of St. Martin:**

Given all that, Minister, one would hope that you will then be shouting from the rooftops to not cut the budget for tourism.

**The Minister for Economic Development:**

As I have said, I have already ring-fenced it through a C.S.R. (Comprehensive Spending Review) programme and for the reasons that I stated a moment ago. Where I am at the moment with regard to budget, we have seen the report that the Tourism Shadow Board have delivered.

[11:45]

We have seen the fact that in there they look historically at the budget. They go back to 1998 from memory, and I think they identified the amount as £8 million the budget was in those days, and if you adjust that for inflation in today's money it would be something like £12 million. We have had all that sort of demonstrated. I think the important point, looking forward, is we need to have this business case. We need to assess how we can return our tourism industry, our hospitality sector, to grow. I do not think it is just about money. It is about ensuring that every pound of taxpayers' money that we invest we get the maximum return from. I may be stating the obvious, by the way, but it is still an important point.

**The Connétable of Grouville:**

Do you think growth cannot occur with the present Tourism Department setup?

**The Minister for Economic Development:**

Sorry, I did not quite ...

**The Connétable of Grouville:**

Do we have to have a change to get growth or could we ... the T.S.B. have said they want growth, they look to the U.K. and say tourism is growing there; that is all very positive. But your department has never really had that ambition. It seems to have been managing decline is the criticism; do you think that criticism is fair? Do you think they could achieve growth?

**The Minister for Economic Development:**

It is certainly not the Minister's view that we should be managing decline.

**The Connétable of Grouville:**

No.

**The Minister for Economic Development:**

In fact that is probably one of the most aggravating comments or phrases that I have ever heard. We should never set our stall out to manage decline and that is not, as I have said already today, the aim and objective. We want to return tourism, hospitality to growth and I believe in the

environment that we are currently in, where hopefully the world economy is showing more positive signs, and all the reports undertaken by Visit Britain, Deloittes and world bodies suggest that world tourism is going to grow. We can, should and must have part of an action, and we have to position ourselves in order to do that. That does not necessarily mean large sums of extra money being invested. I think we are going to be under significant pressure to hold on to the budget that we have got. That incidentally is why public sector reform is so important. It is why all aspects of the operation of government is critical otherwise we are going to find budgets constrained and pressures on indirect taxes and others continuing to be brought forward, which is not an acceptable position if we want a long term, sustainable and growing economy and job creation.

**The Deputy of St. Martin:**

Tourism Development Fund, I know you have already described how it is part of the 6 point whatever million. If you had to prioritise would it be more important to maintain that level of support in the Tourism Development Fund at the expense of marketing or do they come down jointly or do you try and maintain them both equally?

**The Minister for Economic Development:**

The Tourism Development Fund has had a checkered past, some might say, with regard to funding. But I think it was very positive when the States took the decision to allocate £500,000 per annum for 3 years for the Medium-Term Financial Plan period. That period has almost ended so there is no guarantee that future funding at the same level will be available, but I think we need to look at performance. I happen to think that the Tourism Development Fund in more recent years, under the chairmanship of Peter Funk, has performed exceptionally well. I think prior to that some years before, and before we opened it up to the private sector, it was almost used by some States departments, and tourism included, as a supplement to their budget. I do not think that was the right way to operate. It was not the intention of the fund when it was first set up but I think the utilisation now is far more focused on the key objective and I think it is a valuable tool. I think it has got a future, the Tourism Development Fund, and I think we have got to try and find and ensure that it is properly funded. The challenge of course is, again this is an interesting point, finding good quality projects for the T.D.F. to support and bring forward as recommendations. The panel themselves struggle to get the hospitality sector to deliver and come forward with good quality projects. That is surprising.

**The Deputy of St. Martin:**

I am going to stop the tourism discussion there because we have quarter of an hour left and I just want to touch on a couple of other subjects. The difficulty with the Tourism Development Fund and the good quality projects leads me very nicely on to a very brief discussion on the Jersey Innovation Fund, which is another States fund, which is there designed to inject cash into the

economy to help stimulate good quality projects. The last time we met we asked about the number of projects, which were going to be supported by the Jersey Innovation Fund, and we know that 4 got taken forward to the last stage. We believe that one might be in receipt of some money but we are now informed, I do not know how lively, that even that one may not now be getting any funding. Could you just tell us exactly where we are with the Innovation Fund?

**The Minister for Economic Development:**

Chairman, you seem better informed than I do.

**The Deputy of St. Martin:**

It is some months since it has been up and running. We are not aware officially of any funds being made to projects.

**The Minister for Economic Development:**

No, and of course the fund itself does not dispense with funding to projects. What in fact happens is that the board will make a recommendation once they have been through their due diligence. December 2013 was when the Jersey Innovation Fund was constituted and they went out immediately for expressions of interest to businesses and they had 36, I think it was, general inquiries and there were 17 written applications for businesses that were looking for support for projects. From those 17, 3 applications were progressed through a detailed due diligence process. At this stage I understand that a recommendation is going to be made to me, and that will follow the board meeting of the Jersey Innovation Fund in May, when I will have a formal recommendation. That is likely to be the first recommendation for funding. I have no further knowledge beyond that. The only comment that I perhaps would make, some might suggest that the period of time from December to May is extended or longer than perhaps some would like to have seen. I understand that comment, or criticism, maybe that would be right, but in reality the Jersey Innovation Fund board are newly established, they have been setting their criteria and operation in place, and I think in future things will probably move a little bit quicker than they have done with the first round. It was always likely to take longer for the first allocation and also how much do we expect from the board, which is a very competent board, but nevertheless they are not funded, bar the chairman, they are operating and giving their time free. I think they have done a splendid job to get to where they have done and I think in the future we will see things perhaps move faster than they have to date.

**The Connétable of Grouville:**

Are you disappointed that there is only going to be one?

**The Minister for Economic Development:**

As I said, the chairman seems better informed than I am. I realise there were 3 from the 17 going through the detailed due diligence. I did not know that had been whittled down to one. If it has been whittled down to one, all I am interested in ... I do not wish to get involved and it would be inappropriate for the Minister to be involved at any stage until the Jersey Innovation Fund board makes a formal recommendation, and that is how the process works, because I have to ultimately decide whether I agree with the recommendation. So we will see whether it is one, or 2 or 3.

**The Deputy of St. Martin:**

Would it be a disappointment to you if businesses left the Island or parts of businesses left the Island because they had been seduced by development grants in other parts of the country when we have a fund specifically to try to keep people here?

**The Minister for Economic Development:**

It is a disappointment if I see any good business leave the Island. Any business that is likely to create job opportunities and value and revenue for the Island, of course. We do not want to see good businesses leave the Island. It should not be forgotten, it is an incredibly competitive world out there. There are development agencies in regions of the U.K. and elsewhere that are falling over themselves to offer incentives to businesses, to attract them to come to their area because they realise it creates jobs and it creates economic activity. We, as an Island, do not provide large levels of incentives to attract inward investment. We have other strengths that we sell ourselves on. It was one of the reasons why there has been such a lot of sensitivity around things like support that we gave for the opportunity for a filming industry here. That was not about funding for a film, it was about an opportunity to attract a sector to the Island because we provide no incentives at all.

**The Deputy of St. Martin:**

Do you think the results of what has happened over that unfortunate incident is affecting the decisions of the Innovation Fund Board?

**The Minister for Economic Development:**

It is affecting the decisions of everything Economic Development are doing and that is to be regretted. But it drives behaviour and it is unfortunate, and I think we have got to find a way through this because I do not want to see, as I am, the Tourism Development Fund process being slowed down. I do not want to see the Innovation Fund process being slowed down through ever increasing layers of due diligence and what have you. There will never be the perfect solution. We can support projects through the Tourism Development Fund. We can support projects through the Jersey Innovation Fund. Some of them will fail. I said that at the beginning before we

ever started the Jersey Innovation Fund. You can never get the perfect solution that will guarantee success. We either do this or we say we are not going to do it all. I think that would be a great shame. If we see businesses leave, which is what you are alluding to, because perhaps there is a business in those applications you may have heard of that sought funding and have been turned down, did not get perhaps to the final stages. It is a great shame if we lose potentially good opportunities because we want to go as close to a risk-free option as possible. That would be doing a disservice, in my view, to the Island, the economy and job creation opportunities.

**The Deputy of St. Martin:**

I could not agree more. We put this £5 million into the Innovation Fund, if we cannot find ways of spending it through the Innovation Fund, should we not be drawing it back and saying: "Actually let us use it to try to maintain the businesses that we have on the Island" rather than see parts of them disappear?

**The Minister for Economic Development:**

It is too early to draw a conclusion on the Jersey Innovation Fund. As I have said, the Board ... for the first round it was always going to take a bit longer to get themselves established and get their operations in place and such like. I think we need to see what the next round looks like, how that works, and what comes out of it.

**The Deputy of St. Martin:**

You sort of alluded to it, you are disappointed with the Tourism Development Fund, the lack of good quality projects. Given that in E.D. we have had a transition period of 18 months/2 years between Jersey Enterprise and setting up Jersey Business and putting these vehicles in place to grant money to new developing businesses, and that 18 months/2 years ideas have been stacking up in the wings waiting for the Innovation Fund to arrive, are you not just a little bit more than disappointed that given we have had 18 months/2 years of potential applications all coming at once that we have not found more, given the Tourism Development Fund has not really come up with any good quality projects? Is there a spark somewhere in the Island that seems to have gone out?

**The Minister for Economic Development:**

I think it is difficult when you consider that the tourism and hospitality sector is largely made up of smaller businesses. Opening up to the private sector was going to attract largely smaller businesses that perhaps find it more difficult to put together a plan that is going to be able to go through the various levels of due diligence and cost that is associated ...

**The Deputy of St. Martin:**

Was there too much red tape for small applications then, Minister? Maybe we should say anything below £10,000 is: "Come and have a chat and if it is a good idea and we like it, there is your money."

**The Minister for Economic Development:**

That is very easy to say, Chairman, and in principle I would say that is exactly what should happen. The difficulty is that civil servants and politicians will then see projects fail and will be taken to the cleaners, and they do not like that. Consequently they prefer to do nothing rather than take the risk of not having the proper due diligence and proper safety mechanisms in place.

**The Deputy of St. Martin:**

How do we turn this around because of the reaction to the can be done, disappointment or whichever word you want to use? It is now that we are in a situation where we are having people coming to us with very small amounts of money, £2,000, £3,000, £4,000 and being subjected to reams of red tape, weeks of delay, months of delay, over whether they can have a very small amount of money. A decision which in another world would have taken 30 seconds is now taking 2 or 3 months. We have gone from one extreme to the other. Surely we need some common sense here.

**The Minister for Economic Development:**

I think, if I may be so bold, you are probably slightly oversimplifying. I think the very small grants are not so much of an issue but I think certainly some slightly larger ones and the Tourism Development Fund have considered applications for projects of £100,000, £200,000, £300,000. Those are notable amounts of money.

[12:00]

It is public money at the end of the day but there is clearly a responsibility to ensure that a proper process is followed, but I do accept and I do believe that that needs to be streamlined as much as possible and ensure that additional costs are not layered on top of an applicant that are unreasonable. So it is about taking a practical and pragmatic approach to ensure that public money is protected but also recognising that there is risk in handing out grants, in running innovation funds, in having a Tourism Development Fund, it is risk. We have got to accept, and other politicians have to accept, and the public have to accept, and the media have to accept, seeing as they are sitting here, that risk means that things will fail. But doing nothing ... there was a fantastic poster, if I may say so, that I saw many years ago which has stayed in my memory and it was a picture of a basketball hoop and the early morning dawn sun was coming in and the

caption underneath said: "You will miss 100 per cent of the shots you never take." It just sums it up. You can do nothing in which case there will be no risk. But we do not want politicians and civil servants going down the route of doing nothing. We have got to get that practical level ...

**The Deputy of St. Martin:**

Do we need to change some rules then if our civil servants are not wanting to take decisions because they are worried about what might happen? Do we need to change the rules to put the responsibility more on the politicians?

**The Minister for Economic Development:**

It is about getting the balance right and it is about an understanding when you set out on a project, whether it be a Jersey Innovation Fund or a Tourism Development Fund, or any of the other things that we dispense grants or loans or whatever through. It is about understanding at the beginning, which is why I have continuously said with the Jersey Innovation Fund that there will be failures because I know the focus is going to be on the very first failure. It will not be on the successes. If you look at Israel, if you look at many other places that have successful funds that they set up, they have loads of failures. But what they are interested in is the bottom line of the fund. That the fund becomes eventually self-sustaining and the fund itself grows and the fund stimulates job creation. So it is the end result. They do not focus on the failures that you have on the way. They do not even look at them.

**The Deputy of St. Martin:**

Economic Development by definition is probably out of all the ministries we have got the one where you will in developing an economy have failure. You cannot do otherwise really so it should be accepted. We are running out of time. I am just going to fire off a couple of very quick questions, if I may, Minister, about other subjects we have mentioned. We would just want to ask one or 2 issues. Aircraft registry, we have handed it over pretty much to and we have taken a much more private sector approach to it since the parting of the ways with the Guernsey registry over things. Can I ask initially, where are we with the Channel Islands registry situation, if I could put it that way? Are we still thinking or hoping that the Guernsey-based Channel Islands registry will not be allowed to continue as such? It is obviously a surprise to a lot of people that something that is completely Guernsey based is allowed to be called a Channel Islands registry.

**The Minister for Economic Development:**

It was a surprise to me that it did not develop as a Channel Island registry. It is a disappointment because we set out to deliver a Channel Island aircraft registry. There was always the possibility that for different reasons that would not happen. There was always issues that could have emerged which would have meant that we were not able to continue the project and would have to, at some point, go our separate ways. But we had what I thought was a clear understanding. In

fact I have a letter, which has never been published, but nevertheless I have a letter from my opposite number in Guernsey, the Minister for Commerce and Employment, agreeing that if Jersey or Guernsey no longer pursued a Channel Island registry that we would not use the branding "Channel Islands", and the fact that Guernsey have used it as an immense disappointment, which I have naturally raised. We have sought ...

**The Deputy of St. Martin:**

So you do not feel that that letter needs to be aired publicly then to embarrass the Guernsey Minister into changing his mind?

**The Minister for Economic Development:**

It is not really about that. I am a great supporter in greater co-operation between the Islands and that is why I find that the fact that we did not progress the Channel Island registry, having done so much work with regard to that objective, is disappointing. But there is not a lot of revenue from the function of the registry itself. The revenue is from what flows from it: aircraft mortgaging, insurance and such like.

**The Deputy of St. Martin:**

As regards the launch of the website and the announcement of the prefix and that type of thing, we are very close, we hope, can you tell us a bit more detail as to how close we are?

**The Minister for Economic Development:**

Yes, just to finish off what I was saying, if I could.

**The Deputy of St. Martin:**

Sorry.

**The Minister for Economic Development:**

It is just that now we have got to the stage where the draft legislation is prepared, we hope to be in a position to lodge very shortly and that will be the Jersey Aircraft Registry. I happen to believe that it is a very strong brand, and I think the Jersey branding "Jersey Aircraft Registry", will, at the end of the day, be very positive indeed for delivering a very important additional tool to our armoury. It builds on the developing success of our shipping registry, which you will be aware has just increased the size of category 2 up to 400 tonnes. I think that is really positive.

**The Deputy of St. Martin:**

Getting back to dates of announcements on websites and prefixes and stuff like that, have you any inkling how close? I mean we had a report from your officer quite recently which indicated it might well be this month.

**The Minister for Economic Development:**

I would certainly hope that it would be a matter of days or weeks before we can lodge, and at that point we will be in a position where we can announce details of prefixes and the other information that is relevant.

**The Deputy of St. Martin:**

Are you receiving any sort of updates from your officers over the level of inquiries or interest in the registry, when it might be running? We hear that potentially Guernsey, who might have started with a big flurry but that things may have quietened down over there, are we concerned that we are going to launch this registry and find that nobody comes to us?

**The Minister for Economic Development:**

Absolutely not. Jersey Aircraft Registry is going to be a strong brand. I am sure that it has great potential if it is marketed in the right way, and we have had certainly from the time the announcement was made about the ... or the rather confusing announcement about the Channel Island registry, certainly trade media picked up on this, and there was some very positive noises about what they perceive to be the value of a Jersey registry. Obviously it is very early days, but I would certainly hope that it will be as successful as the working group believe it is going to be. That is a government and industry working group that have been developing the concept and putting the legislation together, they are very positive about the future prospects of a Jersey aircraft registry.

**The Deputy of St. Martin:**

As I said, right at the beginning, there seems to have been an increased emphasis on using the private sector to develop this registry than we had previously. Have you any idea what the cost of that work has been?

**The Minister for Economic Development:**

There is a lot of free input from private sector parties and groups in a similar way that occurs with the financial services industry where private individuals give of their time because they see the benefit that will flow from it when a registry will be set up. As I said a moment ago, the registry is not about the registry function, it is about the business that flows from it. So they give their time up free in order to get the registry established because they know they make money in the longer term.

**The Deputy of St. Martin:**

We do not have a lot of time today. We are now already over our 2 hours, but I would just reiterate ...

**The Minister for Economic Development:**

Time flies when you are having fun, Chairman.

**The Deputy of St. Martin:**

Absolutely.

**The Connétable of Grouville:**

Can I just ask a question about implications for aircraft safety? The fact that we are registering aircraft, what responsibilities have we got? I mean supposing we had an air crash and we had registered the aircraft, are there any implications to the Island in that regard?

**The Minister for Economic Development:**

It is very similar to the shipping registry, which is why we have been slightly cautious in terms of where we sit from a shipping registry perspective. We are in category 2 at the moment. If you go to category 1, which is commercial, and you get into the large vessels, the oil tankers and what have you, and you get an oil tanker going down then of course there is additional cost in terms of managing that process, having people on the ground wherever in the world it has happened, because of course it is not just the registry location. It is where the incident may occur. What we are focusing on with the aircraft registry is the business jet market rather than the commercial airliner specifically. But again there is a cost implication in terms of having the right surveyors and such like in the various locations. But nothing more than that.

**The Deputy of St. Martin:**

In the latest update we had from your officer, we noticed a distinct lack of information on 2 subjects which we had raised in our previous reports. One was the G.S.T. issue and the other one was the possibility of something known as fractional ownership, which we thought was very worthwhile investigating. Could you provide any updates on that or are you aware that those 2 issues are still being progressed?

**The Minister for Economic Development:**

As far as the G.S.T. is concerned, there has been quite a lot of debate over a considerable period of time with Treasury and there is a clear understanding that G.S.T. will be treated in a similar way to, again, shipping. That those vessels will be exempted from that otherwise immediately you get

an arbitrage situation between Jersey and Guernsey, which would be significantly to our disadvantage.

**The Deputy of St. Martin:**

Okay. You mentioned shipping very briefly. Before we close I just want to ask where we are with Condor. Just literally a couple of questions just to conclude this morning. Again the last time we spoke we had been in discussions with them, we were aware of service level agreements, we have had some discussions over new potential routes, there is this possibility. I am not aware yet that Condor have committed 100 per cent to their new boat. I am presuming they have. We have not heard anything otherwise. Is there anything you can tell us on the Condor situation and negotiations that have been ongoing?

**The Minister for Economic Development:**

Not a lot, I am afraid. All I can tell you is that there have been some very productive negotiations between Condor, ourselves and Guernsey. As you know, we have been viewing this as a Channel Island and network of routes, which is what it effectively is. We should be, I understand it, in a position fairly soon to have a clear proposal to consider, which will be the result of the negotiations. That will include the point you have just made on some of the more sensitive issues around routings and such like. All of it feeds into the likely potential for Condor to acquire the 102 Austal vessel, which I believe they have made some commitment to but I do not believe, as far as I am aware, that it is absolutely completed yet because the whole key to that investment and other investments required in the sea routes is significant capital and to get a return on that capital, that is why Condor have been seeking a longer term agreement with the States of Jersey and the States of Guernsey so that they can get a return and justify to their Investment Committee that level of significant investment, which initially I think is around about £50 million and would move up to north of £100 million over a period of time.

**The Deputy of St. Martin:**

I think we have just about concluded but while we are on ... we will just finish literally with one last question while we are talking about harbours: are there any further updates on the ports incorporation that you can give us at this time?

**The Minister for Economic Development:**

Again, not really. The project is progressing. The ports team have been working very hard with all parties to consider what is a highly complex ... this is the most complex incorporation project that the States of Jersey have attempted to date. It is far more complex than Jersey Telecom and Jersey Post. But good progress is being made and we will be in a position to make better announcements, I would imagine, fairly soon. The target is to have a completed bundle of

legislation, business plan and such like, for consideration by the Council of Ministers around about - do not hold me to this - 21 May, which is the target that we have set. That is the accelerated target we set some while ago. Originally, if you recall, incorporation was set for 2015 but we were keen to bring it forward, so we accelerated it by a good 8 months and the target for completing the bundle of legislation and such like is 20, 21 May and we are on target to meet that at the moment.

**The Deputy of St. Martin:**

I will only reiterate again, Minister, as you are well aware, I have written to a number of occasions since last July to say that this is ... this certainly would be the largest piece of work that this Scrutiny Panel would do, during its term. I am sure it would also be the largest piece of work that you would bring to the Assembly during your term. When it eventually gets to the floor of the Assembly it is going to have to be nothing less than 100 per cent scrutinised, and there is a major amount of work that is going to need to be done, consultation work and other work, before certainly Scrutiny will be happy to move forward so that they have done all the work they need to do. I mean you are aware of that and I can only reiterate that again.

**The Minister for Economic Development:**

Just to follow up on that: yes, fully understand that and clearly a project of this size and complexity we would want Scrutiny to have the appropriate time in order to scrutinise it and that matter has been a clear objective of ours since the project started.

**The Deputy of St. Martin:**

Okay, we are over time so I think what I will do is to thank you very much for your coming this morning to discuss those subjects and I will close the meeting. Thank you.

[12:15]