

STATES OF JERSEY

Economic Affairs Scrutiny Panel Quarterly Hearing with the Minister for Economic Development

MONDAY, 11th MAY 2015

Panel:

Deputy S.M. Brée of St. Clement (Acting Chairman)

Connétable M.J. Paddock of St. Ouen

Deputy D. Johnson of St. Mary

Witnesses:

The Minister for Economic Development

Connétable S.W. Pallett of St. Brelade (Assistant Minister for Economic Development)

Deputy M.J. Norton of St. Brelade (Assistant Minister for Economic Development)

Chief Officer, Economic Development

Deputy Chief Executive, Economic Development

Assistant Director, Economic Development Department

Topics Discussed:

1. Transfer of functions	Page 2
2. Budgets	Page 6
3. Digital Jersey	Page 7
4. Medium Term Financial Plan and staffing	Page 8
5. Sport and Culture	Page 9
6. Sponsored Events	Page 14
7. Island Games	Page 19
8. Fort Regent	Page 26
9. Visit Jersey	Page 27
10. Innovation Fund	Page 35
11. Rural Economy Strategy	Page 41
12. Jersey Aircraft Registry	Page 50
13. Condor Ferries	Page 54
14. Licensing Law	Page 59

[14:23]

The Minister for Economic Development:

Can I start by apologising? I firmly believed we had a 2.30 p.m. start and organised my schedule around that, so my apologies to you all.

Deputy S.M. Brée of St. Clement (Acting Chairman):

Thank you very much, Minister, gentlemen, for attending the quarterly public hearing. Obviously this is a public hearing, a Scrutiny Panel hearing. I would ask everybody to observe the normal rules of such public hearings; if you could familiarise yourself with the notices on the walls if you do not know them already and, gentlemen, there is between you there just confirmation of the details under which this hearing will take place. For the benefit of the tape recording, the first thing we will do is ask everybody to introduce themselves. My name is Deputy Simon Brée; I am Vice-Chairman of this panel but for this afternoon's public hearing I am Acting Chairman.

Deputy S.M. Brée:

Thank you very much, gentlemen. We have obviously got quite a few areas we are looking to cover this afternoon. I would just like to start by asking 2 questions of the Minister directly; this is just a normal question that we ask all the Ministers who do come in front of us, so there is nothing sinister in this whatsoever. Do you, Minister, fully support and encourage the role and process of Scrutiny at all levels and in all areas of government?

The Minister for Economic Development:

Yes.

Deputy S.M. Brée:

Good. Do you therefore agree that in order to support the role and process of Scrutiny there should be a direct engagement between Ministers and Scrutiny Panels prior to the lodging of any propositions, so as to ensure that the relationship between the Council of Ministers and the relevant Scrutiny Panel is one of positive and constructive co-operation?

The Minister for Economic Development:

In most instances, yes.

Deputy S.M. Brée:

Thank you very much. We would like to first of all, if we can, turn to the Draft Transfer of Functions Regulations, P.46, which was recently lodged by the Chief Minister and obviously has

an impact moving forward on the current structure and budgets of your own department. Very simple question really, firstly: are you happy with the transfers both in and out of your portfolio?

The Minister for Economic Development:

Generally speaking, yes.

Deputy S.M. Brée:

When you say “generally speaking”, are there any areas that you are not particularly happy with or you feel could be improved?

The Minister for Economic Development:

No, there are no areas that I am not happy with. However, we need to ensure that a close working relationship exists between the Chief Minister’s Department and Economic Development, and Treasury, specifically in relation to the functions that have been transferred there in the past, such as financial services, and the functions that an Assistant Chief Minister is going to have responsibility for, namely competition, innovation and additional sectors, because they are intrinsically linked to all sectors of not just the economy but life in general. So it is important we have a very close working relationship, but at this stage I am confident we will achieve that.

Deputy S.M. Brée:

Under the Proposed Transfer of Functions you will take over effectively sport from Education. I know, Connétable Pallet, this is a particular area of your interest, of which you have, as I understand it, Assistant Ministerial responsibility for at the moment. Do you feel this is the right move to make?

The Connétable of St. Brelade:

Absolutely I think it is the right move to make. I think there are a lot of synergies with Economic Development. I think importantly though, being Assistant Minister for both Education and Economic Development I felt it is right, and I think the Chief Minister made it quite clear that he feels Education really needs to sit alone and concentrate on some of the core elements of education. So that has been, I think, the main driver but I think there are lot of synergies with Economic Development in terms of trying to push through more event tourism, more sports event-led tourism; so, yes, there are. There have been some concerns. I think somebody has spent a lot of time talking to members of staff both in the facilities side and the sports development side. It is clear that there was a job to do in terms of explaining to them what potential changes would mean to them and I think we have done that. We have had good engagement with staff and I think generally they have now come around to see the benefits of that potential move.

Deputy S.M. Brée:

Sport has always been looked upon as a very important element of a school or education curriculum. There is a fear, I believe, in certain quarters, that by moving sport into more of a - how can I put it - tourism-type area, that there will be a degradation in the level of services and facilities that education will be able to call upon. How do you counter such a criticism?

The Connétable of St. Brelade:

There does not need to be a fear. Within our Sports Development Team, which is run, I have to say, very ably by our Community Development Officer (Sport), there is a huge commitment to carry on the excellent service that they provide at a young age, especially in primary schools, at a young age, and getting young people committed to an active lifestyle, which we all know is so important as they grow up, getting into that discipline.

[14:30]

So, I think in terms of people being worried about it; we have got the same in terms of financial commitment to it. There are obviously some concerns I have around any loss of a growth be it in terms of some of the funding towards some of the core services that we provide in schools at the present time, but that is something that we are already planning for if we do not get that money. But I have no concerns about our commitment to education. Sports, and event-led side, I think, will very much come from ... if we move down a route of trying to create a new sports body, which will possibly come out of the sports report that we are yet to receive, but indications might show there are some changes there. I think that will drive the more event-led side, but the core service, the sports development side, is crucial to making sure that we deliver a good sports service to put in schools, especially at a young age.

The Deputy of St. Mary:

We have got a series of questions on sports later, so I do not want to get you side-tracked now. You are Assistant Minister for Education too, yes?

The Connétable of St. Brelade:

Yes, until the transfer is finally made and I would ...

The Deputy of St. Mary:

That is what I am getting at. Do you anticipate yourself continuing or once - and assuming the functions are formally transferred - will you then cease?

The Connétable of St. Brelade:

I would expect to, yes.

The Deputy of St. Mary:

Okay, thank you.

Deputy S.M. Brée:

One question directly for you, Minister, if I may: under the transfer of functions and the way in which obviously you are leading your department, it would appear that Economic Development is essentially becoming Tourism. How would you answer that?

The Minister for Economic Development:

I would have to disagree with you, as Chairman. Economic Development has responsibility for tourism, with which we are all very pleased about because tourism is an important part of our economic diversity. But the Economic Development is and will remain a very large and broad portfolio of responsibility.

Deputy S.M. Brée:

Yet the finance industry, digital, competition, I.T. (information technology); it has all been taken away from you. What does that leave you with to be a Minister for Economic Development for?

The Minister for Economic Development:

That leaves me with responsibility for developing the economy. Those particular sectors which the Assistant Chief Minister will have responsibility for will be far more targeted and generally is aimed in areas of creating ... finding new income streams. It is a priority for the Economic Development Department not only to work closely with the Chief Minister's Department on those things but to work to create new job and career opportunities with the other at least 60 per cent of the economy, which includes construction and retail and all other areas of commerce, which are significant.

Deputy S.M. Brée:

Okay. I believe Connétable Paddock had a specific question in this area.

The Connétable of St. Ouen:

Yes, it regards fisheries, because that will be going to the Environment Department.

The Minister for Economic Development:

Well, certain aspects. Perhaps Mike could explain the intricacies of that?

Chief Officer, Economic Development Department:

Fisheries legislation will move to the Department of the Environment and we will have rural - the rest of the rural economies are land-based - remain as it is at the moment with Economic Development.

The Connétable of St. Ouen:

So the fisheries vessel, for example, whose umbrella does that come under?

Chief Officer, Economic Development Department:

That will come under the Department of the Environment.

The Connétable of St. Ouen:

But currently it is still under ...

Chief Officer, Economic Development Department:

What we did some years ago is we integrated both the rural economy and the fisheries team up at Howard Davis Farm. It is staffed by members of both Economic Development and Environment. The people who look after the fisheries, the fishery protection side of things, are employees of the Environment Department. The legislative responsibility back in 2005 or 2006, I think, came over to Economic Development from what was then the Ministry of Planning and Environment. The decision has been made to move it back to Environment, to align it where the area of expertise is up at the Howard Davis Farm.

Deputy S.M. Brée:

The next area we would like to touch on, if we may, is budget. Obviously, at the moment, State spending, budgets, possible deficits in the future are very high on people's priority lists. How have you been targeted with reducing your budgets? What areas are you seeing that possibly you have to make cuts in?

The Minister for Economic Development:

I think that is a piece of work that needs to be done just a little bit down the road. We are very conscious that we are going to see a reduction in our budgets. The work that is going on now with the Council of Ministers is discussing how we might go about that. But there is a big job of prioritising for us to do at Economic Development and if and when the transfer of functions is approved by the States and the offices can really get a handle on ... the changes in the budgets are going to come across, then we can sit down and decide how we are going to utilise our new budget.

Deputy S.M. Brée:

Because obviously, yes, I was going to move on to that point. With the transfer of functions there are a number of budgets that will be transferred out of Economic Development into the Chief Minister's area. One of those that I was just interested in and possibly following up on is the current budget that you have for the digital sector. Now, obviously great store is being placed by the Council of Ministers on the digital area to look to for economic growth. What is the current budget that you have for that area?

The Minister for Economic Development:

I think we have agreed a slight increase but to give the exact figure ...

Chief Officer, Economic Development Department:

The final budget of Digital Jersey for 2015 is £1.25 million.

Deputy S.M. Brée:

So how are you then judging the budget that you have at the moment - I am not talking about in the future with the transfer of functions - but at the moment, how are you quantifying the amounts of budget that you allocate versus the economic growth that is seen from that area? What sort of studies are you doing?

The Minister for Economic Development:

The budgets for 2015 were set, that has been already, so we inherited that. This is a piece of work we have to do when our department is finally consolidated and when we know exactly what our new cash limits will be for 2016, then we can start getting to do the important piece of work of allocating how we are ... decide how we are going to allocate those funds.

Deputy S.M. Brée:

Yes, I was talking at the moment, with the budget that you have allocated and is in the 2015 budget; how are you monitoring, if you like, the success or otherwise?

Chief Officer, Economic Development Department:

Okay, so if you look at the ... and I think you were talking about the Digital Jersey budget specifically. That budget was approved following the approval by the previous Minister for Economic Development of a business plan for 2015, which has in it activity and outcomes and outputs. Those are monitored within Economic Development. In fact previously it has been Andrew. We have a dedicated officer who monitors the performance of Digital Jersey. They report on their outcomes and outputs on a monthly basis. We monitor against that. So we actively monitor the performance against the grant to ensure that the activities that they say they are going to undertake, they are undertaking and the outputs that they claim they will deliver on the back of

the funding are being delivered. That is the same with Jersey Finance, with Jersey Business, any of our grant-funded bodies.

Deputy S.M. Brée:

So, at the present moment in time Digital Jersey are how close to their targets? Are they beating them, are they meeting them, are they below them?

Chief Officer, Economic Development Department:

I think for the first quarter of this year they have put out a statement on their website. Their business plan, by the way, is published on their website, as their statements, and I think they put out a statement at the end of the first quarter to say that they were ahead of their targets.

Deputy S.M. Brée:

Can you recall by how much?

Chief Officer, Economic Development Department:

Not off the top of my head.

Deputy S.M. Brée:

Okay. It is an area that obviously is of great interest to a lot of people.

Chief Officer, Economic Development Department:

We are very conscious in Economic Development of compliance with financial directives, particularly those pertaining to grants and particularly those that pertain to significant grants. So we do monitor both for all of our major grants, performance against that, because bodies like Digital Jersey are often described as grant-funded bodies, which they are, but they are systemic for the delivery of the economic development and diversification of growth strategy. They are effectively arms-length delivery of that part of our agenda.

Deputy S.M. Brée:

As yet budgets for 2016 are still being discussed at Council of Minister level; am I correct in saying that? Okay, so we will not move on to 2016 at the moment. There is also obviously a big concern about the amount of savings that the Council of Ministers has indicated will come from staffing costs. £60 million sterling has been identified. Have you any indication at the moment of what sort of staffing cuts your department may be required to undertake, either through natural wastage, voluntary redundancy or compulsory redundancy?

The Minister for Economic Development:

In one word, no, not exactly; we have not really got to grips with it yet. But it is something that I have asked the Chief Officer to consider and I understand he is giving it due consideration at the moment.

Chief Officer, Economic Development Department:

I will add one thing. In our plans that we have submitted for the next M.T.F.P. (Medium-Term Financial Plan) period to 2019, within the compliment of E.D.D., which is today in terms of public servants half what it was 2 or 3 years ago, but there are I think 4 maybe 5 people retiring over that plan period. Our base assumption is that none of those people will be replaced on a like-for-like basis, so we will absorb that. So therefore there will be taking up a minimum head-count reduction of 5, just by virtue of natural ...

Deputy S.M. Brée:

Through natural wastage, if you want to call it that. Okay. Probably there is not much more we can cover on budget at the moment, because obviously I appreciate things are being discussed at a high level on this. Next I would like to move on to the area of Sport and Culture and David, would you like to ...

The Deputy of St. Mary:

Obviously, beginning with the transfer over from Sport, from Education to this department, as it were, what are the budgetary circumstances? Has a certain amount of funding previously allocated to education or which they dealt with, has that come over with this?

The Connétable of St. Brelade:

Yes, the budget in total ... do not ask me what it is off the top of my head, but there has been no cut to that budget and it is coming over in its entirety.

The Deputy of St. Mary:

Has it been possible to identify the sport one? One concern I have is there is obviously a connection with education and schools; is it clear down the line?

The Connétable of St. Brelade:

All the elements of funding for sport within schools and the sports development and community sports development is all in the business plan, it is all in their accounts and it is clearly identified what budgets there are for that. At the moment, I think I would be correct in saying there is no cut in that budget. That does not mean there will not be but at the moment no cut has been identified.

The Deputy of St. Mary:

Perhaps the Department of Education has been exempt from the cuts in a way, so would that ...

The Connétable of St. Brelade:

To some degree. I would not say that is totally ... they will have to find their 2 per cent and various ... I think they are looking at another potential saving at the moment.

The Deputy of St. Mary:

One wonders is the educational part of sport sort of similarly favoured.

The Connétable of St. Brelade:

I think one of the benefits of having the sports department remain in the transfer of functions at the present time is that education is to some degree protected. It is one of the main priorities of the Strategic Plan, so I think it has been beneficial to have it there for the present time. But that does not mean that the budget will not be looked at, at some stage when education, if they have to cut further, that they may have to look at the sports budget. But at the present time the only potential loss I think that we may have is the growth bit, so I am not going to be looked at very kindly, is the £750,000 growth bit that we have received in the last 2 years and we have got the last year coming up, which has funded the future strategy to some degree. That included some extra funding for grants, which covered the schools swim programme, funded some of the extra work that was going into providing P.E. (physical education) for some of the young students at primary school, some of which I think is absolutely core and vital. So I think we are going to have to, if we do not get that funding, find funding within the department or have to look for efficiencies within the department, but certainly that is the only money I think that we are likely to lose. From what I gather it has not been discussed yet and there is still a decision to be made on it. I would be disappointed to lose it all but there is a possibility I might.

The Deputy of St. Mary:

Are those grants you talk about, they were used for things you mentioned. What about outside clubs rather than purely schools?

The Connétable of St. Brelade:

No, that is all part ... the funding for the future strategy was slightly separate to that but nevertheless some of that money did go towards Clubmark, for example, which provides training for some of the coaches within clubs, getting clubs up, in terms of their coaching standards, to a higher level of which the Clubmark award was based on; I think we have got ten clubs now with a Clubmark award.

[14:45]

So, yes, some of that money went towards that and that is something I think we could fund within the current department budget but it is going to be difficult. Something like the Swim Programme of £105,000; if we were to lose that, that pays for one member of staff as well; it is going to be very difficult to find if we have to find that out of the existing budgets but I think we all want our kids to be able to swim to a competent standard, so I think it is something that we are going to have to find some way of providing.

The Deputy of St. Mary:

What about other clubs who might want some assistance with promoting their sport generally; is there much scope for that at all?

The Connétable of St. Brelade:

In what way?

The Deputy of St. Mary:

I do not know. Say fencing for instance; I know that they privately did an exercise last year.

The Connétable of St. Brelade:

Most of the sports fund themselves in many ways; find their own sponsorship to some degree. We provide assistance at the department to help in coaching courses for example, and often help in terms of improving facilities and I think that has been one of the real benefits of the future strategy and certainly heading towards the Island Games it has given us a great opportunity to get some of our facilities, which are multi-use ... things like Springfield and Fort Regent are multiuse facilities, which all sports can use. I think there have been benefits to a lot of sports in having those facilities brought up to a decent standard.

The Deputy of St. Mary:

We have got a few questions on Fort Regent later on as well but I do not want to get this meeting side-tracked down the Ports of Jersey Incorporation, which is something to be dealt with separately, but they do have land which provides sport facilities.

The Connétable of St. Brelade:

I know there have been some discussions around some of the facilities, for example some of the sailing clubs, but all those discussions ... I mean, I have got one, for example, not quite sports but something like the A.T.C. (Air Training Corps) up at the airport, have been having discussions with Ports around their leases. I can only speak on behalf of the A.T.C. I know they have now come to

... I think they are reasonably happy with what has been put forward but I cannot speak on behalf of the sailing club at St. ...

The Deputy of St. Mary:

No, sorry, to make the question easier, what I am saying is in the context the incorporation's commitments to the corporate social responsibility commitment ...

The Connétable of St. Brelade:

Well, I think that has been ...

The Deputy of St. Mary:

... except I want to make sure this ministry is fully on side with that.

The Connétable of St. Brelade:

Absolutely. I think Ports do have a community responsibility to make sure sports clubs and facilities such as the sailing clubs are looked after and going forward, providing the sort of support that they have provided over the years. There is a commitment from Ports that that will continue and I have got trust in them that they will follow that through over the next ...

The Deputy of St. Mary:

Okay, so you will put your weight behind that?

The Connétable of St. Brelade:

Absolutely. I have got sports clubs within the Parish of St. Brelade that will be desperately disappointed if that is not followed through and as a Constable it will be part of my job to make sure that they fulfil that role.

Deputy S.M. Brée:

Just one question before we move on, if I may, and it is directed more at the Minister. Ultimately you are going to be responsible for sport, leisure and culture, effectively. As Minister for Economic Development, how are you going to measure the success of your strategy in such an area as, say, sport? Is it going to be purely financial, or what yardsticks and benchmarks are you going to use to measure the success of your strategy?

The Minister for Economic Development:

First and foremost we are inheriting a very robust sports department that is in good shape, that works closely with education and children, and has just launched the Fit for Future Strategy which we all agreed, and I think we all agree is excellent, and as my Assistant Minister said, we need to

fight for the growth funding so we can deliver that strategy. What we hope to do in addition to that is take advantage of the economic opportunities that arise from sport. I am not talking so much about sport at this level and community sport, although there are economic benefits that exist there; but Jersey Rugby Club is an example ... that the success with Jersey Netball are examples of sport that are bringing people to the Island and making very positive contributions to the economy, and I understand that Visit Jersey are going to be putting some resource into the promotion and marketing of sports events. So I would like to see Economic Development facilitate a lot more sport and events throughout the year that can drive economic benefit. I have been heartened by some news from the U.K. (United Kingdom) that following the Olympics and the Commonwealth Games, which proved to be really useful economic drivers, that the legacies are continuing to provide economic benefit to the cities that the facilities are based in particularly.

The Connétable of St. Brelade:

Can I just add to that? In terms of sport, what I asked certainly the Sports Development Team for when I first went in there, is that after 3 years or 3 and a half years that we had some key measurables so that we could measure what we had done in that 3 and a half years. Everything they do, and I am going to give you one example, is measured, and one that I am particularly proud of is the Swim Programme, which I am sure you are aware of. But to have 94 per cent of our Year 6 pupils reaching national standards within a year or 18 months of the scheme getting up and running is a mark of what they are trying to do within that strategy and all that is measured, even when they do their work in schools at P.E., in terms of co-ordination skills; they are all measured. What I would like to see, and I have asked for, and we are going to try to work towards, is a sporting passport that children can take through their sporting life and into adulthood, so we have got a record of what they do, so when they come out of primary school and they go into secondary school, whoever is their sports master has got a record of achievement that he can have a look and understand what level some of the children ... but it is going to be difficult and I think it is part of the work that any new reorganisation of sport will take a hold of and may be able to push forward. It is something I would like to see, so that every child has got a record of their sporting achievements over that school period.

Deputy S.M. Brée:

I think that is a very admirable aim.

The Connétable of St. Brelade:

It is more than aim; it is going to happen.

Deputy S.M. Brée:

I would say that that is much more closely aligned to education than the Minister's key performance indicator, which is a financial one.

The Connétable of St. Brelade:

Can I just say with sport though, sport will remain. It will have a key role to play within education, no matter what happens. There is no intention to take sport away from providing some of the core elements of education and sport is a huge part of being at school. It played too much of a role in my time at school, so I know how important it can be.

The Minister for Economic Development:

Can I just say its economic benefit is a key performance indicator, but it is not the key performance indicator?

Deputy S.M. Brée:

It was merely the only one that you mentioned to us.

The Minister for Economic Development:

Well, I was responding directly to your question on ...

Deputy S.M. Brée:

If we can move on, because there is another area that obviously fits in very closely with what you were saying, which was basically sponsored events. I know this is an area that you are interested in ...

The Connétable of St. Ouen:

Yes, I wonder, Minister, if you can tell us that the budgets, for example, still exist for the Battle of Flowers, Air Display, and any others; would those be budgets be maintained?

The Minister for Economic Development:

I see the Battle of Flowers budget and the Air Display budget being maintained at their current levels. If I would like to do anything with those budgets I would like to try and find a way to increase them, but I am also giving consideration to establishing a new event body that would be responsible for providing logistical support and facilities to events, because at the moment when ... as we are trying to develop event-led tourism, we have got no one place where we can send potential event organisers. There tend to be a number of options for them to go to. I see this organisation working very closely with Visit Jersey, but I do not see Visit Jersey's role as being event organisers in terms of turning up and clipping barriers together and organising events. I would like an Events Jersey model to be a hub, if you like, for potential event organisers, and this

is where we can utilise the legacy of the Island game, because after the Island Games it would be a shame to waste not just all of the connections and the contacts we have made, but the investment in infrastructure and equipment. For example, the equipment that the Battle of Flowers own, and the equipment that the Island Games own and all the other equipment, potentially we can get a far more economic use out of that, if we can call it, and then use it for a general event organisation.

The Deputy of St. Mary:

So this events organisation, this will be a new body you are suggesting within the ...

The Minister for Economic Development:

We are discussing it within the department, but potentially it would be, yes. It might be part of Visit Jersey. It might be independent. We have not decided yet, and obviously I am going to wait for the tourism strategy to come out so we can work in alignment with that.

The Connétable of St. Ouen:

The current budgets that you distribute at the moment, have you received full accounts for those?

The Minister for Economic Development:

For the Air Display and Battle of Flowers?

The Connétable of St. Ouen:

Yes, for the Battle of Flowers, Air Display, have you seen any accounts?

The Minister for Economic Development:

No, I think we are waiting for them. We have pushed them, because it is quite concerning because if they do not provide ... well, they have to provide their accounts under financial regulation, but I understand that already ...

Chief Officer, Economic Development:

The grant-funded bodies have an obligation to provide audited accounts within 6 months of the financial year-end, so that is coming up at the end of June of this year, so we are actively following up with Battle of Flowers, Air Display, and others for exactly that.

The Connétable of St. Ouen:

Are you having to pressure these people to get this information because, historically, I think that has been the case, so is it still the same?

The Minister for Economic Development:

Battle of Flowers generally are a little bit late. Air Display, I think, is problematical insofar as, I think, the administration is always a bit touch-and-go on when they get their accounts in, which is quite concerning because the air displays are a very, very important event for Jersey, but it is putting tremendous pressure on the officers who have to follow regulations. I am stating clearly I want to maintain, if not increase, funding for major events that bring strong visitor and other economic benefits, but if the administrations of these events are not providing the figures in a timely fashion, it makes things very difficult.

Deputy S.M. Brée:

Can you clarify who is responsible for the air display? I had an impression from earlier meetings that Ports and Harbours did all the administration. Are you suggesting that it is a bit looser than that?

Chief Officer, Economic Development:

The Economic Development Grant Fund will transfer budget to the Ports of Jersey; to Jersey Airport specifically, to work with Jersey International Air Display Limited, which is the entity that was created some time ago by Deputy Higgins for the development of the Air Display, and that is how the Air Display is taken forward, because a very large number of the people who are responsible for delivering the Air Display are actually employees of Jersey Airport, and do so on a volunteer basis, from air traffic controllers through to the whole event, and the land site and management of the static display is largely undertaken by people who are employees of Jersey Airport.

The Deputy of St. Mary:

I am just concerned about your department having ultimate control over it, and not outside bodies.

Chief Officer, Economic Development:

We grant-fund bodies such as the Battle of Flowers Association, Ports of Jersey, or through them to the Jersey International Air Display to deliver those events. Our role is to grant-fund them based on submission of a business plan, delivery of the event, proper accounting for it afterwards. That is the basis on which those entities are funded, so ...

The Deputy of St. Mary:

The business plan goes to your good self?

Chief Officer, Economic Development:

We do not deliver them directly, but we do ensure compliance with financial directions, including the requirement to provide audited accounts within 6 months of year-end, and we have made it very clear to grant-funded organisations that if those requirements are not satisfied we are not in a position to recommend to the Minister the grant for this year. That is the inconvenient truth.

The Connétable of St. Ouen:

On the basis of that criteria then you are happy the way these events are run?

Chief Officer, Economic Development:

There is always room for improvement.

The Connétable of St. Ouen:

All right. Do you feel you can intervene with helping with this room for improvement?

The Minister for Economic Development:

From my perspective, these 2 events are immensely important in our events calendar, and the Battle of Flowers is an independent organisation that has been in existence for over 100 years, and I think I have full confidence that they will evolve, and continue to put on an excellent Battle. Obviously, we do have some influence because we provide a high level of grant funding for these organisations. In terms of the Battle of Flowers, I think for what we put in, we get tremendously good value for the huge community benefit. If nothing else, the huge community benefit that the Battle provides because it is year round. It involves the community from a very young age to a very old age, and I think it is absolutely tremendous, and when we look at some of the other things that the States waste money on, I think this is a very good investment.

Deputy S.M. Brée:

You are prepared, Minister, to in a public hearing commit to continuing the Battle of Flowers funding for how long? For the next 3 years? For the next 5 years?

The Minister for Economic Development:

I will certainly give an undertaking to maintain the Air Display and the Battle funding at its current levels during my term of office.

Deputy S.M. Brée:

Yes, obviously you cannot talk for other people.

The Minister for Economic Development:

There is a caveat of course that there are no dire unforeseen financial circumstances that we have to deal with.

Deputy S.M. Brée:

Barring unforeseen circumstances, yes.

The Minister for Economic Development:

In actual fact, when we do the job of reprioritising what our department spends our money on, I would like to see us find more money for developing a much larger year-round events-led calendar.

Deputy S.M. Brée:

Looking at event-led tourism or event-led economic growth, what has your department's involvement been in the Boat Show?

The Minister for Economic Development:

Well, the Boat Show is something that is staged by the Ports of Jersey, so my department is very happy to let them get on with it, and give them a lot of moral support.

Deputy S.M. Brée:

There is no financial grant made to them or anything like that? It purely comes out of their budget? Okay, that was just to clarify a point.

Chief Officer, Economic Development:

We are also their sponsors, I should point out.

Deputy S.M. Brée:

Yes.

The Minister for Economic Development:

Yes.

Chief Officer, Economic Development:

I think it is fair to say that what we do do through Jersey Tourism and Visit Jersey, as it will be, is that we make sure that the Boat Show is widely promoted as part of our advertising, because the reason that we would do that, we want the Boat Show to attract visitors to the Island. That is the whole purpose of supporting anything that we do.

Deputy S.M. Brée:

Okay, I think we need to move on now to the next section, which is talking about the Island Games, which I am sure will be a joy to all of you. David, do you want to lead on this one?

The Deputy of St. Mary:

Yes, on sport and under the sport umbrella. You had an original budget for that, did you not? Can you remember the amount of the budget for ...

The Connétable of St. Brelade:

I have not got the figures with me. Obviously, there was money put aside. I think it was about £4.6 million in regards to venues, which I think has been completed. I have not got the associated figures with me ... so I have not all the direct figures with me.

The Deputy of St. Mary:

Yes, 2 consequential things. The additional monies required, were they not for video coverage and decoration of St. Helier, is that right?

The Connétable of St. Brelade:

That is 2 separate issues. What came to light some months ago was that we did not have in place anything in regards to some filming in terms of a legacy, video legacy, that we could use afterwards in terms of tourist promotion, for example, or sporting promotion, so we felt it was important to engage with a local company to see if we could provide that. We put that out to tender. I think the Island Games have now reached the decision on who that tenderer is. If they have not, they are pretty close to it, and what they will do will be providing video for not only after the games, also during the games themselves to the big TV screens, for example, and it will be - rather than the film footage that Channel TV will show - more of the quirky stuff that goes on behind the scenes. That might be of interest to the public. It will not just be all about the gold medal winners. It will be about showing off the Island.

The Deputy of St. Mary:

Yes, I am sure the panel fully support that.

The Connétable of St. Brelade:

In terms of St. Helier, it was a separate project. That is something St. Helier came to us and asked for, if we could find some funding towards dressing up St. Helier prior to the Island Games, and again a tendering process, 2 or 3 local companies, and I think we are just about also to approve some funding for that as well. It is not a huge amount of funding. It is probably £16,000 or £17,000 or something like that.

The Deputy of St. Mary:

That is for the Island Games?

The Connétable of St. Brelade:

Yes.

The Deputy of St. Mary:

That funding came from the small budget rather than the ...

Chief Officer, Economic Development:

The E.D.D. budget.

The Connétable of St. Brelade:

Yes, it has come from the E.D.D. budget.

The Deputy of St. Mary:

So Sport personally was not ...

The Connétable of St. Brelade:

No, Sport ... no, there was nothing available within the Island Games. The Island Games Organising Committee themselves thought that it was outside their remit to provide those, and I think it was as well.

The Minister for Economic Development:

I think, to be precise, we provide a top-up grant of £20,000 to Island Games for the filming and a pound-for-pound funding split up to £20,000 with the Parish of St. Helier. That is also working with town retailers, who wanted to obviously create a better environment during the ...

Deputy M.J. Norton:

Can I just add in on the video streaming? Video streaming is not only important for that legacy video, but also because a lot of the venues, there is limited spectator viewing, particularly at the swimming. That is really important.

The Connétable of St. Brelade:

Can I just clear that point up? There is no money come from retailers.

The Minister for Economic Development:

No, I did not say that. I did not mean to say that. The town centre manager approached us who works very closely ...

The Connétable of St. Brelade:

On behalf of the retailers.

The Minister for Economic Development:

On behalf of with the retailers, and they wanted to make sure the town was fitting and decorated, and looking its best for the period from Liberation 70 right through to the end ... through the Island Games until the end of the summer.

The Connétable of St. Brelade:

We are going to have a long jump here. I am sure the Chairman of the panel would love to have a go at ...

The Minister for Economic Development:

In fact we insist.

The Deputy of St. Mary:

With regard to that, you use the word "legacy"; are there many venues to which you are committing funds which are going to be legacy events, and, as such, attract competition from outside the Island in the future?

The Connétable of St. Brelade:

I think all the venues will have a legacy element to it. Some of the things, I think, we have got to be really proud. I think having a 3G pitch at Springfield has got huge legacy values in terms of the amount of time it can be used; the ability for local schools to use it during the daytime which they were not able to use before. I think in some of the facilities ... we have provided at the shooting clubs as well; something that I know the department has worked closely with in terms of the opportunities for bringing outside shooters into the Island to shoot prior to the games and after the games themselves, and they showed us a business plan about how they wanted to do that, in terms of some of the funding we provided. The athletics track, brand new athletics track, the opportunities that that offers as well to bring events into the Island. The actual work we have done at Fort Regent, I think, is another thing. I know you are going to go on to it later, but it is one of those areas that we are desperate to make sure that ... we did some work at Springfield to make sure that the areas that we are going to use for the Island Games were going to be brought up to standard, but we have got the Gilson Hall now up to international standard again, which is fantastic. It allows them to put events on that they would not have been able to put on before, and

the same with the table-tennis arena, so they have all got parts to play in terms of driving sports tourism, I think, over the next 3, 4, 5 years.

The Deputy of St. Mary:

Will some of these ... it might be simply a matter of detail. Will some of these be ... control be handed over to the sport concerned, or will sport ...

The Connétable of St. Brelade:

Some of them are private anyhow. Gilson Hall is badminton's centre, as the Geoff Reed Centre is table tennis's, but the J.F.A. (Jersey Football Association) have always had a strong connection with Springfield, and that was a partnership working with them. We did not put all that money in, a lot of that money was put in by the F.A. (Football Association) in the U.K. We have always had a close relationship with the F.A., and the F.A. will essentially run Springfield in many regards; the football pitch side of it, not the facilities in terms of the gym, but certainly in terms of the football pitch, but we have access to that during school hours, but it is a specialist surface. It can only be used really for football. You cannot play rugby on it, for example, so there is a limited use on it, but certainly for low-level school type events; some of the things that primary schools are involved in, it is perfect.

The Deputy of St. Mary:

One specific sport, the new mountain-bike course at Jubilee Hill ... not Jubilee Hill. That is on Ports of Jersey land at the moment. Is that going to be entrusted to the, I presume it is Association to run that in future?

The Connétable of St. Brelade:

I think that is on private land. I have done a little bit of mountain-biking. Most of the mountain-biking courses generally take part on people's private land. I think that is as well, so I doubt that is going to be handed over to any club.

The Deputy of St. Mary:

Sorry, false information. I was told it was on Ports of Jersey land and ...

The Connétable of St. Brelade:

No, I do not think ... well, it may be, but I ...

The Minister for Economic Development:

They do mountain-biking at Mont Rossignol, which I have an interest to declare because that is on my land.

The Connétable of St. Brelade:

The Minister may want to hand it over to the club afterwards.

The Minister for Economic Development:

They are welcome to use it on a regular basis.

Deputy S.M. Brée:

With regards to the Island Games, a little while ago, the Minister was reported as having made a comment. I believe the report was in the *Jersey Evening Post* that the Island Games was going to bring millions of pounds to the Island. How did he calculate that?

The Minister for Economic Development:

I think there are some figures available. We are expecting approximately 4,000 participants and a number of spectators over and above that.

Deputy S.M. Brée:

4,000 people are going to bring millions of pounds to the Island? Is that how you have calculated it?

The Minister for Economic Development:

Perhaps 5,000 or 6,000, yes. If everybody that comes spends or leaves behind £50 or £100 or £200, it will bring millions of pounds.

The Connétable of St. Brelade:

I think the average spend ...

The Minister for Economic Development:

Not tens of millions.

The Connétable of St. Brelade:

I think the average spend of somebody coming to stay for a week, I think it was something like £300 or £400 or something.

Chief Officer, Economic Development:

Yes, it is a bit more than that. It is over £400, on an average U.K. ...

The Connétable of St. Brelade:

Yes. So you have got to use that to multiply, but I think it is also around what ... we talked about legacy before; what this will offer as we move forward with some of the economic benefits as we move after the Island Games in the legacy role.

Deputy S.M. Brée:

The Minister's comment was made on a guesstimate as opposed to any actual calculations?

The Minister for Economic Development:

No, I was basing it on some ... I am quite happy to give a guesstimate, but I was basing it on some figures I saw. I cannot recall where ... I think the Island Games ...

Deputy M.J. Norton:

I seem to remember it was on an Island Games infographic. There was an Island Games infographic that showed the average spend for the average person based on figures from those that have been in the Island before, and those that have been visiting from a sports club before, and when they multiplied that up from spectators and those taking part, they multiplied up to several million pounds. Several million pounds more than certainly is being invested in.

Deputy S.M. Brée:

What has been invested in the Island Games then? What is your budget? Actual budget? What have you spent?

The Minister for Economic Development:

We do not have a budget.

Chief Officer, Economic Development:

I think for the avoidance of any doubt, unless and until the States approve the transfer of functions, no budgets have been transferred, so the sports budget stays with Education, Sport and Culture, as we sit here today. Justin Donovan, the Director of Education, remains the Accounting Officer. The Minister is an Assistant Minister in Education, Sport and Culture.

Deputy S.M. Brée:

No, I merely ask the question because we are being told that it is going to bring millions of pounds to the Island, more than has been invested, according to Deputy Norton. I merely ask the question, what has been invested so far?

The Connétable of St. Brelade:

I am just taking out of the strategy, we have, for example, £2.4 million spent in the upgrade of facilities, such as Fort Regent, Les Quennevais, Springfield and the FB, so these are major investments, long-term investments in sporting facilities in the Island. Will that be offset by all the potential inward money? Probably will over a period of time, but certainly this is going to be the first time I do not know in how many years that we will not have a single hotel bed free in the Island for the best part of 10 days.

Deputy S.M. Brée:

That could possibly be because there are less hotel beds in the Island than there were 15 years ago.

The Minister for Economic Development:

Can I just make my position absolutely clear? 4,000-plus visitors coming to Jersey will spend millions of pounds between them. They fill up the hotels, spend money in the shops, bars and restaurants, and it is a good thing, and I stand by that. This is really why I would like to see more events like this developed, because we had spare capacity. The capacity was about, funnily enough, 4,000 beds at the time of the Island Games being on, so they just used up the capacity, which increases the productivity of the visitor economy at that time, which is excellent news for us.

The Connétable of St. Brelade:

One of the things that we will get from ... not specifically from but it is part of some of that benefit is, for example, some of the upgrades we have had at Fort Regent. Next year, we have the Dance World Cup coming to Jersey. We have 5,000 competitors coming in for that, so that is an opportunity that we have grabbed with both hands, and, again, that is the type of event that we want to be putting on, year on year, that will draw huge numbers of people into the Island and benefit over part of the legacy, and something ... I think people need to see that we are open for business and the Island is there to be used for events of that size. It is a huge event.

Deputy M.J. Norton:

It is really a good point, because also the Island Games, as it is developing, is also, by its very nature, a learning process for those that are organising and taking part in it, and putting the facilities on. Next year, we get even more coming in with the Dance World Cup, and a lot of the logistics that we are now looking at for Island Games we will be learning from that for one year's time. Exactly one year's time for the same week a year on.

The Connétable of St. Brelade:

What we are going to be doing is working with ... the gentleman that is running the Dance World Cup has a fantastic vision of what he wants to put together in terms of the event itself, but having

5,000 people in the Island for a week is going to be trying, and I think we will be using and asking him to work with the department in terms of making sure that we have the same bus routes that we are using for the Island Games, loop buses; things like that that will make life so much easier for those competitors when they are here, so that again is something that will be an offshoot of the Island Games, and a benefit of the Island Games. We will use some of that support that we have used this year for next year.

Deputy S.M. Brée:

Again, you mentioned it just now. I think we would like to take a bit of a more in depth look at Fort Regent, and what the plans for development are there. David, I think you had a number of areas.

The Deputy of St. Mary:

I am delighted to hear the Dance World Cup is coming. I was fortunate enough to go to, last summer, the presentation given by the Deputy ... the Treasury at the time on development of Fort Regent. Fort Regent is within your ambit, and obviously it does cover functions of culture, sport, towards everything. Is the one minister or one department actually responsible ... my concern is the direction ...

The Minister for Economic Development:

Can I ask the Chief Officer just to explain the current situation of Fort Regent, just to be clear?

Chief Officer, Economic Development:

Obviously, Fort Regent is ... ultimately, the asset is owned through Property Holdings, but it is run by Education, Sport and Culture, and unless and until the States approves the budget, that is where it will stay, and Connétable Pallett is the Assistant Minister in that department.

The Connétable of St. Brelade:

The intention is for, in terms of the steering groups, for the Minister to sit on it, but I have been sitting on it until now in regard to the department, so I have been to the meetings in regards to the steering group, so if I can help with questions, I will, in terms of what is being proposed. But I am sure the Minister will have ...

The Minister for Economic Development:

That is current situation. To be clear, what is proposed that will happen if the States approved the transfer of functions, and, following the Medium-Term Financial Plan, M.T.F.P.2, as we are calling it, then it is proposed that I will take the chair. Connétable Pallett or I will take the chair of the Fort Regent Steering Group, moving forward.

The Deputy of St. Mary:

Just to clarify, did you say Jersey Property Holdings Limited are involved?

The Minister for Economic Development:

Jersey Property Holdings Limited on behalf of the States, and so any investment into the infrastructure will be managed through them, and the M.T.F.P. growth bid, capital bid, will be put forward by Property Holdings, if that is approved in the process, then it ... hopefully, I would have thought Economic Development would then drive the project forward in partnership with Property Holdings, with our new responsibility of managing the centre.

Deputy S.M. Brée:

At the moment the Economic Development Department has no direct budgetary connection or otherwise to Fort Regent, is that correct?

The Minister for Economic Development:

Correct, yes.

Deputy S.M. Brée:

All right, then maybe we need to move on from this point until it is correct to say ...

The Connétable of St. Brelade:

Although I am still the Minister responsible for that facility.

Deputy S.M. Brée:

Yes, but that, I understand, is under the Education Department as opposed to Economic Development Department?

The Minister for Economic Development:

Hopefully, at the next Scrutiny hearing, you will be able to ask us those questions.

Deputy S.M. Brée:

We will save the questions for then, shall we, on Fort Regent? I would like to move on to Visit Jersey. Obviously, Visit Jersey has been in the press recently. A lot of statements have been made by them. I would like us to get a better understanding of Economic Development Department's relationship with Visit Jersey, because I think there may be a bit of confusion on certain people's parts, and I would like to seek clarity, if I may. The relationship you have with Visit Jersey, how is that governed? Is it by a Memorandum of Understanding or a ...

The Minister for Economic Development:

It is a partnership agreement.

Deputy S.M. Brée:

A partnership agreement? Okay, could you just explain to us how that partnership agreement works then?

The Minister for Economic Development:

Yes. Mike, would you like to?

Chief Officer, Economic Development:

Love to, Minister.

The Minister for Economic Development:

We have both spent a lot of time putting it together in the ...

Chief Officer, Economic Development:

The partnership agreement is broadly based on the partnership agreement we have in place for Jersey Finance, Digital Jersey; it is a model that complies with financial direction 5.5, and it is quite clear. It sets out the purpose and the objectives that we wish Visit Jersey to fulfil which is fairly self-evident and is consistent with the purpose trust or the purpose of the trust that was set up to create it. Visit Jersey will present to us a business plan with a proposed budget, which will be allied to activity and the targets that they are seeking to achieve with that. The budget will then be approved by the Minister. The business plan will be approved by the Minister, the budget allocated to Visit Jersey, and then there will be monitors, as I have said previously, on a quarterly basis, to ensure that they are meeting the targets which they set, and were approved by the Minister, so it is a wholly grant-funded entity.

The Minister for Economic Development:

So we have the partnership agreement, which is underpinned by a business plan, which I have to approve, and then the partnership agreement effectively transfers all the responsibility for marketing and promoting Jersey to Visit Jersey, but I wanted to be sure that, because we are writing a cheque for a large amount of public funds, that the appropriate amount to influence remained with the Minister, which it does.

Deputy S.M. Brée:

So Visit Jersey, sorry, just to go back to the point you were making. Visit Jersey has been set up as a trust vehicle, is that correct?

Chief Officer, Economic Development:

It is a limited company, but it deals ultimately ... it is a non-charitable purpose trust, which is following exactly the same model as Jersey Finance Limited and Digital Jersey, and Jersey Business. It is a model that we use upon legal advice as the most effective way of establishing arms-length bodies of that nature.

Deputy S.M. Brée:

So who are the trustees of the trust?

Chief Officer, Economic Development:

The trustee of the trust, off the top of my head, I cannot remember who the trustees of the Visit Jersey Trust are. We will get back to you on that.

The Minister for Economic Development:

Do you remember them?

Assistant Director, Economic Development Department

I can remember some of them, but not all of them.

Deputy S.M. Brée:

Ultimately, one is looking at ... if your department is, as you say, writing a sizeable cheque to a limited company, which is owned by a trust, which is controlled by the trustees, under a letter of wishes, one would like to know who is in control of the trust. It is obviously not yourselves?

Chief Officer, Economic Development:

No, it is not.

Deputy S.M. Brée:

One would argue that why was not Visit Jersey set up as an incorporated body under a memorandum of understanding? What is the difference? Why would you not do that? Ultimately, now, under the current structure, the beneficial ownership of Visit Jersey lies with the trustees or the trust vehicle itself, controlled by the trustees. Why not set it up as an incorporated body?

Chief Officer, Economic Development:

As I said, the model that we followed, or that has been followed; it goes way back before our time, is one of a non-charitable purpose trust with a company limited by guarantee. Effectively, it is a true independent arms-length body, not an incorporated body, so that is the model that we follow,

because what we are seeking to do is we are seeking to effectively put at arms-length the delivery of that particular function and control that through a partnership agreement which exchanges the grant for activity and outcomes and outputs. We monitor events.

Deputy S.M. Brée:

Under a memorandum of understanding, the basis of a memorandum of understanding is arms-length, no surprises?

Chief Officer, Economic Development:

The partnership agreement is arms-length, no surprises.

Deputy S.M. Brée:

I merely ask, it is out of interest more than anything else, why it was set up as a limited company. You say limited by guarantee?

Chief Officer, Economic Development:

Yes.

Deputy S.M. Brée:

Who is the guarantor?

Chief Officer, Economic Development:

I will have to get back to you on that. I cannot recall the details off the top of my head.

Deputy S.M. Brée:

Ultimately, the guarantor is the States of Jersey?

Chief Officer, Economic Development:

The States of Jersey provides all of the funding.

Deputy S.M. Brée:

The States of Jersey would be the guarantor, yet, you have no legal interest in Visit Jersey? It does seem a very, very strange way to set it up.

The Minister for Economic Development:

This is a time-honoured way of how these bodies have been managed upon advice from the law offices.

Deputy S.M. Brée:

Things were done in the past, which were not correct.

The Minister for Economic Development:

I am not a legal expert, but it strikes me ... my understanding is that this was the most appropriate way of the company being owned by an arms-length body with all the protective measures in place. Now, that is my understanding of it and the partnership agreement facilitates the appropriate working relationship between E.D.D. and the Visit Jersey Board who are running the organisation.

The Connétable of St. Brelade:

We are guessing here. Would it be best if we give you the information?

Deputy S.M. Brée:

If you could, yes. I think it is a very important point.

The Minister for Economic Development:

Well, I will present a message if I have the information but that ...

Deputy S.M. Brée:

Because obviously it is, I am sure, of great of interest to the public of the Island of Jersey to know, (1) who owns Visit Jersey, and (2) how the partnership agreement works.

Chief Officer, Economic Development:

The partnership agreement is very clear. The partnership agreement is like any other service level agreement that governs a grant funded entity. It is compliant with financial direction 5.5. It is very clear and that it sets out the obligations of the organisation in exchange for an annually approved business plan which is approved by the Minister. In this context it is described as a partnership agreement, call it in a broader context, a service level agreement because that is exactly what it is.

Assistant Director, Economic Development Department:

It is probably also helpful to know that both documents that we are discussing have been publicly available since the day after they were signed. So the partnership agreement has been live on the gov.je as a ministerial decision since 26th March.

Deputy S.M. Brée:

I am merely trying to ascertain whether the Minister responsible for the department understands the relationship between the Island of Jersey and Visit Jersey. That is all I am attempting to ascertain.

The Minister for Economic Development:

I hope I have explained clearly what my understanding is and my understanding is that following advice from the Law Officers that an incorporated body owned by a trust, a non-charitable purpose trust, is the most appropriate way and I fully understand, and I hope you fully understand, how that works and I understand that model and I am confident that that is the best because I cannot think immediately of any other way we could own an incorporated body, who the shareholders would be if we did not have ...

Deputy S.M. Brée:

The shareholder representative would be the Minister for Treasury and Resources, as it is for all the other incorporated bodies the States have set up. It is a well-trying, tested and monitored path that the States previously have gone down. That is all I am saying.

Chief Officer, Economic Development:

Jersey Tourism, as such, as it was, Jersey Tourism, as an entity, did not really exist because the employees ... it was part of the Economic Development Department and the employees were all employees of the States Employment Board.

The Minister for Economic Development:

It is not a trading entity. It is a marketing organisation. But, okay, so we can certainly ask the question.

Deputy S.M. Brée:

I am merely interested to understand how that works. I mean with regards to staff, I know at the time that there were possibly some negative cracks, if you like, about the transfer of staff from what was previously a public sector body, if you want to call it, to Visit Jersey. I know that there has been confusion about the actual number of staff involved. How many staff were transferred from Jersey Tourism to Visit Jersey? It is just we are seeking clarification, that is all.

The Minister for Economic Development:

Okay. Two permanent were deployed across the States of Jersey, 7 resigned from States of Jersey to join Visit Jersey. So they actually were not transferred, they resigned and re-joined.

Deputy S.M. Brée:

Okay, because the process they had to go through was to resign from, yes. So that was 7 people went, effectively.

The Minister for Economic Development:

Yes. Two are on extended secondment within the States of Jersey, 3 are currently on trial periods for redeployment across the States of Jersey and 5 are set to be made redundant at the end of May but that could be 8 of the 3 up for redeployment across if they do not pass the trial period. So those are all the figures in relation to the staff at Visit Jersey.

Deputy S.M. Brée:

Right. Sorry, just to confirm, was it 7 people?

The Minister for Economic Development:

I think the answer is 7 of the original staff are now working at Visit Jersey.

Deputy S.M. Brée:

Okay, right.

Chief Officer, Economic Development:

But it is worth mentioning, Deputy, that every member of the Jersey Tourism staff within an exclusive period ... a period of exclusivity was given to them to apply for roles within Visit Jersey. I think, did we say 7, have now accepted. There were other job offers that were advanced but were not taken up.

Deputy S.M. Brée:

For one reason or another they were not taken up.

Chief Officer, Economic Development:

The States basic premise was that every member of the Jersey Tourism staff would be redeployed by the redeployment process with the States which is exactly what we have achieved.

Deputy S.M. Brée:

So what is the staffing level of Visit Jersey now?

The Minister for Economic Development:

I believe it is approximately 12. They are right in the middle of their recruiting which they could not really start until they had established exactly who they were with. So I would anticipate their final headcount will be in the region of 16.

Deputy S.M. Brée:

So the current budget for Visit Jersey is coming out of Economic Development?

The Minister for Economic Development:

Yes.

Deputy S.M. Brée:

May one ask what the grant ... sorry, because it is a grant rather than a budget, is it not, to correct myself, what is that grant at the moment?

The Minister for Economic Development:

Just short of £5 million. Do you have the exact figure?

Assistant Director, Economic Development Department:

This year is a complex year because obviously Visit Jersey has been created mid-year. The premise that we were working to was that it would be the 2014 budget less what was already committed by Jersey Tourism because obviously Tourism almost thinks a year ahead. I cannot remember the precise figure that we are working to. I think it is £4.9 million this year.

Deputy S.M. Brée:

Now, moving forward into 2016, when obviously you are moving into your first full year, what is the grant going to be?

The Minister for Economic Development:

Well, that will depend on the business plan and the tourism strategy and the M.T.F.P. and all the other challenges we face. If I had my way I would like to be finding money to increase the Tourism budget but these are part of the decisions we have to make as a ministerial team and the Constable of St. Brelade and I will, no doubt, be ...

[15:30]

The Connétable of St. Brelade:

Where is your crystal ball?

The Minister for Economic Development:

Yes.

Deputy S.M. Brée:

Yes, indeed. I wish we all had a crystal ball.

The Deputy of St. Mary:

But I presume in that regard also we had the success of the initiatives you have been able to take so far, that is your card, is it not?

The Minister for Economic Development:

Yes. I would be very disappointed if we had to reduce. I will say that now publicly. I would be very disappointed if we had to reduce the amount we give to Tourism from what we give them now but like I say we are yet to understand fully the financial challenges we have got ahead of us.

Deputy S.M. Brée:

I mean this moves us nicely on to our next area, talking about grants, the Innovation Fund. Now, at present - and I say at present - that falls under your ministerial responsibilities. Is that correct?

The Minister for Economic Development:

It is.

Deputy S.M. Brée:

Am I also correct in saying that under the transfer of functions there is an intention to move that away from you?

The Minister for Economic Development:

There is, yes.

Deputy S.M. Brée:

Okay. I know that Mike had a number of questions on the current Innovation Fund because obviously we cannot look into the future.

The Connétable of St. Ouen:

I mean currently, at the moment can you tell us how many businesses have been helped to date?

The Minister for Economic Development:

You might have to correct me. I am trying to remember. I think it is 5. I believe I have signed 3 grants since I have been in office and one had been signed before and Senator Ozouf has just signed one, so I think the total is 5.

Assistant Director, Economic Development Department:

I think it is 5 that have been financially supported. In terms of helped I think it is probably wider. Lots of businesses have gone through the process and just because they did not receive a loan or whatever at the end does not necessarily mean they did not receive help. I think if you interpret your question as, how many received financial aid, I think it is 5.

The Minister for Economic Development:

Yes, 5 and I think the value of the last 4 of those is about £1.4 million and the one before that was before my time in office and I cannot recall the amount of the first grant.

Chief Officer, Economic Development:

I think it was about £60,000 or so. It is relatively modest.

The Connétable of St. Brelade:

There have been 40 applications.

Deputy S.M. Brée:

I mean you say that help was given to other companies even though they did not receive a grant from the Innovation Fund. I am at a slight loss to understand what other help you could have given them if they did not get the grant they wanted in the first place. Because my understanding is all applications have to be made in full, by the entity involved, give a full business plan looking forward, so ...

Chief Officer, Economic Development:

Firstly, I think I probably need to correct you. The Innovation Fund has not advanced a single grant. Everything it has advanced is by form of a loan.

Deputy S.M. Brée:

Thank you for correcting me, sorry.

Chief Officer, Economic Development:

Every application, which has to be completed in full and a lot of it these days is done with the assistance of Jersey Business and Digital Jersey, is evaluated with a series of evaluations by the board and there are various steps and in each case there is engagement between a board member and the business and if nothing else to have a more fundamental understanding than that which can be derived from the written material. If it does not meet the criteria that are established for the Innovation Fund by the States then, you know, they can get told at an earliest possible

junction that that is the case. They may go back and rework it or they may go and seek funding elsewhere but we engage with every business that submits an application to the Innovation Fund.

Deputy S.M. Brée:

That still does not quite answer my question as to what assistance a business would receive if they did not receive a grant.

The Connétable of St. Brelade:

They receive advice from Jersey Business themselves in terms of their business model.

Deputy S.M. Brée:

It is more than likely they would have already spoken to Jersey Business in the first place.

The Connétable of St. Brelade:

That is not necessarily always the case.

Deputy S.M. Brée:

No, okay.

The Connétable of St. Brelade:

In fact sometimes they are advised to speak to Jersey Business because the application has not been put together in a way that the board are happy to progress it with and sometimes they are sent to Jersey Business or Digital Jersey, I think I am correct in saying, to put together their business plan before they present it. So I think there is an opportunity there to engage with either of those entities to improve their opportunity.

Chief Officer, Economic Development:

And not just Jersey Business. Like I said, Minister, I think 2 of the entities, Total Billing Solutions and Logfiller, who have been successful in obtaining grants, for instance, worked very closely with Digital Jersey in the development and submission of their application.

The Minister for Economic Development:

Those that were not; their applications were subject to a full review and advice was given on that, whether they were successful or not, and I know that some of those found that advice incredibly helpful so I think ...

The Connétable of St. Brelade:

Of course, also the individual members of J.I.F. (Jersey Innovation Fund) themselves have got huge business experience that they can also impart ...

Deputy M.J. Norton:

There is a great deal of mentoring, is there not?

The Connétable of St. Brelade:

... in terms of putting that application together and although they may not get a grant eventually they can certainly take away some of the advice they are given within that process.

The Connétable of St. Ouen:

If the original £5 million is exhausted is there still the other potential £5 million to top it up? Is that still in existence?

The Minister for Economic Development:

That, I believe, has not been accounted for and is not being accounted for but I understand it is the intention of the Innovation Fund, because these are loans with commercial rates of interest that it should be, to an extent, self-sustaining as the monies are paid back then they can be reinvested or reloaned. There is a call, and this is a matter for Senator Ozouf who will be managing the responsibility for the Innovation Fund, the Chief Minister's Department, whether the Innovation Fund will be able to take shareholdings as investments in some of the companies they are investing in, which is commonplace for Innovation Funds and this is a very, very small Innovation Fund by the standard of Innovation Funds. In other countries they have Innovation Funds which are hundreds of millions of pounds which take shares and investments in the companies they are supporting and they become self-sustaining that way.

Chief Officer, Economic Development:

So the current Public Finance Law prevents the States of Jersey taking an equity position in any entity that it advances funding to. I am sure Senator Ozouf will be looking at ... certainly part of the original plan was to amend the Public Finance Law, if appropriate, to allow that to happen so the ...

Deputy S.M. Brée:

Yes. Although I would state that taking an equity position in even a start-up company like that is highly speculative.

The Minister for Economic Development:

Which is why the Public Finance Law prohibits it, yes.

Deputy S.M. Brée:

Yes, and the reason for the Public Finance Law is to prevent speculation by the Government.

The Connétable of St. Brelade:

That is why it needs a full States debate and we can all ...

Deputy S.M. Brée:

Exactly. So any other questions on the Innovation Fund?

The Deputy of St. Mary:

Not innovation but the related fund, that I think Tourism themselves are going to give grants or loans. Is that right?

Chief Officer, Economic Development:

The Tourism Development Fund.

The Deputy of St. Mary:

Yes. What is the criteria? I mean I have heard of grants being given which seem to be out of context with our financial position, as it were. Was there criteria for a grant out of the Tourism Fund to an individual enterprise?

Deputy M.J. Norton:

Which ones are being out of context?

The Deputy of St. Mary:

The aMaizin! Maze. I have been told they have got ...

Deputy M.J. Norton:

Sorry?

The Deputy of St. Mary:

The one called the aMaizin! Maze got a grant of ...

The Minister for Economic Development:

I do not know if it is appropriate to comment on individual cases.

Deputy S.M. Brée:

This may not be the correct forum to bring up individual cases.

The Minister for Economic Development:

The Tourism Development Fund do have a very clear and appropriate criteria, which was approved by the States, in relation to supporting the visitor economy and generating additional value for that and I know that for every pound they invest the average return of accompanying private investment has been about 10 times that.

Deputy S.M. Brée:

One question on the Innovation Fund, if I may just go back to it very quickly. Obviously, economic growth is important to this Island. We all accept that. However, I think there is a perception that there is little financial help available from the Government for small start-up companies, which ultimately account for a lot of employment and a lot of potential future growth. Do you, Minister, think there is any way in which you and your department can look at encouraging more grant or loan type situations to smaller start-up companies?

The Minister for Economic Development:

The answer to that is yes and it is something we have discussed internally but in fact Jersey Business do have a small element of their budget which they can grant to small businesses to help establish. It is very small but it is there.

Deputy S.M. Brée:

Yes, so I was going to say it is ...

The Minister for Economic Development:

No, the answer to that is, yes. But the States can be ... it can be correct if I think ... there is an example now where I have signed a Ministerial Decision that has gone to the Minister for Treasury and Resources to assist with an agricultural business because we deemed that it is of such high importance that we maintain the viability of our agricultural business in terms of growing produce for distribution to our own retail base that we have asked the Treasury to consider doing that. So the States can be flexible but I personally think we need to explore whether that is sort of ... I mean we have the Tourism Development Fund and the Innovation Fund now, the question is: do we need something that sits between those for small business? It is something we are addressing.

Deputy Chief Executive, Economic Development:

Can I just come in there?

Deputy S.M. Brée:

Yes, please.

Deputy Chief Executive, Economic Development:

There is an exercise going on at the moment looking at access to finance generally for business. The first draft will be due by the end of this month and should be available to the Minister thereafter.

The Minister for Economic Development:

It is something we commissioned of Economic Development ...

Deputy S.M. Brée:

So that is looking at both public financing of companies and private as well?

Deputy Chief Executive, Economic Development:

It is looking across the piece; how companies are looking at the moment in terms of being able to access finance from either banks, from private sector sources, secondary lenders or even peer lending. So it is looking at a range of different types of actual borrowing if you like, access to finance for business for investment and for cash flow purposes.

Deputy S.M. Brée:

We would be very interested obviously in seeing that report when it does come out.

The Minister for Economic Development:

We will share it with you as soon as it is available.

Deputy S.M. Brée:

Thank you. I mean you commented there, Minister, on one of the latest Ministerial Decisions that you have signed off to do with agriculture and again I thank you very much indeed. That brings us on to our next area of questioning, which is the Rural Strategy. Where is it?

The Minister for Economic Development:

It is being created as we speak. The current strategy, this is due to be launched on 1st January 2016 and the Rural Executive now are working on the draft of the new Rural Economy Strategy but it is somewhat changed given the new nature of our public finances going forward and as a result of that ... well, not necessarily as a result but these questions were being asked anyway here when we will look at how the rural economy is subsidised, for want of a better word, in terms of land area, payment and provision of finance for dairy farmers and ...

Deputy S.M. Brée:

My understanding was back in the early 1970s the States made a commitment to agriculture, and I could be wrong here, that farming in Jersey would not be economically disadvantaged by joining the European Economic Community, as it was then.

The Minister for Economic Development:

I am just trying to think of how many times the States has gone back on its word since the 1970s. This cannot be the only occasion, can it?

Deputy S.M. Brée:

I am merely interested to try and understand a little bit further about your views on firstly, what is an appropriate rural strategy based on our current economic situation. Secondly, to try and understand who is responsible for it. We have your fellow Minister, Deputy Steve Luce, who made some various comments to, I believe it was the Environment Scrutiny Panel the other day of which indeed David is a member. There seems to be confusion, certainly in the outside world, as to who is responsible for producing the Rural Strategy. Is it yourself? Is it the Minister for Planning and Environment?

The Minister for Economic Development:

Well, there is no confusion as far we are concerned, and perhaps we need to improve our communications with the outside world, but the policy clearly sits within the Economic Development Department, but we are both responsible for producing the strategy. Economic Development from the economic activity and the Deputy of St. Martin from the environmental aspect of it. So we are working very closely together, arguably I think more closely than ... you know, I would like to think there is a far closer working relationship going on between the Minister for Planning and Environment and myself than ever has existed in the past. That is why we publicly share the responsibility of discussing this.

Deputy S.M. Brée:

So when will you be issuing a draft rural strategy so that interested parties and stakeholders can discuss it, look at it, comment on it?

[15:45]

The Minister for Economic Development:

Well, we have to have something in place by the end of the year but given the uncertainty ... we were going to full consultation and have a consultation document available but given, and my officers can correct me if I am wrong, but my understanding is given the uncertainties of the

M.T.F.P. we have withheld that until we understand where we are fully because that can have quite an impact on what is available moving forward.

Deputy S.M. Brée:

My understanding is M.T.F.P. 2 will be lodged, at least, by 30th June at the very latest. Are you trying to tell us that you have not yet formulated a rural strategy because you are waiting until 30th June to see what happens?

The Minister for Economic Development:

No, I am not saying that at all but I am saying if we do not have money, if we have a shortage of money, we might have to seriously consider the level of subsidy we give to growers and there is a train of thought that we could ... I mean if you look at other countries, let us take the New Zealand model for example, who were pioneering and had a subsidy-free policy and subsequently created the most successful agricultural economy in the world to this day. There is a train of thought that we need to explore that but of course we need full consultation with the industry and I am not too sure at the moment. I think some important work needs to be done. For example, with the land area payment there is another train of thought that seems to think the majority of that is keeping the land rental values high and that if you remove that the land rentals would come down and it would not have too much of a negative impact on growers. But I can see there needs to be a lot more work done and work is going on by the rural economy team and perhaps Mike might wish to comment on what has been done today. A considerable amount of preparation work has and is being done but we need to really get to grips with what is going into the M.T.F.P. before we can put the flesh on the bones, as it were, the strategy.

Chief Officer, Economic Development:

I think that there has already been a quite significant consultation with the industry as to what they like to see in the Rural Economy Strategy and you know the building blocks of it are very well established. We have to have something that is sustainable both economically and environmentally in the Island but is more and more export driven because that is where the value is. If you look at the dairy, I was up at the dairy this morning, talking about this very thing. Protecting the core of the dairy, which is about local production of milk for the local economy, has to be key and that will be helped hugely by the continued development of export markets. Now, as the Minister was saying, the Rural Economy Strategy has to draw a balance between the type of subsidy-based system that we currently have, and a system that perhaps places more emphasis on driving that export potential of very high quality dairy products, very high quality animal products, not just for the U.K. but to much broader markets, like we do for dairy at the moment. Dairy, as you probably know, is exporting liquid milk, U.H.T. (Ultra High Temperature) milk, to Hong Kong and very shortly, subject to health certification, will be doing so to mainland China to

Shanghai. That is a phenomenal marketplace where the margins are far greater than they are locally and far greater than they are in the U.K. So it is the whole makeup of the economics of the rural economy that are quite key and it could be quite a different picture to the one that we have been dealing with to date.

The Minister for Economic Development:

I want to be clear that I would be reluctant to reduce or withdraw the strategy if there was any risk to the viability of the sector and I think any move to do that would have to be done over a period of time so there is ample notice period for farmers to adjust, if necessary, and for the market conditions to adjust as necessary and of course we have to look at, arguably, with the export market; the export of potatoes for example. That is worth quite a bit of money to the Ports of Jersey, for example, in freight and to income. So we have to ... I think I am ...

Deputy S.M. Brée:

So, as we stand today, basically what you are saying, and correct me if I am incorrect here, you do not have a Rural Economy Strategy?

The Minister for Economic Development:

Yes, we do have a Rural Economy Strategy. It is currently existing. We are ...

Deputy S.M. Brée:

Looking forward. No, I am talking looking forward past the end ...

The Minister for Economic Development:

We have got until the end of the year to get it right. We are giving it a lot of consideration. You would not want me to rush something out, would you?

Deputy S.M. Brée:

Well, I do think that unfortunately you have had an awfully long time to look at this. I think the farming community over here is very concerned about the messages that they are getting, (1) conflicted ones, and (2) for instance today, you are telling us that you have to wait for the Medium-Term Financial Plan 2 to come out before you can finalise what you are going to do with agriculture.

The Connétable of St. Brelade:

Well, I think to finalise it, yes. I think there is work going on in the background to make sure that the strategy is being put into place. I mean the Minister for the Environment made it clear the other day that we are going to have to seriously look at the level of grant funding and how we

deliver that and that is going to have an effect on sustainable land management throughout the Island. We want to make sure that we have still got the countryside looking in as great a condition as it currently looks now moving forward. Now, the single area payments, one of those grants that we are going to have to seriously look at moving forward and whether that is a sustainable model or whether we need to change the model but you cannot change the model if you do not know what the funding is going to be. So I think until we can finally tick the box off on what money is available I think it is hard to set out a strategy and present it to the farming community. Undoubtedly if we have to cut back on funding it is going to be a difficult choice to make and I am sure it is going to upset certain sectors.

The Minister for Economic Development:

Sorry, I think the Constable of St. Brelade has hit the nail on the head and said it more succinctly than I have been trying to say it. Until we know what the budget is for 2016 to 2019 it is very difficult to finalise a strategy. There is no point putting out a strategy that then is completely undeliverable because we have got budgetary restraints that were not foreseen.

The Connétable of St. Brelade:

Let us be clear, the consultation has been done with the industry. I do not think there is any issue. I mean we know what they want, what they would like to see and how they would like to be supported. There was talk in the Scrutiny meeting with the other panel around common agricultural policy and the fact that farmers elsewhere in Europe get much bigger subsidies than we do and we do have an obligation to make sure our farming community are treated in the best possible way but we are in the middle of what could be a potential financial crisis that we have to rectify in some way, shape or form and that is going to mould what money is available moving forward in terms of the Rural Strategy.

The Deputy of St. Mary:

Sorry, I am not here to speak on behalf of the environment but ... I mean on that Scrutiny. You mentioned the subsidies to farmers, et cetera, and that you are subsidising them. The agricultural industry would say in fact they are subsidising the economy to a certain extent because without their efforts you would not have your pretty green fields and wealthy immigrants who will want to come here, not tourism, so I assume that is very much within the debate.

The Minister for Economic Development:

That is an excellent point and I would rather pay a farmer to keep green fields than grow a crop we do not need. You know those agri-environmental schemes. I mean if you remember the farce that were the European subsidies to farmers which caused huge problems because they were growing ... they were pulling crops out of the ground and driving them to the nearest dump. So we have

got to make sure that ... as the Chief Officer said before, the strategy is aimed at increasing the value of the industry, the productivity, while at the same time recognise that over 60 per cent of the Island is farmed at present.

Deputy S.M. Brée:

When do you think you will be in a position to present to the local farming industry, and indeed ourselves, at least a draft of the Rural Economy Strategy?

The Minister for Economic Development:

We have got to move fairly quickly because the States need to debate this before the end of the year.

Chief Officer, Economic Development:

I mean a consultation document has been drafted but if we were to issue that consultation document and continue to work on it we would effectively be making decisions ahead of the States having approved funding for that planned period. Such is the uncertainty around that I think that would be inappropriate because what we would effectively be doing would be ... well we could use this better in the will of the States, which is not what we wish to do because the current budgets that exist for the rural economy, which are largely based on a subsidy-based environment may not be something that is sustainable going forward. But that is a function of a broader financial exercise that is going on that goes way beyond rural economy and E.D.D. to the broader States.

Deputy S.M. Brée:

Yes, but then again Economic Development have put in, I presume already, their budgets that they would like to see in the next M.T.F.P. and my question to you ...

The Connétable of St. Brelade:

You would like to see.

Deputy S.M. Brée:

Yes, we would all like to see many things in this world. Some you do get to see, some we do not. The point I am trying to ask here, sensibly, is within the budgets that you have already been working on for the next M.T.F.P., what level of support have you applied for, for the farming industry through the way of various subsidies? Is it the same as current? Is it less than current? Or is it more than current?

The Minister for Economic Development:

Chairman, we need to do some work on this because I am reluctant, as my officers know, to start carving up our budget between sectors until we know (1) exactly what we are going to get, and (2) how we are going to prioritise it. Now there might be things in Economic Development which has a very broad spectrum of responsibility that we are no longer going to do. I cannot name them now, and even if I could I probably would not at this stage, in order to maintain or increase if we deem it of the relevant importance, the money given to our key traditional industries such as tourism, agriculture, sport and heritage. So this is something we need to decide within the department. And we are talking about it. We are working on it. So, no, we have not agreed yet but I would like to see wherever possible that we maintain support for our traditional industries. I think it is vital they underpin the economy, they provide thousands of jobs and a very important safety net, they are insurance against our key other industries as well. This is the dilemma that the whole States is facing. We are probably doing a lot of things that we are doing because we have always done them when actually we do not need to do them, and that resource would be better allocated somewhere else and the results of the very good work done by the team at Treasury, and the decision to recognise the demands of health and education moving forward, and the decision to allocate more funding into that has been the - I think if these are not unparliamentary words - kick in the pants we all need to really be focused on what we need to be spending our money on.

Deputy S.M. Brée:

You still have not really given us any indication though when post lodging of the M.T.F.P., how long it will take you to then tell the farming community in the Island what support they are likely to get. There must be a timetable that you can ...

The Connétable of St. Brelade:

You say: "What support?" I think this came out again with the Minister for Environment the other day. The model for providing that support and grant funding may change. It may be incentive driven, for example. We have got issues of nitrates on soil. I am not saying that is a potential but that is something that we may have to deal with. We have got problems with fields with potatoes at the present time. All these may have to be incentivised through that grant funding. I am not saying it will be but it might be. We also have to have measurables. I think giving out money just willy-nilly, days of that are over. It does have to be measurable and we have to ... when we give money we have to measure what we are getting back for that resource. These are discussions we need to have but they are going to be difficult decisions to make. I mean the Minister for Environment made it quite clear that nothing is ruled in, nothing is ruled out. It is the same with the funding. Nothing is ruled in or ruled out at the moment because it is still at Council of Ministers and I know they are still arguing about budgets. All the departments are still talking about that. I am sure they are all trying to fight their own corners, as the Minister is for his.

The Minister for Economic Development:

Specifically to answer your question, I envisage the work being complete, ready for presentation to the States by the end of the September at the latest. There we are, that is what you wanted.

Deputy S.M. Brée:

With regards to sort of rural strategy, one of the areas that with the transfer of functions that is planned to take effect is the movement, as we discussed earlier on, of fisheries to the newly named Environment Department.

[16:00]

That sort of gives the impression that fisheries generally is not an industry but it is an environmental activity, i.e. it affects the environment. If it were to remain within Economic Development do you think that would be of benefit, i.e. it is treated as an economic activity as opposed to an environmental one.

The Minister for Economic Development:

I think it will. Just because the responsibility lies with a different Minister it does not mean that we in Economic Development are not going to support it as we can because I think the legislative, and my Chief Officer will have to help me out here, do we retain any responsibility for policy?

Chief Officer, Economic Development:

No, it is in both the legislation and the policy for agriculture and fishing and to the Department of Environment.

The Minister for Economic Development:

So to answer your question, I am not sure it is of too much importance where it moves. Just as we will recognise the contribution that financial services and innovation and competition and digital make to the economy, we will with other sectors of activity outside of the E.D. portfolio recognise those as well.

Deputy Chief Executive, Economic Development:

Can I just come in there? Last year we, as a department, even though we do not have responsibility for fisheries management we found that the survey was done in agriculture. So even when the transfer of agriculture will go to the Environment Department, E.D.D. will still be helping because I know at this very moment, as a director of Jersey Business, I know that one of our

advisers is advising the agriculture industry on exports to China. So indirectly E.D.D. will still be helping the agriculture sector through the grant that we give to Jersey Business.

Deputy S.M. Brée:

I see. So it might not be a direct linkage but in an indirect.

Deputy Chief Executive, Economic Development:

So there are areas where E.D.D. can go on helping the fisheries industry indirectly.

The Minister for Economic Development:

Can I say what I think helps is the dynamics of the Council of Ministers, and I would not say it if this was not happening, and that is I think the Chief Minister has placed some responsibility around some personal Members' experience, for example, which is not uncommon. In other governments, the Prime Minister or the Chief Minister will Cabinet reshuffle and give areas of responsibility to those whom they think are most fitted. Because we work so closely I think this will work well because we all work so very closely as a team and the current Minister for Planning, I think, has a lot of knowledge in that particular area and I think that has been part of the decision-making process.

Deputy S.M. Brée:

Though I would say that the transfer of functions or responsibility to a particular person, irrespective of which ministerial area they govern, is a risky one because that person may, for one reason or another, leave that ministry, either through a government reshuffle or he might just decide to resign. So there is a risk involved that if you move a function purely because of one person's previous experience there is a risk there.

The Minister for Economic Development:

I do not think that is the sole reason. I think that is probably a secondary reason but the Chief Minister has made these decisions.

Deputy S.M. Brée:

I merely countered it because you raised it.

The Minister for Economic Development:

I was careful not to say ... I am confident in the current structure of Ministers, I think it will work very well. But in a new structure I am sure there will be ... with a new government if we last until the next election then that will be a matter for the new Chief Minister to structure their Cabinet accordingly.

The Connétable of St. Brelade:

I think any one of these changes of functions, I think whoever takes over any particular part of that, and I will take mine, for example, with sport. What I need to ensure is that by the time I leave office, it could be next week or next month, but hopefully it is in 3 years' time, I leave in place an organisation that could be ... I have a love of sport, you know that. That you would leave a department that could be run by somebody that probably has not got that affinity with sport and they could run it as any Member could run it. But that is what you hope and that is what I think those that are being put into these roles need to make sure that they leave behind them is a department that can be run by somebody that maybe has not got that affinity with those particular roles.

Deputy S.M. Brée:

Okay, if we can move on to just a couple of other areas next because obviously we are trying to look at all areas of Economic Development's responsibility. If we may, we would like to just touch on the aircraft registry. I know that David had a number of questions about this.

The Deputy of St. Mary:

I am not sure of a number. Where are we with it at the moment? Can you tell me that?

The Minister for Economic Development:

Who would like to answer that? Andrew, yes.

Deputy Chief Executive, Economic Development:

Where we are at the moment there are 2 small pieces of outstanding legislation which are coming to the States.

The Minister for Economic Development:

2nd June.

Deputy Chief Executive, Economic Development:

Once that legislation is passed it will go to Privy Council at the beginning of July, and following then the process in the U.K. with various different ministries. The intention is to launch the registry early September of this year. That is if all the ducks stay in a row.

The Minister for Economic Development:

This piece of legislation that we are asking the States to approve on 2nd June is aimed at broadening the eligibility for the aircraft registry and it is, without going into too much detail, about allowing charges from mortgage providers.

Deputy Chief Executive, Economic Development:

It is about allowing foreign mortgages.

The Minister for Economic Development:

To be accepted by ...

Deputy Chief Executive, Economic Development:

You can transfer from a registry overseas into the Jersey registry. This piece of legislation has not been put in place.

The Deputy of St. Mary:

So that is why we asked. I do not think there are any more questions we are going to ask about that in the moment in the hope that it will be very successful.

The Minister for Economic Development:

It will fly, yes.

The Connétable of St. Ouen:

I would like to ask a question and I would like to know, Minister, I know you have not been involved in this all the time but it is one of the first things that I tackled when I first became a States Member; are you disappointed in the time this has taken?

The Minister for Economic Development:

Yes, I am. I think this bit of legislation that we are trying to put through now is a final piece. It has been quite complex. It does not set but it has been quite a complex issue and a lot of work and the team have worked exceptionally hard to get it there and this is the final piece that will see it take off. I know the team they are really, really keen, as are we, because we want it to start earning its keep and start making a contribution.

The Connétable of St. Brelade:

I think as you know, there has been disappointments along the way. I think the department headed down certain routes. Obviously there was always supposed to be Guernsey which fell by the wayside and that did cause some quite severe delays. Once the decision was made to go for an independent Jersey aircraft registry I think it has moved forward relatively quickly. Now, it is

just a case of getting the final pieces of legislation into place and we will be up and running and hopefully the market is there. I think it is clear from some of the trade exhibitions the department has been to that there is a market there, and it is something that we can exploit, especially with the number of high net worth individuals that come into the Island that have made it clear they do want to register their aircraft here.

The Deputy of St. Mary:

You talk about the Guernsey situation, is initial legislation we are putting in place for mortgages, is that something which Guernsey have not got, do you know?

The Minister for Economic Development:

I would think they do have it.

The Connétable of St. Brelade:

That is a grand sector of the market, the aircraft ...

The Deputy of St. Mary:

Which begs the question why we needed to do it earlier, but that is by the way.

The Minister for Economic Development:

With hindsight, it could have been done 6 months ago, but I think it was only highlighted earlier on in the year. I did contemplate asking the States. This has been lodged ... well it will have been lodged for 6 weeks. I did contemplate asking the States to debate it sooner just to get it up and running but I did not want to set a precedent, and did not deem it important enough to do that, so 2nd June it is.

Deputy S.M. Brée:

So marketing wise for the new aircraft registry, obviously you have been visiting or representatives have been visiting trade fairs, et cetera. What are the initial indicators about take up on it?

The Minister for Economic Development:

I think in terms of marketing the feedback we are getting from the financial service providers, the businesses that will be hoping to benefit from this is good. I am a bit ... with business I think the proof of the pudding is in the eating and everybody can talk a good deal but I believe it when I see it. I do not mean that as I do not believe it now but I am cautiously optimistic and I hope I am proven wrong. I hope I should be being extremely optimistic but there is a risk when you start something. We are going to have to go out and compete and fight for the business. Not only do we hope to get business from other registries but the private aviation market now is coming back

significantly, so we want to ... you have to be in it to win it, have you not, really and I think we hope that it works well and we are going to need to register a number of aircraft to cover the costs of running the registry.

Deputy S.M. Brée:

That does raise the question of what has been spent so far on setting up such a registry because obviously one has to look at return on investments and I would be interested to know what the investment has been so far.

Deputy Chief Executive, Economic Development:

I have got some interim figures here. At the end of last year, mainly on consultancy fees and other development costs working with the service providers, about £170,000 has been spent.

Deputy S.M. Brée:

So far?

Deputy Chief Executive, Economic Development:

Yes.

Deputy S.M. Brée:

Now the potential fees obviously we will not ask the exact ones here because that is probably commercially sensitive information, but looking at the fees that will be charged by such a registry what is your period for full return on the investment then?

Deputy Chief Executive, Economic Development:

I think full return on the investment, again it is impossible to say at this stage. Again, there is no set fee per aircraft. It is done on a tonnage basis so if we had 2 or 3 large aircraft it is going to make a big difference in terms of financial income. I think looking at it we went through an exercise recently with the Chief Officer and the politicians to look at it. I think over the next 3 years there is a possibility that it will break even and be making a profit.

Deputy S.M. Brée:

So it is very much a long-term investment?

Deputy Chief Executive, Economic Development:

Yes, it is.

Deputy S.M. Brée:

As opposed to ...

Deputy Chief Executive, Economic Development:

It is not there to make an income. It is there to support a financial services sector. It is not a profit generating ...

The Minister for Economic Development:

We will not make millions from registering aircraft but hopefully ...

Deputy S.M. Brée:

No, I am just interested to know ...

The Connétable of St. Brelade:

It is the mortgage side of it, and the financial side.

Deputy M.J. Norton:

If I could, Chairman, just to say that in terms of marketing, which you were originally asking about, I know that we do have a stand or a presence at ESpace in Geneva, which is coming up later this month, 20th of this month, so we are again actively making sure that we are in the market place and letting people know this is where we are going to be.

Deputy S.M. Brée:

Good. Finally, you will be pleased to hear, we just wanted to move on to one more area, which is a highly topical one at the moment, which is our relationship with Condor Ferries.

The Minister for Economic Development:

You know, I thought you had forgotten that.

Deputy S.M. Brée:

We save the last ones ...

The Minister for Economic Development:

The best to last.

Deputy S.M. Brée:

I know that, Mike, you had a number of ...

The Connétable of St. Ouen:

Just basically your overview of how it is running. I know it is early days with the new contract and the vessel, et cetera, but your overview of ... they have had some, I guess, possibly bad luck but are you happy how they have dealt with it or are you ...?

The Minister for Economic Development:

First of all, I mean I think we are all extremely disappointed, none more than Condor themselves, because I do not think you could have made up what happened after such a wonderful launch and the expectation that was created. It has just been extraordinarily bad luck on the sequence of events. The vessel was picked up in the Philippines and had months of extensive sea trials. They committed a large sum of money and a number of crew to put it through its paces, which they did, and they put it into service and the rest is history, as it were. They arguably, at their own admission, were not prepared with the level of customer dissatisfaction that was going to be caused by this and they did not handle it well. They know that because we called the chairman over to a meeting and we made it abundantly clear that while we understood that some of the circumstances were beyond their control, some clearly are not, and they have to really get their act together, which they are trying to do now. But those of you who have owned a boat, whatever size it may be, will know that they are quite unpredictable, and with a brand new boat especially in terms of their electronics and their engines they have had some problems. Now the latest communication is an open letter that the public have had as an open letter from the chairman of Condor, which sets out exactly where they are and we have their undertaking that they are doing everything they can so normal service can resume as soon as possible. I have a copy of the agreement here. I have been reading it. I have looked at it and I have looked at it and we are fully aware of and they are fully aware of their responsibilities under this contract. We have made it clear that the contract is there to make sure that they fulfil those responsibilities and that they must do.

[16:15]

Having said that; we are also going to work with them. We are going to try and support them because the service they provide is not just important it is vital for this Island and the Channel Islands, and I think it is in everybody's agreement, in the short term at least, to make sure that their current business model and fleet works well.

Deputy S.M. Brée:

You say you are looking to try and support them. How are you going to support them?

The Minister for Economic Development:

I think we are going to support them by allowing them, to be giving them the time they need, to iron out their problems and the glitches with the new vessel.

Deputy S.M. Brée:

Would you not agree that Condor, particularly the service to the U.K., is effectively (1) currently a monopoly, and (2) effectively a lifeline service for companies in the Island, whether it is to import or export goods, and that really it is the Economic Development Department's responsibility to ensure that such a lifeline service is maintained at all times? The decision was obviously taken to provide a contract to Condor. Condor have failed on a number of occasions recently to be able to provide a service due to mechanical failure of one of their vessels. They have no contingency built in. Do you not agree, as Minister for Economic Development, that that situation has to change?

The Minister for Economic Development:

Can I just go back? First of all they do not have a monopoly on freight. There is competition on freight with Channel Island Lines. They are the only provider of car and foot passengers. Yes, it is a lifeline service, they have not not provided a service because they have, with their contingency strategy, made sure that a service has been maintained at all times. They have ... I will just explain that the fleet, they have the Liberation, and that is the boat that there have been the problems with. Touch wood, none of the other fleet ... everybody touch wood please. So they have, in fairness to them, when the Liberation was fully deployed, and it went out of service very quickly after the bump in Guernsey, they put back the Condor Express, which they started commissioning in line with the agreement, clause 11.8. Once the Liberation was fully deployed they could then start to withdraw the Express ... which they started to do. So they provided ... they put that back in cover and then covered the rest of the route with the Clipper. Now that did cause significant inconvenience for certain passengers because of times changing but they did maintain the service throughout and they did also bring in ... they chartered in the Arrow, which is another freight ship. So while they did not maintain the service with the Liberation, they did maintain full freight and passenger services on the northern route.

Deputy M.J. Norton:

Could I just add to that? You mentioned that the reason they did not maintain their service was because of (1) the bump in Guernsey and (2) the recurring electrical fault. There was a third reason as well, and that is we had a spate of inclement weather that meant they could not sail, and they would not have sailed even if the boat had been operational. So I think it is only fair that that is ... I am not here to defend Condor any more than anyone else but I think it is fair that there is balance. There were 3 reasons why they did not sail at 3 different times. One was electrical, one was because they had an accident in Guernsey on the harbour, and the other one was because they had inclement weather which meant they would not have sailed anyway.

Deputy S.M. Brée:

I think all of us living on Jersey understand that at certain times the ...

Deputy M.J. Norton:

I just wanted to correct you on your point there, Chairman, because you did say there was ...

Deputy S.M. Brée:

I did not actually say anything about the bump in Guernsey nor the electrical faults. You kindly raised those for us, thank you.

The Minister for Economic Development:

Well you have been corrected anyway.

Deputy M.J. Norton:

But, if I may say, you did say that the reason they did not supply was because of the faults they had. That was one of the reasons.

Deputy S.M. Brée:

I merely said the faults. I did not mention what they were. I think that obviously there are concerns among the public that the ability of Condor Ferries to ... or rather not the ability should I say, the current licensing agreement that is in existence with Condor Ferries allows them, as you pointed out, that once those full deployment of the Condor Liberation, that they can effectively withdraw any further contingency vessels they may have. Now that does leave a weakness in the route. Do you firmly believe that Condor Ferries have acted correctly in the recent circumstances and that you are satisfied following your meeting with the company that they are doing their utmost to ensure that this does not happen again?

The Minister for Economic Development:

I will deal with the last point first. I am confident they are doing their utmost now. I mean they are a business. They cannot afford not to get this put right. I think in the realms of commercial reality of a market the size of ours to expect a company like Condor to keep a permanent reserve as a fast ferry sitting there is commercially just not viable. I think they were a little hasty in taking the Express out of service. I would have liked to have seen them just leave that there for a month or 2, but having said that they had an offer to sell both of their boats. Now offers like that do not come along and I think commercially they probably did the right thing. But that meant they had to literally start to decommission the Express as soon as the Liberation was fully deployed. Now I

would have liked to have seen them keep the Express there just for a couple of months longer as a bit of insurance, which I think they would have done had they not had an offer to sell it.

Deputy S.M. Brée:

Under the current licensing agreement with Condor to provide services on that route, should Condor again, through no fault of their own but mechanical failure on the Liberation, fail to be able to provide that service on that route, what action or sanctions can we take as the licensing authority?

The Connétable of St. Brelade:

They have not failed to provide that service on that route. They may at times not be able to provide the fast ferry service on the route but they will always provide a service on the route.

Deputy S.M. Brée:

So the licence is to provide “a service”, not naming a particular type of service, okay.

The Connétable of St. Brelade:

What they will do is they will alter their service to ... they can take freight off the Clipper and put it on another boat, which they did this time round, and I think that is the route ... that is their contingency.

Deputy S.M. Brée:

It was more clarification we were seeking than anything else as to how it works.

The Minister for Economic Development:

The contingency strategy is utilising their existing fleet. A contingency plan could be 100 different plans depending on what the problem is. But if, for example, the Liberation ... when the Liberation is down the Clipper steps in and fills the gap. The problem I think where they are vulnerable is if they have a problem on the northern route and the southern route at the same time. That will be difficult but they would then charter in to cover that, but there could be, what concerns me if that happens in peak season, there could be a few days or week between getting a replacement vessel. I think what they are doing is, in the realms of commercial reality, as much as they can do really. We are not in a position where we have shipping operators queuing up to supply our little but important market here, which is why I think we need to help Condor through their problems.

Deputy S.M. Brée:

So do you, as Minister, have regular dialogue with Condor?

The Minister for Economic Development:

Yes, I do. They have made it clear and they have made themselves available at very short notice when we need to speak to them.

The Connétable of St. Brelade:

I would also add at times as well they have also made the Scrutiny Panel very aware of what has gone on in the past as well, as myself and I am sure Constable Paddock knows. We at times have been made party to some of those discussions when things have been difficult. I do not think they are trying to hide anything at Condor. I think they are trying to be upfront by trying to provide the best service they can for the public, but it has been a very difficult time, no doubt about it.

The Connétable of St. Ouen:

I would just like to know: have you had any feedback about the new timetable at all? Are the public generally happy with that? Have you had any ...?

The Minister for Economic Development:

I mean they are generally happy. I did ask questions as to the reasoning of the time schedules. On 30 occasions there is a 4.30 a.m. ... I think there is a very early departure. I think we are probably in a better position than Guernsey on that one but I am not aware of any significant problems with that. I think the modern consumer is more prepared to put their travel arrangements around the timetables that are in place.

Deputy S.M. Brée:

Well, I would like to thank you very much for giving us this time.

The Connétable of St. Brelade:

Can I give you a quick update on the Licensing Law?

Deputy S.M. Brée:

Please do. I am fascinated.

The Connétable of St. Brelade:

We have been here for the best part of 2 and a half hours and I know you did not ask about it. I was asked before Christmas to have a quick ... by the Minister to have a look at it and see whether we could lodge it fairly quickly. I took it away on holiday, had a look at it. The report itself which was lodged in September 2014, not lodged but it was ... what is the right word?

Deputy S.M. Brée:

Presented, yeah.

The Connétable of St. Brelade:

I felt the report needed to be updated. There were some reports I thought that needed to be updated within it, and I asked some officers to go away and do that. While we were doing that one of the important groups of people that had not commented to date was the Bailiff and the Licensing Assembly so we wrote to them, asked them to ... with especially the new Bailiff, whether he had any comments to make. He sent a letter back virtually within 10, 14 days with some comments he wished to make. We felt it prudent before we spoke to or reformed the Shadow Alcohol Licensing Policy Group, we felt it prudent that we met him to discuss any concerns and issues he had. We have had that meeting fairly recently about the early part of last week and I think from that meeting we have got a few things we need to go away and do some law drafting with, and possibly some more consultation. But we need to meet now with the Alcohol Licensing Policy Group to see what route they want to take moving forward. So we are not quite ready to lodge it. There may need to be another period of consultation but that is currently where we are with it. It has certainly not been left on the shelf and hopefully we can move forward with it at some stage this year.

Deputy S.M. Brée:

Thank you very much for the update.

The Minister for Economic Development:

And can I just tell you about the really good figures Locare Jersey are pulling in this year? It is probably too late.

Deputy S.M. Brée:

It is a bit late now for that. Thank you very much, gentlemen, for coming and, as ever, thank you for your honesty.

The Minister for Economic Development:

My apologies once again for keeping you waiting at the start.

Deputy S.M. Brée:

It has been noted.

The Minister for Economic Development:

My mistake entirely. It will not happen again.

Deputy S.M. Brée:

Both apologies and action for apologies. Thank you. And we will call the meeting to a close, thank you very much.

[16:27]