



Economic Affairs Scrutiny Panel

Quarterly Hearing

Witness: The Minister for Economic Development, Tourism, Sport and Culture

Friday, 25th January 2019

Panel:

Deputy K.F. Morel of St. Lawrence (Chairman)

Deputy D. Johnson of St. Mary (Vice-Chairman)

Witnesses:

The Minister for Economic Development, Tourism, Sport and Culture

Assistant Minister for Economic Development, Tourism, Sport and Culture

Group Director, Economy and Partnerships

Director, Economic Development

[11:06]

Deputy K.F. Morel of St. Lawrence (Chairman):

Thank you so much for coming in, Minister and Assistant Minister, it is good of you to do so. Obviously today we are just going to explore the work you are doing and this is a general exploration of that work. But before we get started I would just like to say that we have had apologies from Deputy Wickenden and Senator Moore, who are not able to join us today. As you can see, Deputy Johnson is feeling better.

The Minister for Economic Development, Tourism, Sport and Culture:

Has been stretchered in, yes.

Deputy K.F. Morel:

So I will probably be asking most of the questions myself and I am not trying to keep David out, I just do not want to put him under any pressure.

The Minister for Economic Development, Tourism, Sport and Culture:

Likewise, we extend apologies from Deputy Tadier.

Deputy K.F. Morel:

No problem. Thank you. So we know the procedure, so we will just get started by stating our names for the record. I am Deputy Kirsten Morel, chairman for the Economic Affairs Scrutiny Panel.

Deputy D. Johnson of St. Mary (Vice-Chairman):

Deputy David Johnson, vice-chairman.

Assistant Minister for Economic Development, Tourism, Sport and Culture:

Senator Steve Pallett, Assistant Minister for Economic Development, Tourism, Sport and Culture.

Director, Economic Development:

Darren Scott, Director, Economic Development.

The Minister for Economic Development, Tourism, Sport and Culture:

Senator Lyndon Farnham, Minister.

Group Director, Economy and Partnerships:

Dan Houseago, Group Director, Economy and Partnerships.

Deputy K.F. Morel:

Thank you. Thank you so much for joining us. We will just get started with asking about general updates since we last saw you a few months ago and what are the main workstreams that you have been working on?

The Minister for Economic Development, Tourism, Sport and Culture:

I will just talk briefly about our key priorities at a high level, not necessarily in order of preference, but the key work we are doing at the moment is around developing a new economic framework and I will ask Dan just to explain a little bit more about that in a minute. Of course Brexit has taken up a huge amount of officers' time in the department but I am hoping, as we move towards Brexit, and depending on the outcome and what happens after that, we are going to see probably changes to the way the Island is dealing with it. But we cannot assume anything at the moment. We are also

working on the development of establishing a new partnerships function, so that just means we are going to consolidate the conduit between the States and all of the arm's-length organisations, which will be extremely helpful. A priority is also on strategies. We are working on a retail strategy, arts, heritage and cultural strategies, and of course the sports and facilities strategy that Senator Pallett is leading on. Those are the key priorities for the department but of course there are quite a large number of other workstreams that are running parallel with those. Can I just ask Dan to put a bit about the economic framework?

Group Director, Economy and Partnerships:

So just a contextual piece to bring us up to speed with what we are trying to do with the economic framework. So historically we have not looked at the economy in the round, so historically we have had relatively disparate but significant pieces of work being done. The weakness I guess in those was there was no interconnection. It was very fiscally biased, so the social and political elements of pure economics were not being addressed in that process and Ministers and the States Assembly did not have a framework by which they could look at what investment priorities are going forward. So it was not really that holistic in my view and so what we are trying to do, and the purpose of the economic framework, is really to drive economic growth, particularly to address productivity issues, but looking at economic well-being more broadly than just productivity. In the past we have perhaps turned people off a little bit because productivity is quite a difficult multi-faceted issue and it is quite dry. Hopefully the economic framework will be accessible to more people, it will mean something to them, we are looking at how the economics connect with people and citizens, and it also makes sure that our fiscal stuff is properly aligned with the strategic policies in childcare, key workers, asset assessment, a range of issues that historically have not been brought into one place. So it is holistic and importantly it will drive our investment policies and some of our spatial planning policies as well, which historically have not necessarily been as commercial as we might want them to be. It is also a good vehicle for dissemination of our common strategic policies, which are now multi-dimensional, so much, much less siloed and will encourage us to look horizontally across the Government rather than just in silos. It will help us prioritise recommendations against our future policy goals. Finally, it should transcend political cycles because, of course, if we are looking at dealing with productivity issues; one of the critical pieces there is long-term sustained investment beyond a 4-year political cycle. Where we are at the moment is we have an outline framework broadly agreed by officers, the job we have to do next is get that signed off by the political oversight group. It is not a formal policy development board, but it is political governance that sits around the outline and then we get into the really substantial pieces of work. There are about 15 investment projects where we need to do deep dives into areas of the economy, housing, assets, skills and training and talent pieces, et cetera, to start to understand how we prioritise the final economic framework. So the work is going well, it has been interrupted a little bit by Brexit, but Brexit is relevant to this as well. So we

are in a good place with that; we have good cross-governmental buy-in and we have good political oversight, so we are in a good place.

The Minister for Economic Development, Tourism, Sport and Culture:

Our target date for the first draft is middle of the year.

The Deputy of St. Mary:

You mentioned political oversight; who is on the group?

Group Director, Economy and Partnerships:

Senator Farnham, Senator Gorst, Deputy Vallois, Deputy Luce, Senator Pallett and Graham Truscott.

Deputy K.F. Morel:

My next question was going to be when do you imagine it coming, so you have got rid of that one.

Group Director, Economy and Partnerships:

It is worth saying, just on that, obviously the development of the projects that fall out of the framework are over a period of years. What we are trying to do at the moment is put hooks into the Government Plan so that the stuff we need to do around the economic framework is embedded in our financial planning as well.

Deputy K.F. Morel:

Can ask, you say “hooked into the Government Plan”, you mentioned about spatial planning as well, so do you see this feeding directly into the Island Plan?

Group Director, Economy and Partnerships:

Absolutely.

Deputy K.F. Morel:

Are you using any advisers on this outside of the team?

[11:15]

Group Director, Economy and Partnerships:

At the moment, for the outline framework, we have used Deloitte. These are quite technical economic issues so we do have some resource in-house, but what I am going to be recommending to Ministers is that we do buy in the necessary specialist support as and when it is necessary. We

also need to establish a P.M.O. (Project Management Office) and, while we are going through the transition of the new structure in Government, we may need to bring in additional resources to help us run that P.M.O. But that feels right. It has worked very well having Deloitte assist us in that process so at the moment we are using Deloitte; it will not necessarily be Deloitte going forward, but I suspect we will have to buy in some specialist assistance. We do not have the full range of capability and capacity in our teams at the moment.

Deputy K.F. Morel:

Understandable. When you choose advisers, is there a particular process that you go through to choose them? All I am thinking is different advisers will give you different answers according to the way they think about things.

Group Director, Economy and Partnerships:

Whatever we do will go out to formal tender. I hope we will get the green lights to go with a strategic client partner and what I mean by that is someone that has expertise in sourcing the right type of specialist advice that we might need.

Deputy K.F. Morel:

Almost like a contractor and subcontractor?

Group Director, Economy and Partnerships:

Exactly, but they have that specialism. They will also have reach and contacts well outside the Island and we need to benchmark the work we are doing outside as well. So that model feels quite coherent, it is not going to be particularly expensive, but we want a world-class economic framework and that will mean world-class advisers, some of which are already in the department I might add.

Deputy K.F. Morel:

You mentioned a holistic view and I agree this is, and I said it in my speech to the States but I have also said it to you. Jersey has lacked a holistic economic view. But, as part of that holistic view, is the wider definition of sustainability, do you see that being a part of this framework? By that I do not just mean economic sustainability but the wider social and environmental sustainability.

Group Director, Economy and Partnerships:

Absolutely. It goes back to a well-used phrase, which is the line that makes sure that the economic development stuff is sustainable, both environmentally and socially, and the joy of this piece of work is it does bring in the environmental stuff and the social stuff on the basis of that it is holistic, so that feels like a much better place to be.

Deputy K.F. Morel:

It is interesting; a piece of work I am personally looking forward to seeing. Moving to narrowing it down a bit, Minister; cost of living is something that is obviously in the public eye at the moment and every day it is in the public's pocket, to be honest with you. Could I ask what kind of strategies and work you are doing to address the issue of cost of living?

The Minister for Economic Development, Tourism, Sport and Culture:

We have been discussing that recently. I am meeting with the Chief Minister and Minister for Treasury and Resources next week with officials to formally discuss producing a new anti-inflation strategy. The last anti-inflation strategy was produced by the States in 2008, was submitted as a report to the States in 2008, and prior to that in the year 2000, both at times when the economy was being affected by outside influences leading to a high cost of living. So we are starting those conversations now, but I hope to be presenting an anti-inflation strategy in the near future. Having said that, we have to be realistic about what we can do, because the vast majority of the increases in our retail price index are due to circumstances outside of our control.

Deputy K.F. Morel:

Such as?

The Minister for Economic Development, Tourism, Sport and Culture:

Such as Jersey imports nearly everything, so the value of sterling is a key factor. The Brexit situation has meant we have seen a devaluation of sterling, which has made our imports much more expensive. While market conditions will help to adjust some of that, there are quite big ramifications for that and that is starting to come through now in certain areas of the R.P.I. (Retail Price Index). Another factor is the cost of oil because we do not just use fossil fuels to fuel our own personal transport, but that will have direct impacts on the cost of imports and exports and just about everything else we use to power our society.

The Deputy of St. Mary:

I accept all that but it has been pointed out that, compared to Guernsey, for instance, we have the same problems, we are not as well off, are we, so are there certain areas we can look into?

The Minister for Economic Development, Tourism, Sport and Culture:

Yes, there is. So the third point is of course we do not have monetary policy, we have fiscal policy, we do not control our own interest rates, but interest rates are at an historic low. But there are also times where we can use them; we have a fairly unique situation here where we have, in certain parts of the economy, an over-employment position. So what we can do to help ease the cost of living here are to look at, for example, energy, managing prices, for example, within our own States-owned

businesses for utilities; that sort of thing. Now these are decisions that cannot be taken lightly because interfering in the market like that can lead to other problems if we are not very careful and considered about how we do it. It is unrealistic to have a previous anti-inflation strategy have set targets for R.P.I. and in the current day and age it might be giving lip-service to the problem to try to do that. But what we must try to do is ensure that every increase in the retail price index in the future has been very, very carefully considered and that the Island is doing everything it can to limit those. Of course, we have enjoyed very low increases in cost of living up until last year when it started to catch up on us and this is probably timely because we have a new Government Plan coming and we have a new Island Plan coming and previous anti-inflation strategies have also worked with that cycle.

Deputy K.F. Morel:

In the most recent report on the cost of living there were 2 key factors, which came through, one was the cost of housing, and that is the principal driver of the most recent increase in the cost of living. Another aspect was utilities, so household services, and so I want to ask 2 questions on that. Are you working with the Minister for Housing to see if you can address housing costs in the Island? The second question is, are you concerned about the fact that utilities play into the cost of living rise and are you working or speaking to the regulator or do you intend to speak to the competition regulator to see if there is any work they might want not do there?

The Minister for Economic Development, Tourism, Sport and Culture:

The Council of Ministers is supporting the Minister for Housing in his efforts. We have seen the latest housing report, which was presented to States Members yesterday. There are a number of detailed issues, which are addressed, but the bottom line for housing is supply and demand and there is still not the supply, it is still not keeping up with the demand. So that is where we have to base all of our efforts in my opinion. I am sure the whole States Assembly, will support the Minister for Housing and the Government in their efforts to do that.

Deputy K.F. Morel:

If they are good efforts; I am not going to give our support without knowing what the efforts are.

The Minister for Economic Development, Tourism, Sport and Culture:

The pieces of work that have just been produced have given some very important pointers and put some figures on what we need. Of course the other aspect is the cost of mortgages and the cost of interest. So if you look at the R.P.I.X. (retail price index excluding mortgage interest payments), which is the R.P.I. excluding that, still running fairly high, 3.7 per cent. It really is getting on top of the supply and demand issues. While the report suggests we might need 7,000 new homes by 2030, it also highlights the fact that we use quite a lot of housing for the size of our population, given

that there are people rattling around in big houses and so on and so forth. So it is about being more thoughtful about that and making our housing stock more productive, especially within the Andium sector.

Group Director, Economy and Partnerships:

It is just worth pointing out very briefly that, looking at the 2008 strategy, certainly many of those items that fall within the 9 recommendations are items that we are going to further explore in the economic framework. So opportunities to introduce new housing models will be part of that, whether they be live/work, co-living, and build-to-rent type models, that is certainly a very significant focus and again will be a cross-departmental effort.

The Deputy of St. Mary:

Just to flesh that out, to date housing has been in a sort of silo. From what you are saying, is that this department is going to have much more influence and input because it is obviously a major factor in everything.

Group Director, Economy and Partnerships:

Again this perception of a joined-up economic function that deals with potential market failure in the housing market and what the solutions could be that are slightly more out-of-the-box than the conventional and traditional ways of dealing with that, particularly on the basis of what the Minister has just said, is certainly very much on the agenda and building the terms of reference for that piece of work will be a cross-governmental piece.

Deputy K.F. Morel:

I have been checking rental prices via the internet, both social housing and private rented housing, and they are steep, there is no question about it, and that is in the social housing sector as well. Sometimes when you think of the problems that some people have that put them into the social housing sector that maybe limit their ability to work, things like this, it is quite shocking to see some of the prices being charged. So do you think the 90 per cent of market rate that is being set at the moment as to what social housing providers can charge is something that perhaps needs to be revised, even though that might in itself mean that there is less available for investment into the social housing? I know that is one of the reasons for it.

The Minister for Economic Development, Tourism, Sport and Culture:

Possibly, yes, but that will only have an impact then on the additional help that members of the public who are struggling with their rent are getting through Social Security and that sort of thing. By reducing that to 80 per cent, it might not have a net impact on the tenants because their rent would

reduce, which meant that their rental assistance would change as well, so there would be no net difference to them.

Deputy K.F. Morel:

That is quite possible. There are people who fall between the gaps, is one of the problems.

The Minister for Economic Development, Tourism, Sport and Culture:

There are people who fall between the gaps. My own view is that the problem we have in getting people into their own homes is the fact that many young people just cannot put a deposit together to buy that. The States of Jersey Development Company are running what I think is an excellent scheme with the New Horizon development, where they are giving first-time buyers up to 2½ years to pay the deposit, so their 10 per cent deposit can be paid during the building of the project, which means by the time the apartments are ready to move in the deposit is paid. That seems to work really well and that is an example of what we must continue to do or encourage throughout the housing market. I understand Andium have some shared-equity ideas along similar lines. So we must put much more effort into helping to get young Islanders into their own homes and that not having a deposit should not be a barrier. With the strong value of property here there is ample coverage for lenders. Once we do that then that will get many more people into housing. Of course the flipside of that is, unless we are bringing on the supply of housing at the same time, we are just going to potentially create another problem in the value because the housing market is overheating at that level as it moves up into the million, 2 or 3 million, it slows right down. It is also important we keep those echelons of the market moving because people tend to progress upwards, so as they are moving into bigger homes they are freeing up smaller homes behind them. You did ask about utilities. Yes, do not forget, our State-owned utilities, the onus on providing the capital for the ongoing infrastructure for the utilities they provide is the responsibility they hold, that is no longer a liability for the taxpayer. They seem to be managing their affairs very well but of course the cost of oil will have an impact on those figures. But it is one of the levers that the States do have, is control over the utility prices to help ease slightly the cost of living. But be mindful, we would not want to deprive the utilities of income that would mean we have to find the money to help them down the road.

[11:30]

Deputy K.F. Morel:

The kind of conversations you have with them, because there is always going to be a balance between how much you want to maintain for infrastructure development versus how much you want to keep prices down in order to help with the cost of living. So do you have those sorts of conversations with the leaders of these businesses?

The Minister for Economic Development, Tourism, Sport and Culture:

Not at the moment but should we introduce a new anti-inflation strategy then those conversations will start.

Deputy K.F. Morel:

From a regulatory perspective, again essentially are you having any conversations with the J.C.R.A. (Jersey Competition Regulatory Authority) to see whether they are in any way interested? Because I know the J.C.R.A., having spoken to them, they take your lead.

The Minister for Economic Development, Tourism, Sport and Culture:

One of the areas, one of the levers we have for helping to reduce the cost of living, is competition. We see competition working well in some parts of our economy and in other areas it is not working. So the Competition Authority will be an important partner in any anti-inflation strategy. But it is a priority; it has now become a priority that the rate of inflation or helping to reduce the rate of inflation needs to become, in my opinion, a key strategic priority over the next few years as we face the uncertainties of post-Brexit and our current economic forecasts. Those are the discussions we are going to be having within Government.

Group Director, Economy and Partnerships:

It is just worth highlighting from a structural perspective that we are developing this new partnerships function that is linked to my role in Economy and Partnerships, which will initially be a review of the nature of our relationships with our States-owned entities and our arm's-length organisations. So once we have that structure in place we can start to have a much more coherent conversation with these organisations and, in particular, to make sure we have proper strategic alignment with those organisations that are meant to be partners. So that feels like a positive step forward in terms of the structure of Government but again that function is in development but that is a positive step forward in the context of what you are talking about.

Deputy K.F. Morel:

Out of interest, would the J.C.R.A. fall within the partnerships?

Group Director, Economy and Partnerships:

Not the J.C.R.A. but certainly our subsidiaries and the wholly-owned subsidiaries would fall into that.

Deputy K.F. Morel:

You mentioned Brexit, Minister; I just wanted to ask, what are the main areas that you are working with regarding Brexit and preparation for Brexit?

Group Director, Economy and Partnerships:

The Brexit portfolio is broad and varies and highly complicated, we are working with fragments of information often and we are also working behind the curve a little bit because we are led to some extent by the U.K. (United Kingdom) Government. Most recently we have been working on the supply chain because of course there are a lot of different scenarios, one of which could be still “day one no deal”. That is effectively the crocodile nearest the canoe at the moment because it has the biggest impact to us. Potentially people are requiring reassurance around the supply chain, including officers and politicians. So most recently we have been assessing the supply chain right from the ferry speed, warehousing in the U.K., through to Portsmouth Port, which is our key port that delivers services through Condor Ferries, freight through Condor Ferries, to Jersey and looking at options in Jersey as well around how we might deal with disruption to the supply chain. So we have gone through that process, officers have visited, as have politicians, the supply chain at various points and the conclusion has been that there is capacity in all parts of the supply chain. So there is capacity in warehousing in the U.K., there is capacity on the Condor Ferries, there is potentially capacity for us here to create additional storage should that be required. But the absolute bottom line at this stage, from having done that research, is the reasonable worst-case scenario for us in context of supply chain is very minor disruption and some volatility in terms of prices. So I feel quite reassured at the moment that there is no need for anybody to panic around the supply chain, notwithstanding however the fact that we still do have to do some emergency planning such that if our lifeline services do have some kind of catastrophic failure, which is a situation we could be in today in spite of Brexit, that we do have sensible contingency and that there is opportunity to look at other ways of supplying the Island. Yesterday myself and colleagues were speaking to Condor Ferries and asking them to make sure that they have contingency for any disruption at Portsmouth Port. We have a dedicated area of Portsmouth that Condor use and this is beyond contingency, this is in emergency situations, we are looking at alternative ways of getting freight here, meds, food and sanitary goods in particular. So we believe Condor is in a good place there. We want to see their plan, so they have been tasked with providing those to us next week. We have been working with the major retailers on the Island and making sure that their business continuity is in a place where we feel confident that no Government intervention is required and of course they have done that. We are also asking them to help us with some of the emergency planning piece as well. So broadly, from a supply chain perspective, we feel like we are in a good place but we are now making sure that our emergency plans and our contingency plans are seamless. It has been a great exercise because we understand the supply chain in a much more sophisticated way than we ever have. We understand the infrastructure on the Island in context of food, meds and sanitary products. We understand volumes in a better way. We understand alternatives and we are looking at alternative supply chains. So that has been absolutely the focus over the last 3 months or so and we are in a good place. Of course we are working through Brexit, a cross-governmental officer

team, and informing a Brexit ministerial group the Minister sits on, but that has been the focus of attention. Darren, I do not know if you want to add anything?

Director, Economic Development:

No, I will just echo everything that Dan has just said. So we have visited the supply chain, we are asking them questions constantly, and, as Dan said, also Condor, which obviously is a vital part of that supply chain, we have had verbal updates from them. What we have asked from them, and obviously it is a moving piece, is to formalise their written contingency plans in the event of delay, whatever that is, at Portsmouth.

The Minister for Economic Development, Tourism, Sport and Culture:

Portsmouth has been visited by officers who deal with the facilities and the logistical challenges of contingency plans as well.

The Deputy of St. Mary:

Just for clarification, the chairman and I happen to have the same position on the Brexit Review Panel so we are aware of what you have been doing. That is all good news. There are certain areas, which Brexit picked up on, health products in particular, but those are questions for the Minister for Health and Social Services.

The Minister for Economic Development, Tourism, Sport and Culture:

There was a tabletop exercise carried out the week before last and we are waiting for the full debrief on that.

Deputy K.F. Morel:

From your perspective, how did that go?

The Minister for Economic Development, Tourism, Sport and Culture:

It worked very well. It highlighted one or 2 areas where further work needs to be done but generally it was good.

Group Director, Economy and Partnerships:

It went well. Darren and myself co-ordinate Brexit across Growth, Housing and Environment, which is where the lion's share of the Brexit work is, so we also have legislative workstreams, we have specific agriculture and fish workstreams, we have specific transport workstreams. We are meeting on a weekly basis at the moment, making sure the co-ordination is there, making sure the technical specialists are informing colleagues as well, so it feels, certainly from my perspective, like we are in a good place with Brexit. Of course it is hard to predict but, bearing in mind all the uncertainty, I am

certainly confident that we are doing as much as we need to do and we are working importantly with the private sector and really not looking to Government intervention but more support of the existing supply chain.

Deputy K.F. Morel:

In your visits to Portsmouth, obviously one of the stories that has come out is the idea that Portsmouth will be potentially, in the event of a “day one no deal”, an overflow port if Dover and those larger ports experience problems and the idea being that, if it is used as an overflow port and has hundreds, if not more, extra ferries visiting it than would normally be the case, that could have a knock-on effect to Jersey’s ferry links? Has that factored into your conversations with Portsmouth?

Group Director, Economy and Partnerships:

Yes, but I will pass that to Dan who went to see the port, but yes.

Director, Economic Development:

There are a number of things here, so the first one is the U.K.’s announcement of buying in the contracts in the event of “day one no deal”, essentially that would affect Portsmouth directly in that it essentially is a contract of buying all sailings from Brittany Ferries. Condor and Portsmouth have the timetable of those proposed additional sailings and again, as recently as yesterday, we were in Guernsey with Condor and colleagues from Guernsey, who again we have worked extremely closely with. Condor have assured us that, looking at that timetable, and Portsmouth, that those additional 12 sailings will just be business as usual for Portsmouth. Portsmouth is a port that has a third capacity headroom anyway so that presents no issue.

Deputy K.F. Morel:

Could it get worse than just an additional 12 sailings? Is that a possibility?

Director, Economic Development:

One of the issues we are dealing with is that we are working on an assumption that any eventuality is possible so the easy answer is yes. So Portsmouth obviously has additional capacity. The terminal, for anyone who has been there, is exceptionally well-run and is exceptionally well-organised. So Condor have an advantageous berth in that they have berth 5, which is quite well segregated, so their operations and the operations of logistics providers are very well organised in the core. What we have to consider is additional sailings on top of that, so then you are into general traffic congestion around the port, which again we are meeting by teleconference with the Local Resilience Forum of Hampshire and Portsmouth Port, so there are big teleconferences discussing how they are going to manage that. They are talking about options for stacking, they are talking about only letting vehicles that have a confirmed crossing into the port and how you are going to

manage the traffic flow outside the port. Against that, you are then looking at it as a different operation, so U.K./France into Portsmouth is a much longer journey than obviously Dover/Calais. So if you are normally a Dover/Calais hour and a bit crossing, it is almost a different operation to look at Portsmouth to France. If the issues are effectively on the French side, which is causing people Dover/Calais to look elsewhere, a lot of them may look at other short crossings, probably east rather than west. I am not saying nothing would come west, obviously it would come west, so Belgium, Holland, have made a lot of Brexit preparation and investment in places like Zeebrugge to attract business if there is congestion Dover/Calais. So it is not something that we are discounting. We are very comfortable with the additional capacity that is publicised and that we know about and we are working again with Condor, logistics providers, Portsmouth, Hampshire Council, Local Resilience Forum, to ensure what about if people are just driving to Portsmouth trying to get in, what are your plans for coping with that? Based on our conversations with Condor, our weekly conversations with Portsmouth, our own harbour-master who we were with yesterday, we are confident that has been looked at and at the moment those plans are in place and we are comfortable with the level of planning.

Group Director, Economy and Partnerships:

It is just worth mentioning that obviously, until some of the announcements next week around where we might be in the context of “day one no deal”, we are still planning for the worst-case scenario, which again I would reiterate is a minor disruption, not anything significant in contingency terms. We are monitoring the ports and operation of ferries to and from Jersey, making sure that is still okay and any kind of foresight required there is not causing us a problem. Ferry speed, accessibility to and from their warehouse, is being monitored more acutely. At Portsmouth Harbour, operation and congestion in conjunction with the Local Resilience Forum, is underway. We share effectively a planning platform, so we have a single repository of information that Jersey, Guernsey and the U.K. have access to around Portsmouth. We are talking to retailers and looking at availability and forecast availability across key lines. We are talking to Social Security and Education around any issues they may have in terms of vulnerable people dealing with potential price volatility on certain essential products. We are making sure that we are forecasting as far as possible other contributory factors that make it more difficult like weather and so on and so forth.

[11:45]

Deputy K.F. Morel:

That is it; they can mix together; March, we tend to get storms in March.

Group Director, Economy and Partnerships:

So we are in a heightened state of readiness so that these are real rather than just academic plans and they feel that they have some substance to them at the moment.

Director, Economic Development:

The tabletop exercise was a good example of compounding factors, so we are not resting on our laurels in looking at what if Brexit happened if there is a no deal, what if there is a no deal and there is bad weather, what if there is no deal and something else happens. So there are all kinds of scenarios.

The Deputy of St. Mary:

These conversations you are having with Condor, are they purely between Jersey and Condor or are Guernsey always involved?

Group Director, Economy and Partnerships:

Guernsey were involved in the conversations yesterday and it is absolutely worth pointing out that the supply chain issues are the same or more or less the same. We have a good working relationship.

Deputy K.F. Morel:

Speaking of Brexit but looking at it from a more economic perspective, have you been speaking to particularly the agriculture and fish, but particularly fisheries, the export markets, and are you speaking to the oyster farmers, et cetera, about their problems with exporting to the Continent?

The Minister for Economic Development, Tourism, Sport and Culture:

Yes. But again, until we know the sort of tariffs, if any, that are being imposed, then it is difficult to make any decision.

Deputy K.F. Morel:

I understand it is not just tariff-based problems; there are also inspection problems in some of the countries.

Group Director, Economy and Partnerships:

So if I could just briefly say that, up until very recently, the only border inspection post that we could access was Cherbourg, which 80 per cent of our shellfish goes to France, so that made that pretty unviable. The good news is it appears there will be a border inspection post at Saint-Malo. That is not absolutely clear yet. But the signals coming from France are positive because of course the French rely on access to Jersey waters, et cetera, to sustain their coastal towns as well. So there is a special kind of driver there for the French and Jersey to make sure that this works.

The Minister for Economic Development, Tourism, Sport and Culture:

There is. We are talking to Granville about having a shellfish-only post at Granville.

Deputy K.F. Morel:

I understand from their side though the problem is cost. They are not cheap.

The Minister for Economic Development, Tourism, Sport and Culture:

A full one is not cheap but purely for a specific product it might be viable.

Group Director, Economy and Partnerships:

It could be a much smaller investment in a very specific opportunity to sign off shellfish into France without all that comes with a full border inspection post.

Deputy K.F. Morel:

But from your perspective in France, its local areas and regions do not necessarily have the autonomy that you might want them to have. Are you able to deal with Paris in that respect?

Group Director, Economy and Partnerships:

Our External Relations teams are engaging locally, regionally and nationally, on these issues.

The Minister for Economic Development, Tourism, Sport and Culture:

We engage with the departments, with the regions, and central government in Paris.

Deputy K.F. Morel:

Going back, from my perspective, back a little bit, looking back specifically you talked about the economic framework and you mentioned productivity is an important part of the economic framework. What work have you done so far on productivity, facing the challenge of productivity, because that obviously brings in the population issue as well as just economic progress?

The Minister for Economic Development, Tourism, Sport and Culture:

Let us take agriculture and tourism, for example, which from my perspective are the 2 key areas that need help with productivity gains while being mindful of long-term impact on population. The Minister for Home Affairs has agreed an arrangement whereby agriculture can now use work permits more effectively and Jersey Business, working with the Jersey Hospitality Association, has also made a similar submission for a similar arrangement in the hospitality sector. That will enable the hospitality sector to bring in hospitality staff from outside the E.U. (European Union) for up to 9 months a year, which will help bring down the number of permanent employees demanded by those sectors. That

will not have a negative impact on the long-term population because we can get those staff in and rotate them. That will also help to deliver some productivity gains in the hospitality sector. Fortunately those 2 stalwart industries of ours are very nimble and they are very capable and they are always looking to restructure and it is in their own interests to become more productive. We are seeing technology also playing its part in agriculture in productivity, not in all instances, but in some instances, are looking to those areas as well to improve their productivity and improve their profitability. We are also discussing some other areas of agriculture that could become very lucrative but we are not ready to discuss those just yet but they are certainly becoming quite advanced.

Deputy K.F. Morel:

That is looking at new crops and that sort of thing?

The Minister for Economic Development, Tourism, Sport and Culture:

New crops and cultivation and extraction and manufacture of new products for export. Across the broader economy, really the economic framework will help drive the direction we go in to improve productivity, but the overlying areas are really skills and how we teach and train our young people so we are producing more workplace-ready Islanders from education. This is not a quick fix; this is a decade of work because it is a culture change.

Deputy K.F. Morel:

Are you also looking at the other end, the need to change skills or learn new skills at the age of 55; that sort of thing?

The Minister for Economic Development, Tourism, Sport and Culture:

Absolutely. That is absolutely key. Look at the R.P.I. figures, the areas that jump out are heat and light, but also other building services, because there is a bit of an overheating. I always say you can judge the economy by how long it takes your plumber to pay a visit. If you phone him up and he is there in the morning the economy is not brilliant, but if he says: "I will see you in 6 months" and there is a bit of that going on at the moment. So providing the right skills for those areas of the economy will help bear down on the cost of living.

The Deputy of St. Mary:

Going back to the recruitment of unskilled workers and whatever the immigration rules are, is that not a problem for both the agricultural and the tourism sector of finding people willing to come here?

The Minister for Economic Development, Tourism, Sport and Culture:

There has perennially always been a problem. It has never been easy to get a constant flow of staff for those sectors. If you look at the Island's overall population, quite a considerable percentage of

the permanent population are here because they either came to work in agriculture or tourism in the 1960s, 1970s and 1980s and stayed for 10 years and got housing qualifications, and they are now quite rightly Islanders and Jersey men and women. But that kind of arrangement is unsustainable. If we look at our forward population projections, we cannot keep importing labour with a view to them staying for ever, which is why it is really important that we try to bed in the work permit scheme again. It is not ideal for those industries because the E.U. now, the flow of workers, is not so much forthcoming because of economic circumstances in their own countries, which is why, when we look outside the E.U., we are not just having a free-for-all, we will work with countries that produce hospitality workers from further education, catering schools, so we will probably work with 2 or 3 countries on that.

Deputy K.F. Morel:

I was going to ask; I know it is not entirely your area, but obviously the migration policy features. So far as work permits are concerned, the Migration Policy is key to that and do you know from speaking to other Members of the Council when the Island can expect to see a migration policy brought through?

The Minister for Economic Development, Tourism, Sport and Culture:

No, it is on the agenda, but I think we have been sidetracked with Brexit and hospital and public sector pay. But it is on the agenda and it is an important consideration. But I am hoping that, if we can establish the new work permit schemes for those sectors, that is a bit of advance work that we would have needed to do with that policy anyway.

Deputy K.F. Morel:

When you are talking about productivity and the need for change and often technological change, obviously previously you had the economic productivity gross drawdown provision; that has been sucked up by the Investment Advisory Board. Do you still have any tools specifically for you to use to help companies that need help with regard to productivity or technological change? Do you have any more funds?

The Minister for Economic Development, Tourism, Sport and Culture:

The funds are still there. The decisions are just made in a slightly different way.

Deputy K.F. Morel:

Are you involved in those decision-making situations?

The Minister for Economic Development, Tourism, Sport and Culture:

Ultimately, yes. But ultimately the politicians will have the final say, but it goes through a series of officer groups and then recommendations are made.

Deputy K.F. Morel:

Including from your department?

The Minister for Economic Development, Tourism, Sport and Culture:

Yes, where it is relevant to our department.

Deputy K.F. Morel:

£20 million I believe was the size of that fund; is that ring-fenced within this new way of working?

The Minister for Economic Development, Tourism, Sport and Culture:

There were £100 million worth of applications across the whole spectrum, which is being decided in tranches.

Deputy K.F. Morel:

The States, when they set up the fund, I may be wrong, but I believe the size was £20 million, what the States agreed. Obviously that was a States decision.

The Minister for Economic Development, Tourism, Sport and Culture:

No, it was less than that. I cannot remember offhand.

Deputy K.F. Morel:

That is fair enough. Regardless of the size, it was a States decision to set up that fund. Can we be satisfied that those funds are then ring-fenced within this new system because that was a States decision?

The Minister for Economic Development, Tourism, Sport and Culture:

Currently for 2019 I believe they are, but there are going to be new ideas implemented into the new Government Plan, which replaces the Medium Term Financial Plan, which will come back to the States with the new ideas for how we fund innovation, productivity, growth in the economy, and so on and so forth. So they will change but they will come back to the States.

Deputy K.F. Morel:

Can we find any proof that they are being ring-fenced in the way that the States would have wanted them to be through their decision?

The Minister for Economic Development, Tourism, Sport and Culture:

That is probably a question for the Minister for Treasury and Resources.

Group Director, Economy and Partnerships:

We would have to ask that. I do not mind asking at all. Just a little bit to add to what the Minister was saying, he is right in what he said, we do have some existing, effectively productivity improvement funds, within the rural economy. So we do have a rural initiative scheme that exists and is extant. In a way, my feeling is we need to take a little bit of a step back and say what are the interventions that would genuinely lead to productivity improvements going forward? So there is absolutely a need to fund this and one of the strands of the economic framework is that it needs, in order to function and running parallel to it, an investment framework that helps us pay for this sort of stuff. There is a piece of work that we have started in the low-paid sectors on how we deal with productivity going forward and it is a preliminary piece of work that effectively really deals with this issue around decline in sterling, falling interest rates, Brexit and most recently an increase in the minimum wage. So we are working with representatives in those sectors to look at what interventions we might need to make and the Minister is absolutely right, one of the biggest issues and one of the common issues is recruitment and staffing. Currently those 3 sectors represent 16,000 employees so it is relatively significant but it is all well and good having a fund but if we do not, what has some efficacy in the context of productivity, then we are not going to get very far.

The Minister for Economic Development, Tourism, Sport and Culture:

Can I just add, from our perspective, and I am sure I can speak from Senator Pallett and Deputy Tadier, it is essential that the Economy and Partnerships division retains access to funding to support the economy, to support sports, to support culture and heritage, which all contribute positively and significantly to the economy.

Deputy K.F. Morel:

I guess my concern is that, given that the economy is your focus, is that if those decisions have been taken further away from you, let us say, then your economic concerns may not be getting the hearing that they need within that new system.

The Minister for Economic Development, Tourism, Sport and Culture:

I personally have been satisfied with the way the Investment Advisory Board with the Minister for Treasury and Resources has been distributing the funds. Having said that, I understand other Ministers want more involvement, but that is not necessarily economically driven. Everyone is driving their own agendas.

[12:00]

Deputy K.F. Morel:

Here we are concerned about the economic side of it, but if you are satisfied for the moment then we will remain satisfied for the moment. Talking about funds, moving on towards the agriculture sector, perhaps you could go through 2 things, one, just talk us through what support in general is available for the agriculture sector and, secondly, what you have been providing with regard to particularly last year we had problems with weather, which increased the cost of food stocks, et cetera, and what funds you are providing there?

The Minister for Economic Development, Tourism, Sport and Culture:

Our relationship and our support is driven predominantly by the Rural Economy Strategy, which was approved in 2016. So, Dan, would you like to explain?

Group Director, Economy and Partnerships:

I am just trying to find the numbers for you because I understand that might be helpful.

The Minister for Economic Development, Tourism, Sport and Culture:

We provide financial support to growers, which has predominantly moved from an area-based system regardless of what you grew, if you grew an area you got the fee. Now that has moved to environmental best practices. Then we have our partnership with Jersey Dairy and then we have rural initiative schemes. As you have seen recently, we are always on standby to help in unforeseen circumstances, as we did when we provided some grant funding to them to help with the food prices.

Group Director, Economy and Partnerships:

So the Rural Economy Strategy is effectively in the third year of a 5-year strategy.

Deputy K.F. Morel:

Are you reviewing it? Do you have a mid-year review?

Group Director, Economy and Partnerships:

Yes, built in for the first time, this is the third Rural Economy Strategy; all of the previous ones have been 5-year strategies. Because of things, particularly like Brexit and the relationship that ag and fish and rural sectors have with the Protocol 3, which will fall away on Brexit, it felt appropriate that we reviewed the Rural Economy Strategy at that point. Also, in terms of the Medium Term Financial Plan, that ends this year and we still have 2 years of projected support. So 2 things are running in parallel, one is a review, but also a reassessment of funding requirements for the sector. It is worth saying that those funding requirements were done in consultation with the sector and they were

effectively endorsed by the sector. They would always argue they could do with more but this was a consensus that was achieved through the consultation.

The Minister for Economic Development, Tourism, Sport and Culture:

Can I just interrupt? This plan was put together in a culture of cuts when there was pressure to reduce the department budget and we did reduce, at that time, our department budget by just under 20 per cent, so we did our bit. But we held the funding and increased slightly the funding for tourism and agriculture because we remained determined to continue the support to those industries. While the industries would have liked more, they were quite relieved that we managed to pretty much hold the funding.

Group Director, Economy and Partnerships:

Just a whistle-stop tour of what those funding are, so we have effectively a parallel scheme to the U.K. to make sure we have as level a playing field as we can with European support for the Common Agricultural Policy. So this historically has been single area payment, we have a unique arrangement with the industry such that they are all now, as a requirement of that, working to L.E.A.F. (Linking Environment and Farming) Marque accreditation, which gives Jersey products, in my view, a U.S.P. (unique selling point) in global markets, it is a global mark and there is a lot of enthusiasm around that differentiation in the market. That future-proofs our provision of food and our export market. We have effectively a specific payment to support the dairy sector. There is a recognition of many years of low levels of productivity. They continue to turn a corner and the export market continues to develop very well but it also maintains 100 per cent of our domestic milk supply, as you will be aware, some very positive results from negotiations with the U.K. going forward around milk and our ability to make sure that we continue to have a sustainable milk supply in the Island going forward. We have the Rural Initiative Scheme, which is effectively innovation and productivity improvements. We have Farm Jersey, which is effectively the old Jersey Export Group that is ready to go in the context of future trade agreements and future economic partnerships going forward as a consequence of Brexit.

The Minister for Economic Development, Tourism, Sport and Culture:

Can I just add, Farm Jersey is now being operated by the Jersey Product Promotions and Genuine Jersey? It has its own identity and its key success in the last couple of years is it has taken over and grown the annual farming conference, which has been a great success. But Farm Jersey is there also to promote all aspects of agriculture and fishing.

Group Director, Economy and Partnerships:

The final 2 are effectively an arrangement with the R.J.A.H.S. (Royal Jersey Agricultural and Horticultural Society) around breeding and semen production and also a cattle-testing regime that

we support to promote disease-free status, which again is all about exports and quality and brand and all that sort of stuff. So we are in a good place with the rural economy. The review will be very interesting in the context of Brexit. Interestingly, we are now in a position, as a consequence of our relationship with the U.K., to have access potentially to their existing free-trade agreements and in the context of markets like China we see some real opportunities going forward to piggyback on some of that stuff. But the review will be this year and will allow us to inform the Government Plan and the future financial settlement for the industry going forward.

The Deputy of St. Mary:

Can you answer my question one more time, last year it was rolled over, was it not? Because I know the panel were going to review it but it did not happen.

The Minister for Economic Development, Tourism, Sport and Culture:

Sorry, what was rolled over?

The Deputy of St. Mary:

The rural economy plan was rolled over last year, was it not, effectively without any changes?

The Minister for Economic Development, Tourism, Sport and Culture:

We are halfway through the current strategy.

Group Director, Economy and Partnerships:

Previously we had, the old previous strategy was rolled over. That is correct.

The Minister for Economic Development, Tourism, Sport and Culture:

If we extended the previous strategy by one year, what would bring this one together? Yes, sorry.

Deputy K.F. Morel:

Obviously, you provided emergency funding to the dairy industry, it is understandable. Do you have or is there any room for some sort of more permanent emergency fund? I do not know if those funds that you provided to the dairy industry just came from the back of the sofa sort of thing, we needed to look round to find it or whether you have got an emergency fund, which is, therefore, the agriculture industry.

The Minister for Economic Development, Tourism, Sport and Culture:

No, we do not have an emergency fund. We provided £100,000 from our own budget due to prudent management of our own budget. I believe £75,000 was provided by the Treasury. I think it is fair to say rather than establish ... we are trying to reduce the number of funds we have got, rather than

having funds everywhere. I think it is fair to say the States would always be prepared to step in and support any industry that is facing a critical problem.

Group Director, Economy and Partnerships:

It is a good example of the Investment Appraisal Board supporting the economic development challenges.

The Minister for Economic Development, Tourism, Sport and Culture:

Yes.

Deputy K.F. Morel:

The trouble is emergencies happen of their nature swiftly and unexpectedly and if you do not have just some standby funds, and it does not even have to be large amounts, going through processes like the I.A.B. (Investment Appraisal Board) or through, let us say, these rural kinds of strategies, they can be, potentially, onerous and take time. By the time you get a rubber stamp saying, yes, the emergency is gone and the producers have gone out of business.

The Minister for Economic Development, Tourism, Sport and Culture:

I am not too concerned about that because outside of our strategic reserve, the Consolidated Fund, which the States always has a float of money, but I would think the States, depending on the nature and the size of the emergency.

Deputy K.F. Morel:

I think one of the problems with the States of Jersey is people do not know how to interact with it, how to get in touch and this is kind of what I am saying here, without an emergency fund which necessitates swift action, people do not necessarily know where to go. Okay, the dairy industry did but the dairy industry has got strong ties to the States of Jersey; other areas within the agriculture sector might not have such strong ties. Where do they know where to go? How do they know?

The Minister for Economic Development, Tourism, Sport and Culture:

If you look, nearly all business is represented by an industry body, Chamber of Commerce, Institute of Directors, Jersey Hospitality Association, the Jersey Farmers Union and Jersey Dairy. In my time in the States I have never, ever had an issue with business not knowing where to come. In fact, they are very good at coming to us with requests for money.

Deputy K.F. Morel:

It is interesting. Thank you on that. I will just ...

The Minister for Economic Development, Tourism, Sport and Culture:

No, but I do understand that. But I do think that it is difficult to foresee, a year ago we would not have ... it is great, we would not have foreseen that we were going to have that sort of extraordinary summer and a number of other issues ...

Deputy K.F. Morel:

This is the problem because increased feed has affected more than just the dairy industry but I know other sectors are not finding it so easy to know where to go or to access emergency funding, even though they are being hit as hard as the dairy industry.

The Minister for Economic Development, Tourism, Sport and Culture:

Yes. Every business is facing challenges in the light of Brexit and other economic pressures but the taxpayer cannot fund and help. You have to let the market work in certain circumstances and provide support wherever possible.

Deputy K.F. Morel:

Even when that market is a home-grown Jersey market, that is ...

The Minister for Economic Development, Tourism, Sport and Culture:

You could say the same about retailers and farmers.

Deputy K.F. Morel:

Organic are doing very well with ...

The Minister for Economic Development, Tourism, Sport and Culture:

I think that the Jersey cow is an extraordinary situation; the only purebred herd in the world and that is something that perhaps does qualify for extraordinary treatment from time to time. I do hear where you are coming from.

Deputy K.F. Morel:

Looking to the transition report that my dossier says is a Treasury matter but I just wanted to know whether you were satisfied with the resources available to you in respect of economic development.

The Minister for Economic Development, Tourism, Sport and Culture:

The short answer is, yes, on the grounds that I have not been told that we are not happy ...

Group Director, Economy and Partnerships:

If you look at the activities, the key activities that we are looking at over the transition period, we have talked about them at the beginning of this meeting; they seem consummately sensible. There are funding streams associated with all of those. At this stage, bearing in mind that this is the preamble to the bigger financial piece in the Government Plan, I think we are probably in quite a good place.

Deputy K.F. Morel:

Yes, but that is why it is important, it is tiding you over in the meantime.

Group Director, Economy and Partnerships:

Exactly. Personally, I feel that we are in the right place, yes, yes.

Deputy K.F. Morel:

Excellent. Another report we saw recently, was this week in fact, and I appreciate that Senator Pallett has been incredibly quiet down in the corner there, so it is time to bring you into the ...

The Minister for Economic Development, Tourism, Sport and Culture:

Yes, just you wait, bring him in, bring him in.

Deputy K.F. Morel:

Obviously, we saw the sports facilities review and I wanted to ask what your reaction was to the sports facilities, to the report you saw this week and, again, from a ... I know you have not developed a strategy yet but whether you believe resources will be there to help us because it is quite capital intensive.

Assistant Minister for Economic Development, Tourism, Sport and Culture:

Which is the reason for doing the report.

Deputy K.F. Morel:

Yes, absolutely.

Assistant Minister for Economic Development, Tourism, Sport and Culture:

It is a good report, it is a comprehensive report. I know there are some headlines that came out of it that the media have focused on probably a little bit too much but I can understand why. But I think we needed this piece of preparatory work to really focus on what the future requirements of facilities will be. I think, equally importantly, where they are going to go, because clearly land is an issue in Jersey and relocating a facility, if we were to do that from Fort Regent to another site, would be difficult. The other one is around, as you have already mentioned, the capital expenditure and

making sure that working through, as we start to prepare a Government Plan that we have got, that Government is aware of potential capital expenditure issues around the sports portfolio and there will be some, even if the report is not taken up in full. There are clearly some ongoing maintenance issues around all of our sports buildings that are going to need some attention over a period of time, obviously the biggest being Fort Regent and its future. But I do not think it is a surprise to anybody that Fort Regent has got some issues and ...

Deputy K.F. Morel:

Yes, so I mean you forewarned us yourself.

Assistant Minister for Economic Development, Tourism, Sport and Culture:

Yes. I think we have had reports done in the past that have clearly spelt out what some of the concerns are, some of the issues that need to be resolved. They are issues that require tens of millions of pounds. I wish it was just a coat of paint and we could move on but it is not. Importantly, I think the Chief Minister has got a clear understanding now of what is involved, has formed a ministerial oversight group to look at the future options for the Fort; that is already met. I think everybody that was at that meeting, I think, understands we need to find a long-term solution for the Fort in this political term and move it forward as far as we can, hopefully, to a point where the public and States Members and everybody understands what that future will be. The question in this was around whether it stays as a sports facility long term. There are other options if we did not want to do that within the current sports portfolio and/or adding some pieces of infrastructure that we might need. But I think we need to think; I think in terms of Fort Regent we really need a long-term plan. Is it going to be an entertainment facility? Is it going to be a mixed sports and entertainment facility? Is it going to be something else, like a university? But we would need to make a decision about that because the infrastructure of the Fort is in a poor state. We close down areas on a fairly regular basis because of some of the issues that have been highlighted around asbestos and other maintenance issues and that will only continue to happen. None of us want to invest money or throw money down the drain on short-term maintenance issues, where we could be investing that money into a long-term solution. There are some big questions to ask but I think Government has been proactive to date.

[12:15]

I will be pushing hard to make sure that the Chief Minister and the group move it forward as quickly as they can but there is a lot of focus. There is a project manager that has specifically been put in place to look at how we can take the Fort Regent project forward. All the right things are happening but we will need some progress.

The Deputy of St. Mary:

A couple of questions I had, I do not want to look backwards but in 2004 I recall going to a presentation at the Fort with a plan for its future, et cetera, and it has all that hope, has that been consigned to the dustbin completely?

Assistant Minister for Economic Development, Tourism, Sport and Culture:

No. There have been various situations of futures for the Fort and the last main one being the Hopper(?) Fort during Deputy Noel's time.

The Deputy of St. Mary:

That is right.

Assistant Minister for Economic Development, Tourism, Sport and Culture:

Which was a very ...

The Deputy of St. Mary:

Aspirational.

Assistant Minister for Economic Development, Tourism, Sport and Culture:

... exciting and aspirational document. But I think there were elements of that that may well be able to be used in any future for the Fort, certainly around the access. I think there were some good opportunities, I think, that identified within that report, certainly from a Snow Hill point of view about how we are going to access people up from the thing. I do not think that money is wasted, I think there are elements of that that I think the current group will try to incorporate. But we do need to focus on what the Fort is going to be long term, not just what we want but what the public want from the Fort in the future.

The Minister for Economic Development, Tourism, Sport and Culture:

Can I add something to Senator Pallett's? When we met and the group consists of the Chief Minister, the Minister for the Environment, the Minister for Infrastructure, the Minister for Treasury and Resources, Senator Pallett and myself, it was decided unequivocally that the Fort was now a priority and that it was not going to be left; something is going to be done about it. We all value and appreciate the contribution of the Fort to our society and we are going to do something about it. We've also generally agreed that it would focus on leisure, entertainment, conference events, heritage, with improving its infrastructure and improving the links. Those high-level sort of agreements have been made. I think Senator Pallett's working on the sports facilities and infrastructure and I think it is likely that in the future sport will be relocated to other more suitable

and purpose-built facilities in a sort of more even spread around the Island. But Senator Pallett is in charge of that work and he is getting on with it.

Assistant Minister for Economic Development, Tourism, Sport and Culture:

I think just to stop any hares running, I have tried to make clear this week that we are not going to shut the Fort overnight. There is a process to go through with the users and the current tenants there to, firstly, inform them and I think we will be doing that this week to make sure that they understand what the body of this report means but we need to work with them. We have contingency reports that we have already prepared in regards to if there was a short-term calamity at the Fort, some of the roof collapsed or something like that, we have got plans in place if that was to happen; I hope that is never going to be the case. But, clearly, whatever the plan is for sport at the Fort at some stage, whatever happens with the Fort, we are probably going to have to decant it to be able to refurbish it. Whether that point is in a year or 2 or further down the line, we need to work with sports to relocate them in a place where they are comfortable. I have been contacted this week by the shooting club that were there, that we have had to move out because of the condition of park 4, wanted to be part of the discussion; they will be, they have to be. The other thing, I think, that comes out of this report is the need, I think, for us to look at the facilities we have got and rationalise the need of sports. Because I think in the past every time there is a group being formed or a club being formed they expect to have their own premises and I think we have come to a point with some sports where we are going to have to think that some of the clubs are going to have to share facilities, rather than have their own. That is something we are going to work through with sports, to make sure that we are getting better use of our facilities. I will give you one example is indoor bowls, we run an indoor bowls club, which is a fantastic facility for those that use that club and it is very popular. But we, as a government, are putting that on for users up at the Fort, yet we have got an indoor bowling club at Grainville; that is on its knees in terms of members. How can that make sense? We have got to look at what we have got and make best use of that and that includes our educational facilities, which, again, I do not think we make the best use of in terms of what they could offer to the sports communities.

The Deputy of St. Mary:

Yes, a more general point really, I was in the last panel when sport was transferred from Education to Sport. Given the hopes or possibilities of Fort Regent being used for other things than purely sport, I will call you the Minister for Sport for the moment, do you have concerns that the sporting element might have pressure on its funding, i.e. that the funds available in the Economic Development Department generally might be diverted away from sport per se?

Assistant Minister for Economic Development, Tourism, Sport and Culture:

No. I have fought hard to make sure that that funding remains.

The Deputy of St. Mary:

I am sure you have, I am just concerned.

Assistant Minister for Economic Development, Tourism, Sport and Culture:

It is important that the funding that we currently put into Jersey Sport for sports development is maintained and I think they do a great job. Co-ordinating our sports development site, there is a bigger role for them to play, not just in their current ... one of their current core functions is around physical activity for young people. There is a wider role for them to play, I think, in terms of their new Active Jersey Strategy, which will replace their future strategy. But I think in terms of keeping the Island fit and active, which is a key principle of our Common Strategic Policy, they have got a key role to play in delivering that health and fitness side, both physical and mental health as well. Their role will grow. I would like to think their funding will grow over a period of time when there is an understanding from Government that some of the delivery that they will have in terms of putting on classes for the over-60s, all the things that you need to stay fit in our Island. Somebody has got to put that on. I think there is an understanding now that we need to put more money into the preventative side of medicine but there is a cost to that. It is very difficult with health because obviously they want to spend as much on keeping people well, so ...

Deputy K.F. Morel:

Jersey Sport does that.

Assistant Minister for Economic Development, Tourism, Sport and Culture:

Yes. But what we are going to need to do is either find money to put into the preventative health side or start to think about how we can fund that in clever ways within Government's general budget. But there is going to need to be investment in our future.

The Minister for Economic Development, Tourism, Sport and Culture:

I am completely aligned with Senator Pallett. I mean the sport budget is almost sacred in our portfolio and we are working together to try and develop that for the benefit of all Islanders.

The Deputy of St. Mary:

Typically, looking at professional sport or sports that might want to go professionally, yesterday evening there was an article about netball falling out. Given the problems of Jersey rugby, et cetera, do you see any increasing role of the States supporting professional sport?

Assistant Minister for Economic Development, Tourism, Sport and Culture:

Jersey rugby, I think we are in a difficult position. I think over the last few years they found themselves in a financial position, which I do not think they would like to be in. But we had to make a decision, I think from a Government perspective, about whether we were prepared to let them, I think, fold, which I think was where they were going to go as a professional club or support them through a difficult period. That funding that has been given to them is a short-term piece of funding, while we look at ways of making them a more sustainable club over a longer period. Some of that work is in the sports report around a national stadium and whether that might be a future opportunity for them, where they could share it with other sports, such as football, such as netball, where there could be shared facilities, shared hospitality and all the things that might make a single venue profitable and viable. It has given us some breathing space. Part of that breathing space was to look at a long-term sports facility strategy that might look at joining sports. Getting back to will other sports go professional? We are just about to get a football club that is going to playing in the English league on an amateur basis. Now there are opportunities for them, as Guernsey has found, has even progressed through the leagues to go semi-professional and move on from that. But I think they are a few years away and the Jets, I think, will remain as an amateur club but playing in an English league. I do not think there is any need for Government to think or be expected to fund professional sport in the Island, although we have got to find, I think, working with the rugby club the right solution for them.

Deputy K.F. Morel:

This is kind of the problem, it was not a Government decision to professionalise the rugby club but when the professional rugby clubs are having problems it is the Government who is expected to step in and that tends to be a problem with professionalisation.

Assistant Minister for Economic Development, Tourism, Sport and Culture:

We have provided some funding opportunities in the past. I think the decision to progress towards a professional rugby club is one that has been taken by the board of the rugby club. They stopped ...

Deputy K.F. Morel:

Yes, that is what I mean, it was their decision back whenever.

Assistant Minister for Economic Development, Tourism, Sport and Culture:

Yes, firstly, it certainly was semi-pro ...

Deputy K.F. Morel:

But we seemingly get part of the bill later on; that is the trouble.

The Minister for Economic Development, Tourism, Sport and Culture:

Can I just say that the economic contribution has outstripped what we might help with, 100 to one?

Assistant Minister for Economic Development, Tourism, Sport and Culture:

That is a risk.

Deputy K.F. Morel:

No, I appreciate that but I am just saying these are decisions taken outside of the States, potentially, and I imagine we had no input probably into their decision to professionalise.

Assistant Minister for Economic Development, Tourism, Sport and Culture:

Can I just say one thing? One of the risks, I think, of starting up a team like Jersey Wolves, for example, they could go a certain way up the league and then they could find that they have reached the pinnacle and on the way down it could be an expensive proposition because the travel is so expensive away. Will Government step in if they start to not be very successful, they cannot find the sponsors? The answer is no, I have told them that.

Deputy K.F. Morel:

Yes, that is kind of what I mean is ...

Director, Economic Development:

Just an important point that links your point with the comments that the Senator has just made, the ongoing work that we are doing with the rugby club, and I forget the precise title of the work, is to secure a sustainable future for professional rugby, so that was the purpose of the funding. As well as the Minister just said, there was an economic case for providing that funding and there is.

Deputy K.F. Morel:

No, and there is, I accept that, yes.

Director, Economic Development:

But the goal that we now working jointly with the club is to ascertain, is there a future for professional rugby, a sustainable future in Jersey and what does that look like? In terms of other sports, I think the answer to that question will define that decision. I think you are right, other people make decisions and, potentially, it has the potential to come back to Government and, to an extent, that has always been the case. The work that the Government is doing with the Reds, which, hopefully, will conclude over the next month or so, will answer that question. Again, I think it is important at that stage that we come and brief you on what that work looks like and what those options are.

Deputy K.F. Morel:

Yes, that would be good.

The Deputy of St. Mary:

I think it is worth throwing into the mix that any sporting organisation can expect that. I certainly agree with support from the governing body and I think the Jersey Reds would claim that the support given to them presently is not adequate.

Director, Economic Development:

That has been a big part of the discussions, both pre and ongoing.

Assistant Minister for Economic Development, Tourism, Sport and Culture:

You can see from yesterday's announcement that they have signed their manager until 2024, so a clear indication they want to stay as a professional club. But let us be clear, we cannot keep propping them up in the way that we did or from a short-term perspective, so they know that they have got to work with us to try to find that sustainable future. To be fair, they have been open, tacit, transparent in very possible way in regards to the way that they run their club and they are putting every effort they can in to provide more funding themselves.

Deputy K.F. Morel:

Sorry to cut in, just we are out of time. I am going to ask one more question. Unfortunately, I have not been able to get to questions about arm's-length organisations that I was going to have and also Condor, regarding the sale of Condor, so we might send them to you separately anyway.

The Minister for Economic Development, Tourism, Sport and Culture:

Absolutely, yes.

Deputy K.F. Morel:

But the last one was more aimed at Darren. The only piece of sporting infrastructure that I know is on the cards at the moment is the skate park and so I was wondering if you had any update on the skate park.

Director, Economic Development:

We have a further meeting about the skate park from an evaluation of locations perspective later on today with the Senator. I think that where we are is we have received the externally-commissioned report that has a number of preferred sites. I think the civil service need to put some science around that, so we need to get some planning opinion on the kind of identified top sites. We need to get the infrastructure opinion on cost of potential build of these sites; that work, I think, is close to

conclusion. I think in a relatively short period we will present the Assistant Minister with a draft of that report and what it looks like, which, essentially, is a second evaluation of the sites identified.

Assistant Minister for Economic Development, Tourism, Sport and Culture:

I will be looking for a preferred site out of that piece of work.

Deputy K.F. Morel:

Yes, from that, yes.

Director, Economic Development:

Irrespective of where that ends up, I think the idea is to get to a united agreement as far as possible on an identified site and then build the business case around that, look to secure the funding ...

Deputy K.F. Morel:

I was going to ask: do we have a set amount of funding for it?

Director, Economic Development:

No, there is a kind chicken and egg; until you know where it is going to be and what the build is going to cost, then it is difficult. There is lots of interest in this. I think Jersey Sport see this as a good thing in terms of an active lifestyle.

[12:30]

I was surprised at the beginning and the number of people that use the current facility and the demand for such a facility. I think the first report, the independent report, kind of answered the question of: is there a demand there? I think Jersey Sport have answered it from a, this adds to Jersey's active lifestyle. I think we need to identify a preferred site, get as much support as we can for that site and then in as shortest time as possible secure the funding, once we know the level of funding that we have come to. Of course, funding will be a part of the consideration of that preferred site.

Assistant Minister for Economic Development, Tourism, Sport and Culture:

My hope is that we can get a preferred site, deal with the funding issue and get the thing built by the end of 2020; that is the timeframe I am working on. Clearly, whatever site is chosen it needs to be one that is not going to throw up a whole load of planning issues that is going to make life so difficult, you would not even ...

Deputy K.F. Morel:

There might be a space in Gloucester Street for it.

Assistant Minister for Economic Development, Tourism, Sport and Culture:

But there might be an extra space there but ...

Director, Economic Development:

I think there most certainly will be.

Assistant Minister for Economic Development, Tourism, Sport and Culture:

Wherever it does go I think the skateboard community need to play a role in that. They have been great to date but what they do need to understand is that as much as they may have a preferred site or an area that they think is suitable for them, we have got to consider all the other elements that go along with this package. If a site has got covenants on it or neighbours that are clearly going to cause potential problems, you have got to think twice about whether you plough down that route. That will all come out of the work that is currently being done now, with what I hope is a sensible way forward.

The Deputy of St. Mary:

Just one, will Jersey Ports contribute to the funding in any way, given that they are getting their land back?

Assistant Minister for Economic Development, Tourism, Sport and Culture:

They have been good, even stock ... you tell them, go on. No, Ports have been very good. Ports have made £50,000 available for ... they have paid for the original report, they made that money available when we have needed it, in terms of progressing the project. I think in terms of over and above that, I think there are not only them but I think there are other potential ones but at least that may be interested in support. But I think until we have got a figure that we can look at in terms of what it is going to cost, yes, it is a difficult one to ask where the money is going to come from.

The Deputy of St. Mary:

Okay. No, Jersey Ports never wanted it though, did they? They inherited it essentially ...

Director, Economic Development:

No. I think if you look at the original report, you can sit all weekend and discuss the pros and cons of various different sites from various different perspectives. The one thing, I think, that everybody is agreed on is that the current site is ... whether it ever was, certainly today it is not appropriate for a skate park. It is, effectively, in the middle of a freight terminal. It is kind of a bit out of the way, so some of the antisocial behaviour is partly induced because of where it is located.

Assistant Minister for Economic Development, Tourism, Sport and Culture:

They have been extremely patient, to be perfectly fair.

Director, Economic Development:

Yes, I think it is whether they have provided funding, whether they provide additional funding as part of the future solution, again, those conversations are ongoing and costly.

The Minister for Economic Development, Tourism, Sport and Culture:

I am looking through the window at a rainbow out there, so that must be a good omen.

Deputy K.F. Morel:

Yes, it also suggests maybe it is time to go before it starts pouring down and you get wet on the way back to Cyril. Thank you very much indeed.

The Minister for Economic Development, Tourism, Sport and Culture:

Thank you.

[12:33]