



Economic and International Affairs Scrutiny Panel

Quarterly Review Hearing

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

Friday, 30th July 2021

Panel:

Deputy D. Johnson of St. Mary (Chair)

Deputy S.G. Luce of St. Martin

Senator S.W. Pallett

Witnesses:

Senator L.J. Farnham - Minister for Economic Development, Tourism, Sport and Culture

Deputy K.F. Morel of St. Lawrence - Assistant Minister for Economic Development, Tourism, Sport and Culture (1)

Deputy H.C. Raymond of Trinity - Assistant Minister for Economic Development, Tourism, Sport and Culture (2)

Mr. D. Houseago - Group Director, Economy, Planning and Environment

Mr. I. Clarkson - Sector Lead, Retail and Visitor Economy, Economic Development

Mr. K. Lemasney - Head of High Value Residency Engagement, Economic Development

[11:05]

Deputy D. Johnson of St. Mary (Chair):

Good morning and welcome, everyone, to this meeting of the Economic and International Affairs Scrutiny Panel's public hearing with the Minister for Economic Development, Tourism, Sport and Culture and his colleagues. I begin by making the usual introductions of the panel, which consist of

myself, Deputy David Johnson of St. Mary, Chair; Deputy Steve Luce of St. Martin and Senator Pallett. Perhaps, Minister, you would like to introduce yourself and your team now?

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

Thank you, Chair. Senator Lyndon Farnham, Minister for Economic Development, Tourism, Sport and Culture.

Assistant Minister for Economic Development, Tourism, Sport and Culture (1):

Deputy Kirsten Morel, Assistant Minister for Economic Development, Tourism, Sport and Culture.

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

Deputy Hugh Raymond will be joining us shortly.

The Deputy of St. Mary:

Right, thank you for that. Our first topic relates to COVID and the co-funded payment scheme. Can I ask the general question: now that COVID-19 cases have increased dramatically, do you have any plans or guidance you could share with the panel in relation to future travel restrictions?

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

Future travel restrictions? At this stage there are no plans, as I understand, to change the current border policy.

The Deputy of St. Mary:

Do you have any contingency plans? I presume from your statement you do not anticipate the matter is going to get worse, is that right?

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

Well, fortunately we are seeing figures coming back down again now. The medical professionals and the advice we are receiving is recognising that. Of course in tandem with that more Islanders are becoming fully vaccinated. It is estimated we will be at the optimum figure for vaccination, which is 80 per cent ... well, actually the optimum figure is 100 per cent but 80 per cent is a figure where it is estimated that every Islander who wishes to be doubly vaccinated or can be doubly vaccinated ... I want to stress that there are Islanders who would wish to be vaccinated but for medical reasons cannot. That figure is 80 per cent and we are scheduled to reach that figure in or around the middle of August. Once we have reached that figure, I think that will trigger the plan and the timeline to go into stage 7, which is the final level or the final stage of the few restrictions we have left in place and we will also be looking at the way we test, track and trace and those are discussions that are ongoing currently and I would expect fuller details to be available by the end of next week.

The Deputy of St. Mary:

Thank you. Stage 7 has been paused a few times already. The Prime Minister of the United Kingdom is, in fact, somewhat more bullish than yourself on this but are you prepared to say that you do not anticipate at all any further extension?

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

I am always careful because we have not quite said that before. There was not the appetite, the ministerial appetite from the competent authority Ministers to extend restrictions any longer than we have to because we have to ensure that the restrictions on people's freedoms and liberties and businesses are not more damaging than the risk the virus poses now that the vaccination is having such a good effect. We must remember that the rule of life is freedom and civil liberties, not the exception to the rule. The exception to the rule are the restrictions. It is COVID. So I think society is ready from messages we are getting now and keen to move forward and start living alongside COVID, notwithstanding that we recognise there will always be a risk from COVID to mankind for ever more.

The Deputy of St. Mary:

Thank you for that. On the government co-funding schemes, are there plans to extend these further?

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

Yes, we have had discussions this week and an announcement will be imminent on that but we are going to be extending the business support schemes into September and some of the schemes, it is proposed, we will extend through the winter into the early part of next year. Details, as I said, will be announced later today or Monday, possibly, while we are just finalising them. That is in recognition that a number of sectors have been impacted by the current restrictions, namely the stay at home order, the delay of the move to stage 7 and the ... the third one has slipped my mind, I will come back to that. But that has caused a continued pressure on businesses. Sorry, yes, it was the gatherings, maximum household gatherings of 20 persons. If I may, Chair, I will just touch on that because, as you know, there is a disparity. We have a situation where gatherings and events are allowed in public spaces with unlimited numbers as long as they are managed or catered events and they follow the appropriate guidelines, yet it is not possible to have a similar event on private property or in a garden. So we are addressing that now and I think we have a solution that has been approved in principle and officers are working out an order to rectify that. So I think that should be ... I hope that is welcome news, because it will mean the same laws apply to the private gardens as to public spaces. That, I think, will help the beleaguered events industry, the events industry has probably been hardest hit. If I can just link that back to my earlier statement and the idea is to retain

some of the scheme through the winter months to recognise the fact that some business sectors have not been able to make money this summer to keep them viable.

The Deputy of St. Mary:

Yes, I was going to come on to the events industry in particular later, but thanks for that clarification. There is a statement coming out, if not today then on Monday which will clarify all these points?

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

Yes, yes. Once we have it I am happy to ... I will share that with Scrutiny prior to the public announcement.

The Deputy of St. Mary:

The pause has obviously caused further economic damage to certain industries, do you think the Island as a whole has the ability to withstand this shock, if I can call it that?

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

Yes, we do. It has been much harder on certain business sectors than others but our business sectors have shown remarkable fortitude. I think the business support measures have been very effectual. I know a number of businesses would perhaps want more assistance, and again we have looked at that and we are making some changes to some of the schemes to reflect the ongoing impact of the virus. Generally speaking, as we probably all know from the state of our economy, the Island has weathered the storm economically and from a health point of view relatively well. It is a great shame to extend the restrictions but, there again, we were working with firm medical advice that we did not really want to spoil things so close to the finish line. We have seen just our virulent the Delta variant is. I think we have all been taken by surprise at the rate it has spread through our community and fortunately we have seen great protection afforded by our vaccination programme.

The Deputy of St. Mary:

Thank you again for that. As regards any future disruption to the economy, are there any procedures envisaged to be implemented or which have been implemented to somehow limit damage to the economy?

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

Well, of course, our frontline of defence against that are our business support measures and those are being extended and co-funded payroll is also being extended and some other sectors are being readmitted into the scheme. We have seen, for example, the work from home guidelines having a significant impact on footfall, especially during the day, and of course the high numbers have been ... and guidelines based around managing those numbers have been a deterrent for some Islanders

not to go into busy public places. So the schemes will be extended to bring back in some of those businesses that have been impacted by that.

[11:15]

The Deputy of St. Mary:

A slightly different topic, if I may. In relation to gaining entry to large events in the future, are there any plans to introduce a COVID passport in the same way that the U.K. (United Kingdom) has?

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

At this stage there are no plans to introduce that.

The Deputy of St. Mary:

Would it be open to organisers of individual events to create their own screening, as it were?

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

That is an interesting question. I am not sure how the legitimacy of that would hold out but technically, yes, if an event organiser wants to say that we are only admitting people who have received both vaccinations and we need to see your passport, I think they probably could do that, although it might be open to legal challenge and I am not sure I can answer that.

The Deputy of St. Mary:

To go back to your earlier response, at a governmental level, you have no plans to introduce this checking?

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

There are no plans to introduce or legislate for that or introduce guidelines for that. I say at this stage because the pandemic has been very unpredictable so we are heading back in the right direction. Of course there is concern about the winter months. Once we start getting into the cold and flu season again, we need to monitor things closely and I think we can expect to see some peaks and troughs in ... notwithstanding the vast majority of us will be doubly vaccinated. We know that vaccination does not always stop you becoming positive with COVID but it does protect you from the worst or most harmful effects of the disease in the vast majority of cases. But as we go through the winter, the safety of Islanders will be paramount. At this stage we are predicting as close to normality as is possible, but of course we must be prepared to react should things change or we see any variants. But right now all the estimates and the projections we are looking at are very promising.

The Deputy of St. Mary:

All right. You mentioned earlier, Minister, the special position of the events industry as to which we are aware of reports in the media. My original question was going to be how do you plan to address this? But if I understood you correctly, this is being addressed in the statement you are about to make, is that correct?

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

Yes, so in short we are proposing to extend the visitor attraction event scheme and the fixed costs support scheme throughout the winter months to next March. We are also looking at bringing some ... levelling the playing field in terms of numbers in private outdoor spaces and public outdoor spaces, which I hope will provide some, albeit small, useful assistance for the events sector during August.

The Deputy of St. Mary:

Thank you, I am sure the events industry will be pleased to hear that. Apart from that section of the economy, are there any plans to extend other forms of co-funded payment schemes?

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

The co-funded payroll scheme, we will admit further ... I mean, this is a subject to sign off by the Minister for Treasury and Resources, of course. The proposal is to extend the current scheme until the end of September and admit some further sectors that had fallen out of the scheme earlier on in the year, such as retail and close contact businesses, because of the impact of the current restrictions. Again, that detail is still being finalised and will be part of the general release on the business support update, which will be forthcoming. I think it is likely to be on Monday rather than later today.

The Deputy of St. Mary:

Okay, thank you. A final question in this area, which was not on my actual list. At a previous hearing you referred to the position of many of these businesses who, having benefited from the deferment of social security payments were still finding it difficult to repay in short order. I think you even aired the possibility of some of those payments being written off. Has that been considered further?

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

Not in any great detail at this stage. At this stage I understand, and again the relevant Ministers for Treasury and Resource and Social Security have responsibility over that, that a lot of payback arrangements have been made with businesses and that is moving in the right direction in terms of ... up to 2 to 3 years has been allowed for interest free repayments of that outstanding monies. That is the current situation. The conversations about whether any amounts are written off or there are

longer loan arrangements required has yet to be had because I think we need to get over this final hurdle and then take stock with the various business sectors so we can then decide and manage upon any additional support that might be required. I would have to say, though - just to be open and transparent - that I did not feel there was a great appetite for writing off some of that money. I think I possibly might be of a slightly different opinion to that. I do not want to unnecessarily write off taxpayer's money or the social security fund monies but I think we have to be realistic and examine very closely the huge impact this has had on some business sectors. Then, of course, you have the question of continuity and fairness. If you start writing off some debt for some businesses then you are likely to see claims from other businesses that arguably have been in as challenging a position seeking similar support. There are conversations to be had on that.

The Deputy of St. Mary:

Thank you for that. I am sure we will follow that dialogue with interest. That is my own questions on this area but I invite my colleagues, Deputy Luce and Senator Pallett, as to whether they have any questions in this area before I hand over?

Deputy S.G. Luce of St. Martin:

Thank you, Chair. I just have a couple of very quick questions for the Minister, if I may. The first one is a clarification one. Did I hear you correctly, Minister, when you said that the final move to stage 7 could be effected by the percentage of vaccinations that had been? So we were waiting for a certain amount of vaccinations before we moved to stage 7, is that correct?

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

Yes, I am not sure that is the actual measurement that will be used but the advice we have been receiving from the Scientific and Technical Advisory Cell is that they would want to see at least 80 per cent coverage, full vaccination coverage, of the adult population to feel confident about moving to that next phase and recommending further relaxations. It is anticipated that we would be at that stage within the next one to 2 weeks.

The Deputy of St. Martin:

Thank you. The final question on COVID was around Fort Regent. Can I just ask how long government are expecting to be using the facility there for a vaccination centre?

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

The current plans are for the Fort to be in use as a vaccination and subsequently a vaccination booster centre until March of next year. But, please, if an officer would like to jump in and just clarify that, I would be grateful.

Group Director, Economy, Planning and Environment:

Sorry, I think we will need to make sure we have the accurate timelines there so I will reflect back to the panel once I have consulted with other colleagues.

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

In answer to Deputy Luce's question, I am pretty sure we have agreed we will use Fort Regent until the end of the year and then it is likely to be extended until March of next year. That is make sure we still have the facility to provide boosters and continue the vaccination programme.

The Deputy of St. Martin:

Thank you.

Senator S.W. Pallet:

Chair, I have a very brief question. I know the events industry has complained a little bit about consultation, could you just give us an idea of what consultation you are currently having with the events industry, because clearly they are in a bit of a pickle at the moment, to say the least?

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

Officers met with the events industry on Wednesday lunchtime to discuss the proposed extension or changes to the business support measures and what I have told you today has not been fed back to the ... I know this a public hearing, it has not been fed back yet to all the stakeholders, that is work we do as part of the communications once we have just crossed the t's and dotted the i's. We will be back in touch with all of the stakeholders before making the public announcement.

The Deputy of St. Martin:

Okay, thank you, Minister. I am going to move subjects very quickly. We just have a few questions for you and your Assistants about the draft Bridging Island Plan consultation. We note that both yourself and your Assistant Minister, Deputy Morel, have lodged some amendments. Can I ask you just briefly to outline those and also to just tell us whether they were lodged on behalf of the department in your capacity as Minister and Assistant Minister or was that lodged in your capacity as an individual States Member?

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

If I may, I will defer to Deputy Morel as I have spoken enough this morning and then he can do his clutch of amendments and I have one amendment which I can come to afterwards. So over to Deputy Morel.

Assistant Minister for Economic Development, Tourism, Sport and Culture (1):

Hello. I lodged a number of amendments, only one of which came from my work for the department, and that was the aquaculture amendment. That was we recently set up a fisheries forum and members of the forum highlighted the constraints that were being placed on the aquaculture sector in the Bridging Island Plan and I understood their concerns and so lodged an amendment in the Bridging Island Plan that would keep the door open to the possibility of the creation of aquaculture zones outside of the single aquaculture box that is in the Bridging Island Plan. As it is currently worded the Bridging Island Plan stops any possibility of any new aquaculture areas. My amendment does not create any new aquaculture areas but it leaves the door open to the possibility should they meet the 2 standards set in it.

The Deputy of St. Martin:

Back to the Minister then, could you just tell us a little bit about your marine park proposals or amendment, Minister, please? Is that in your own name?

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

Yes, it is in my own name to ask that consideration be given to creating a marine park with the appropriate support and legislation and that is required.

The Deputy of St. Martin:

That is fine, if it is in your own name, I do not think ...

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

It is in my own name. Fine, okay.

The Deputy of St. Martin:

Can I just ask you the last question on the Island Plan then? You told us as a panel a little while ago you were hoping to do a submission on retail and unless we have missed it we cannot see one. I would just like to ask why that was the case?

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

Thank you, I can hand over to Deputy Morel.

Assistant Minister for Economic Development, Tourism, Sport and Culture (1):

We have fed back ... I agree, we have not made a formal written submission, we have fed back to the Department of the Environment and the Planning Department informally and we have spoken with them about our views on the Island Plan. The reality is that we were satisfied with the changes they made. Principally the largest retail change they have made is to the shrinking of the dedicated retail area of St. Helier and that was something that we were ... or I am personally happy with. As

a result there has been no formal submission because a formal submission would purely have said we are happy with those changes. That was why. Can I add something about my Warwick Farm amendment? I just wanted to say ... sorry, you can finish retail first but I just wanted to add ...

[11:30]

The Deputy of St. Martin:

Yes, if you just have a quick word about Warwick Farm and then I have the Chair with another question.

Assistant Minister for Economic Development, Tourism, Sport and Culture (1):

No, it was just to clarify on the Warwick Farm amendment that I placed that was a private amendment but I had spoken to the current users of Warwick Farm in my capacity as Assistant Minister and they had raised their concerns but the amendment itself came from me entirely, not from the department. I just wanted to clarify that because I had met them as the Assistant Minister.

The Deputy of St. Martin:

Okay, you do not find there is any conflict in any of these amendments you proposed as an individual in conflict with your position as Assistant Minister?

Assistant Minister for Economic Development, Tourism, Sport and Culture (1):

I do not believe there is any conflict because I do not believe there is anything being hidden, so to speak. If there is a conflict I would be very pleased to be advised as to what you believe that conflict may be.

The Deputy of St. Martin:

I do not have any at the moment. Okay, before we move on, the Chair has a question on this subject.

The Deputy of St. Mary:

Thank you. It is a general one really and it follows from the previous public hearing, maybe an aside comment on the Island Plan generally. There have obviously been a considerable number of amendments to it, not just by local Deputies representing their own parishes but generally. I put the general question as to whether ... do you think the process would have been better served by more discussion at ministerial level before it was published? That is both to the Minister and the Assistant Minister, I think.

Assistant Minister for Economic Development, Tourism, Sport and Culture (1):

As I am currently live I will pre-empt the Assistant Minister ... sorry, the Minister, I am the Assistant Minister. Yes, in very short answer. I have to caveat that with I joined the department in December and so there may have been discussions beforehand but I have not fully been able to understand or find out what those discussions were. It does strike me, and I have raised this with the Minister for the Environment and Planning, that I do feel there should have been greater interdepartmental conversations with the regard to the Bridging Island Plan.

The Deputy of St. Mary:

Can I ask that question to you, Minister?

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

Yes, I think, as with all these things, we did have a number of conversations. Perhaps we could have had more. I feel comfortable we covered just about everything. One of the challenges we had, of course, with this particular Island Plan is that many of us were just so wrapped up with the pandemic and other things. You know what all of our diaries have been like so there was a bit of diary pressure, which meant we were all, I think, rushing in the end to meet the deadline for amendments and so forth. But in an ideal world we could have had more conversation. Then, equally, I am sure, the more time you allow the more conversations that will had and you have to draw a line at some stage. I think that while, yes, we could have had more conversations I do feel relatively happy from an economic development perspective that we have covered off most of the bases. Of course there is still a lot of time for consideration before the final ... before the debate next year.

The Deputy of St. Martin:

Thank you, Minister. Senator Pallett has another additional quick question before we move on to 2(1)(e)s.

Senator S.W. Pallett:

Yes, just a very brief question. I wondered if the department had had any discussion, in terms of amendments, around maybe stronger protection for hotel, tourism sites around the Island. I know I have spoken to several Islanders that have concerns about the loss of hotel sites. Has the department considered stronger protection?

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

I can answer that. I think there was a general resistance to going back to the prime site policy. If you remember, we had a prime site policy that Jersey retained I think probably through the 1970s, 1980s and 1990s ... in actual fact I think that was removed finally in about 2003 or 2004 and in my opinion that policy was detrimental to the tourism industry because it kept a lot of old tourism stock,

they had to stay in the industry, they were not allowed to redevelop, they had to be used as hotels and we saw almost a perfect storm at that time where tourism numbers were coming down rapidly as the world became a smaller place, especially with the introduction of the discount airlines in those days. So our key market U.K. families, British families were able to go much further afield for a similar amount of money as coming to Jersey. Since that policy went, we saw a lot of the older stock leave the market but we did see a lot of newer investment in the sector. While there is general support for tourism prime-site areas, I am not sure it is right for the industry. Instead of trying to keep hotels in Jersey that are not in prime sites, for example, in the back streets of St. Helier where perhaps the modern tourist does not want to visit, we should be doing much more to encourage new build and finding new build. The challenges there, the most valuable use for land at the moment, is its use for housing. I am very keen for Ports of Jersey, States of Jersey Development Company, for example, to find in their master plans space for commercial activity, especially for development of new modern hotel stock.

Senator S.W. Pallett:

Minister, thank you for your answer. It was comprehensive, and I understand what you say, but I think we have got to a point where in terms of bed numbers we must be almost at a tipping point where: have we got enough beds to be able to manage a tourism industry? The loss of any more major hotels such as the Mayfair I think would be a dramatic loss and put the tourism sector at risk. That is the reason for the question. I understand the background and the history but are we not at that tipping point now?

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

No. It is a good question but we are not at that tipping point and I think we are quite some way from that tipping point. Tourism is essentially a numbers game but it is not all about numbers. We are trying to build productivity in that sector, we are trying to reduce the impact on resources. We have seen the population pressures that are with us now from people over the last 20 to 30 years, over the last 10 years even, coming to work in Jersey in agriculture and tourism. We are going to be embarking on a new tourism strategy sometime in the not-too-distant future. We need to be looking at improving our productivity in those stages. While we have a lot, we have something in the region of 10,000 beds if we include camp sites and everything compared to the 30,000 beds in the heyday, but the contribution per bed is significantly higher. It is that sort of approach I think is going to be the way forward. I think 10,000 beds is the right number for us because I would rather see much greater occupancy of those beds year round than have 20,000 beds full in the summer and 15,000 beds empty in the winter. That is all part of the thought process at the moment, so I do not agree that, while the Mayfair Hotel is a loss to the industry, there are also, I understand, 2 or 3 brand-new hotel projects on the cards with more in the pipeline. I think Deputy Morel might want to comment.

Assistant Minister for Economic Development, Tourism, Sport and Culture (1):

Sorry, may I come in just very quickly? It was just to say that one of the difficulties with a so-called protectionist policy in the Island Plan is that it ultimately affects the value of that land. One of the problems with designating sites purely for tourism is that when the owner of that site wishes to refurbish, needs to access capital markets in order to gain the funding to refurbish, they are restricted because the lenders see the value of that site as lower than it would be if it was a free site, as in free of protectionism. It is a real balance, and I understand Senator Pallett's question, but at the moment I agree with the Minister that on the balance at the moment it is important that hotel owners can access the capital markets, can get the full amount of funding with the sites that are free of those constraints. I hope that makes sense. By protecting the sites you also reduce the possibility for investment in those sites because banks will not lend some core value.

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

Thank you, it is a good point.

The Deputy of St. Martin:

Yes, thank you, Assistant Minister. For the record, I completely concur with your views on that. Seeing as we have moved over to a tourist subject, before I move then to the subject of high net worth, could I just ask a couple more questions about the subject? Minister, do you know officially how many beds we have on offer in the Jersey tourist industry?

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

Yes, I do, but I do not have the exact figure and breakdown in front of me but I can do relatively quickly.

The Deputy of St. Martin:

You mentioned 10,000 a couple of times, is that a minimum figure that you would seem to not go below?

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

No, we have not really done any work on a minimum figure because again it depends on the yield from a room, what the yield delivers to economy and how many bed nights are delivered from that particular room. I would rather see less rooms with 95 per cent occupancy on a year-round basis. We really are trying to make the industry more productive and we have to push up its occupancy figure well into the shoulder months. We were becoming quite successful at that with winter breaks and events in the shoulder months obviously until the pandemic hit, so there is no minimum figure. One of the key advantages or benefits of our tourism industry is of course that it facilitates very, very strong air and sea links for Islanders. The new strategy will look at bed numbers and air and sea

links and we will try and correlate a position on that but certainly I could not think of a number off the top of my head.

The Deputy of St. Martin:

I take your point, Minister, but it is a subject of some concern to us inasmuch as I accept that obviously tourists spending more money could create more benefit for the economy with smaller numbers but at the same time if you extrapolate that out further and said we only had 10 tourists spending millions of pounds each, that would be okay, but of course the 10 tourists would not be people filling seats on aircraft or on boats. At the very recent presentation of the Ports' annual report, the C.E.O. (Chief Executive Officer) very clearly said to us that both our air link and our sea link companies are starting to ask questions about the number of beds in Jersey. So I put it to you, surely we must work hard to find out what that minimum number is because the last thing we need to do is to lose air connectivity or boat connectivity because there is not the number of beds available to put on planes and boats to maintain those links as viable.

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

Yes, absolutely right. That is what the tourism strategy is addressing as part of the work we are doing. Now the tourism strategy will be delivered by the end of quarter 1 2022 and I have some figures now. Currently we have 10,495 beds: we have 7,562 beds across 56 hotels, 739 is the maximum occupancy on camp sites and 1,194 beds across 349 registered self-catering apartments. That is an area that has been growing significantly, a strong demand for self-catering; I see some good opportunities there for Islanders. Of course there are currently over 180 properties marketing an Airbnb.

The Deputy of St. Martin:

That number for self-catering, are the Airbnb numbers included in that?

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

No, they are not. I do not believe they are; I am pretty sure they are not. I wonder if Ian Clarkson is on the line, he could perhaps confirm that but I do not think the Airbnb are included in self-catering.

The Deputy of St. Martin:

While we are looking at the numbers, can I just ask if we know how many Airbnb beds we have in Jersey?

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

Well, we have 180 properties marketing on Airbnb; I am not sure if we have a breakdown of the numbers. Could I hand over to Ian Clarkson, please?

[11:45]

Sector Lead, Retail and Visitor Economy, Economic Development:

Yes, Minister, thank you. Good morning, panel. The position regarding Airbnb in the registered numbers, the Minister is correct, the Airbnb capacity is not counted in the official number of beds that are registered under the Tourism Law. In terms of the precise number of beds that we have got in Airbnb properties, we do not have that number at the moment and there does end up being a little bit of fluctuation in Airbnb availability through the year. But it is a figure that we can get for the end of June I think and I can forward that to the panel. Thank you.

The Deputy of St. Martin:

Thank you. Well, I have just got one question from the Chair on the subject and then we will go back to Senator Pallett. Chair, over to you.

The Deputy of St. Mary:

Yes, thank you. This line of questions has opened up the general point about the potential tension between Airbnb requirements and our housing generally. If my memory serves me correctly, in the last parliament there was a draft Tourism Law produced and it perhaps foundered on this very question as to the registration requirements for Airbnb, to what extent are you allowed to let rooms in an Airbnb, having regard to the detriment it might cause to the provision of housing generally? My question therefore is, is there a new draft Tourism Law in prospect which will address these matters?

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

Yes, I will hand over to Ian Clarkson again, if I may.

Sector Lead, Retail and Visitor Economy, Economic Development:

Thank you, Minister. There was a Tourism Law consultation that was conducted through 2017 and, the Chair is correct, we identified that there was a particular issue with Airbnb and the position regarding the regulation of properties that wanted to market through Airbnb-style platforms. I think it is fair to say in summary the Jersey law as it is currently written did not envisage platforms like Airbnb existing and because of that we have got a degree of tension between our Control of Housing and Work Law, Planning and Building Law, Fire Precautions Law and, of course, our own Tourism Law that dates back to 1948. In summary, we are looking directly at that Tourism Law and some of the other legislation as part of the tourism strategy scoping work. I think it is clear that there is a job of work to do there, there are a number of options in terms of how we could move forward in that area. I would close merely by saying that I am conscious that the new draft Island Plan already

looks to address the planning regulation side of Airbnb. There are some proposals in there that I believe relate to the relative need for change of use for housing accommodation that perhaps is not going to transition full time to tourist use. Thank you.

The Deputy of St. Mary:

I suppose 2 questions follow from that. One is, in immediate terms, should there not be some form of ... well, you mentioned a number of properties available for Airbnb but we do not know whether that is a whole property, an odd room within it, et cetera. Is it possible to devise a scheme whereby that information can be called for? The other aspect relates to safety regulation of these properties. While hotels are fairly well inspected on that basis, there is no such facility for private houses which are being let out for the tourist trade. Should that not be something which ought to be addressed? Perhaps you are going to tell me it is being addressed in this very bit of work you are proposing.

Sector Lead, Retail and Visitor Economy, Economic Development:

Panel, what I would say is that there are several pieces of legislation that inevitably touch on Airbnb activity; the Fire Precautions Law I believe is one of those that can do. There are others, Control of Housing and Work Law, as I say, has a bearing. Incidentally, there are also some regulatory controls that we might not naturally think of but which also apply, for example, for boats that may be moored in St. Helier Harbour that might be marketed. There are controls that are exercised through the Harbour Master to regulate that sort of activity. But there is more to be done in that area and I am clear there is a ministerial expectation to work on tidying this area of our legislation up as part of the tourism strategy.

The Deputy of St. Mary:

I will leave it at that. I think Deputy Morel wants to say something on that.

Assistant Minister for Economic Development, Tourism, Sport and Culture (1):

If you do not mind. I appreciate this is outside my area within the department, and I have not had discussions, but there is an important kind of area of caution with Airbnb. You only need to look at cities like Reykjavik in Iceland where you will, if you do even the smallest bit of research, quickly see that there have been lots of complaints from Icelanders about Airbnbs pushing ordinary residents out of the town of Reykjavik. There can become a very clear tension between the need for housing of the resident population and the desire for property owners to try and get the most money they can from their property. Jersey needs to be very aware of that, there is a downside to Airbnb, and that is a loss of units for housing, and we must never lose sight of that.

The Deputy of St. Mary:

I appreciate that and that is one of the reasons why I raised the question in the first place. Anyway, enough of that, I will hand you over to Senator Pallett on the next topic, if I may.

Senator S.W. Pallett:

Thank you, Chair. I am hoping the next 2 sections we can get through relatively quickly, looking at the time. The next section is on the high value residency programme, our first question is, have you seen any changes in the number of applicants since the COVID-19 pandemic?

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

We have had 18 applications so far this year against 9 in the same period of 2020. Out of those 18, 17 have been approved. Over the last 10 years, the average has been about 18 per year but it does fluctuate a little bit. We have had 22 relocations this year but of course, although we have approved 18, some of them will be carried forward from the approval in the last year. So, figures are slightly up, I would say, this year. There has been more interest since the pandemic but it is still, in the context of the population, a relatively small number.

Senator S.W. Pallett:

At the last hearing, you informed us applicant numbers were up on the previous year. I think you have answered that just now. Presumably, that is still the case?

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

Yes, it is. As I said, we have had 18; I think there are 4 or 5 applications as well in the pipeline. I would expect to be in the mid-20s of approvals or high-20s by the end of this year.

Senator S.W. Pallett:

At the last hearing as well, you also informed us the high net worth programme was, and I quote, "currently under review". Could you give us an idea where you are with that review?

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

I am not sure if Kevin Lemasney is with us, if he would like to join us and just provide a brief update.

Head of High Value Residency Engagement, Economic Development:

Yes, thank you, Minister. Yes, Senator Pallett, what we have done is a desktop review of all of the research that has been done to date plus the tax returns, et cetera. We are meeting at the moment with Ministers on H.A.W.A.G. (Housing and Work Advisory Group), the States of Jersey Statistics Unit, the economic adviser and the tax policy team to bring together a terms of reference to show exactly what is required. We would also be reaching out to other bodies such as yourselves to see, in doing a review, what information is required - we have heard things about inflationary tensions in

property acquisition, et cetera - and see can we do some light touch report that answers questions for all stakeholders. Could I just add to the answer to the first question as well from the Minister where he gave the update on the year to date? You will recall you asked this question when we briefed you on 28th May. In giving those answers at the time, we said that it was the strongest start of the year that we had experienced; however, we expected that as we entered quarters 3 and 4 that there would be a slowdown and that has happened in the last 2 months since we have spoken to you. We have had 2 applications. Of those 18, we have had 2 approvals of those, a total of 17, and the arrivals is up 6, so that forecasted slowdown has certainly come to pass as we predicted.

Senator S.W. Pallett:

Thank you. Something that we brought up before, and you sort of touched on it, but are you developing better data on the social and community benefit of the 2(1)(e) programme?

Head of High Value Residency Engagement, Economic Development:

Absolutely. Members will recall that at the meeting in May, I left behind copies of the publication that we have produced with assistance from some of our clients to give to all arriving and all presently resident 2(1)(e)s. We have had some tremendous input during COVID from many of the clients who are working at the moment with Deputy Higgins on the air display to get some sponsorship of that. We have got 15 live projects at the minute with local charities, sporting organisations, et cetera, where they are all seeking funding. On Monday of this week I had a 2-hour meeting with the National Trust for Jersey who are seeking to launch a patronage scheme. So, in answer to your question, yes, we are absolutely engaging with the integration and trying to get more from our 2(1)(e) clients, more engagement into the local community.

Senator S.W. Pallett:

Thank you. The Chair has got a question he wishes to ask.

The Deputy of St. Mary:

Yes, thank you, just to follow up by way of clarification really. The Minister, in referring to the applications this year, referred to I think 18 and expectation of high-20s by the end of the year. If that compares with the previous average of 18, that marks quite a considerable increase. Is there some form of policy in relation to this? It is quite a large growth in percentage terms. Is there a policy which is determining that, is it a one-off year or how is that viewed?

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

We look at the average number. As I have said, the average number to date is 18 over a year. I think this is a bit of an exceptional year. I might have been a little bit optimistic with those numbers because it is slowing down a bit, as Kevin said. It could be low-20s. We have had years previously

with those sort of numbers. Often when you see a high year, the following year is slightly lower. But we have changed the 2(1)(e) policy whereby future applicants will have to show a minimum level of net wealth. That is new. We have also increased the minimum price for homes from an apartment. A minimum price for an apartment for 2(1)(e) will be £1.25 million and a minimum price for a house, that goes from £1.7 million to £2.5 million. The idea of that is to keep this category of resident out of the residential market.

The Deputy of St. Mary:

Yes, thank you for that. I think those figures were given last time as well. My real concern was, I expect most of the recent applicants would have been able to come in under the new provisions in any event. My real concern was the actual numbers, whether you see this as an increasing trend or whether this was very much a one-off year.

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

I will hand back to Kevin on that. Kevin is right on the front line and we receive regular reports. But perhaps Kevin can give some ...

Head of High Value Residency Engagement, Economic Development:

I think as we have reported in the past, the target is 15, there is no ceiling at the minute. That is in the gift really of States Members and, particularly in this case, the Ministers who sit on H.A.W.A.G. If the House felt that there were too many people coming in and wanted to limit the number to 20 or whatever, then at some stage during the year we would have to close the book and not accept any more applications during that year and look to the following year. What I would like to think though representing economic development is that this is almost a sector within the Economic Development Department, each one of these new arrivals is bringing a minimum tax of £145,000 per annum. They are really costing us little or nothing. They are providing, in many cases, employment for local people in businesses they bring. We expect that by the end of August, we will have breached the £100 million in property acquisition for the first time ever. That brings into the Treasury, £7.5 million of much-needed income.

[12:00]

So I think if we approach it in purely economic development terms, there are cases, not necessarily to increase the number, but certainly not to limit the number. On the other hand, I understand there are other pressures, such as political pressure or planning pressure or housing pressure, whatever, that come to bear. Hopefully the review we do can look at all of those aspects.

The Deputy of St. Mary:

Other questions will arise from that but that will end up being a subject in itself, so I will hand back to Senator Pallett. Thank you.

Senator S.W. Pallett:

Yes, Deputy Luce has got a question on this subject as well.

The Deputy of St. Martin:

I think I might just give it a miss, Senator, inasmuch as we need to get on with our question plan. If there is a review being done, I am sure the panel will have great interest in the outcome of that. Thank you.

Senator S.W. Pallett:

I just have one quick last question on that. The Minister mentioned some changes, for example, around the price of property. Was that part of the current review or are you still reviewing whether you are going to make further changes to those criteria?

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

That was part of the commitment to review the figures on a ... Kevin can correct me if I am wrong ...

Head of High Value Residency Engagement, Economic Development:

Yes, it was a revalorisation. The last time when we moved from the (k) regime to the 2(1)(e) regime, if you remember we had (a) to (j) housing and we had (k) properties which were for the (k) clients. There was not a value, there was more an understanding as to what we meant by prestige houses. So in 2011 into 2012 that became a valued figure of £1.75 million. The Minister asked that that be reviewed last year. We have reviewed it with the Statistics Unit and if you revalorise the £1.75 million from 2011 terms to 2021, it comes to just under £2.5 million, so there is a rational argument as to how we arrived at that figure. As the Minister said, it puts those clients coming in on a higher value to the local market, as it were.

Senator S.W. Pallett:

But just to be clear, is that still under review or is that the ...

Head of High Value Residency Engagement, Economic Development:

No, no, members of H.A.W.A.G. have agreed to that.

Senator S.W. Pallett:

Thank you. I am going to move on to the next section, which has been a bane of my past life, but liquor licensing. Are you still on target to deliver P.105/2020, Deputy Ash's proposition, on drinks promotions by the end of the year?

Assistant Minister for Economic Development, Tourism, Sport and Culture (1):

Yes, that is very much the intention. As I have said before, we are focused entirely solely on Deputy Ash's proposition. It is not a wider piece of work, it is about meeting the requirements of his proposal and that means just providing the policy ability for the Government and the States to determine policy. It does not go wider than that but we are still on target.

Senator S.W. Pallett:

Could you give us some insight about how you intend to deliver that? Would it be through an amendment of the current law?

Assistant Minister for Economic Development, Tourism, Sport and Culture (1):

Yes, it is.

Senator S.W. Pallett:

Thank you. I think you have almost answered the question but are there any other areas of change or any other amendments in the law that you are considering this year, or is that purely your focus for the year?

Assistant Minister for Economic Development, Tourism, Sport and Culture (1):

That is purely my focus. As you certainly know, it is a huge area, and I am coming in very late obviously. I felt that it would be too ambitious to try and achieve much more and so have limited it closely to Deputy Ash's proposition.

Senator S.W. Pallett:

Just conscious of time, I am going to hand over to the Chair who is going to move on to the next section.

The Deputy of St. Mary:

Thank you for that. A very brief one, I think I will keep Deputy Morel in the chair, if I may, Minister, because it is his area to do with the loss of proceeds which you dealt with before. First, my thanks to him and the department for accepting our amendment to P.53. One aspect was in relation to putting the S.L.A.s (Service Level Agreements) in the public domain. Can you advise where we are in that? Have they been signed?

Assistant Minister for Economic Development, Tourism, Sport and Culture (1):

They had been signed for 2020; the current S.L.A. is yet to be signed. Sorry, I have got to get my dates right. They were signed for this year, 2021, and they can absolutely be made public. The ones for next year have yet to be signed, I am currently reviewing them.

The Deputy of St. Mary:

You say for next year? You mean regarding the ...

Assistant Minister for Economic Development, Tourism, Sport and Culture (1):

Proceeds, yes.

The Deputy of St. Mary:

You have confused me now, sorry. Obviously the S.L.A.s are specific to the year concerned, so the ones now being signed relate to the proceeds which arose in 2020, is that right? Of which the panel has seen drafts, by the way, amended drafts.

Assistant Minister for Economic Development, Tourism, Sport and Culture (1):

Yes. The ones that you have seen are the only ones that have been signed, is probably the easiest way to state that.

The Deputy of St. Mary:

Okay, and they will shortly be in the public domain?

Assistant Minister for Economic Development, Tourism, Sport and Culture (1):

Yes.

The Deputy of St. Mary:

Okay, thank you for that. The other aspect which came out of our meeting with them, I appreciate that there obviously was a delay in the previous year's, the 2019 proceeds in the sense that the proposition was only passed last December, obviously after the event, the S.L.A.s for that year were not signed until 4 or 5 months later which led of course to the charities not receiving the actual proceeds. Now, what I am really asking is, how soon will the proceeds arising for 2020 which have now been approved arrive in the bank accounts of the 2 charities concerned?

Assistant Minister for Economic Development, Tourism, Sport and Culture (1):

I do not have a date but what I can do is accept responsibility in the sense of I am currently checking the S.L.A.s, that is my piece of work, for me, it is important that I review them precisely. So, in that

sense, I am a key to that timeline and I need to finish that piece of work, agree them, sign them and then the monies can be moved.

The Deputy of St. Mary:

Thank you for that. I think one of the organisations in particular, obviously they need to onward distribute it and the sooner they have it, the better, so that is the point I am making.

Assistant Minister for Economic Development, Tourism, Sport and Culture (1):

Understood.

The Deputy of St. Mary:

Thank you for that. That is all I have on that. Then to quickly move on, I suspect, Deputy Morel, it might be your area as well, on Jersey Heritage, or maybe not.

Assistant Minister for Economic Development, Tourism, Sport and Culture (1):

Yes, it is me.

The Deputy of St. Mary:

I make the comment, we note the Jersey Archive was closed under government regulations from March 2020 to the middle of last month only, how does this impact on the work of the archive overall?

Assistant Minister for Economic Development, Tourism, Sport and Culture (1):

The archive has done incredibly well and has continued working throughout. What it has done is it has slowed down the ability for people to go to the archive in person. The archive itself carried on working and it has come through quite magnificently. We saw the 2019 extension to the archive has meant that they now have 30 years of space, which is absolutely wonderful, but I believe it is the archive's intention that they want to be open and enabling people to come into the archive as soon as possible.

The Deputy of St. Mary:

Okay, quickly moving on, we have seen the annual report which stated that 4 additional posts have been created. Can you elaborate on what those posts are, please?

Assistant Minister for Economic Development, Tourism, Sport and Culture (1):

I am afraid, off the top of my head, I will have to pass on that one but I can certainly advise the panel afterwards.

The Deputy of St. Mary:

Okay, in which case I suspect that obviously you will not be able to advise me as to whether they were full time, et cetera. We do note also that staff costs have increased 25 per cent between 2018 to 2020. Again, are you able, please, to provide any background as to that, as to how that money is being spent?

Assistant Minister for Economic Development, Tourism, Sport and Culture (1):

No, but I will be very pleased to find that information out. We do have Paul Millbank, who is the officer in charge of heritage area, he may be able to help.

The Deputy of St. Mary:

Okay, thank you. On a more general point, I see that there is a move to go digital, is that generally proceeding at pace?

Assistant Minister for Economic Development, Tourism, Sport and Culture (1):

Yes, I believe so. We see from the archive itself that the amount of digital records has increased significantly. This in itself is something of a triumph and sits against their K.P.I.s (Key Performance Indicators). I believe it is now, for instance, this year they are expecting 40,000 new catalogue records to be available online. It opens up the archive to people being able to browse from their home. There is now ... I believe, we are looking at 100 gigabytes of data is expected to be deposited with the archive this year, so it is being virtually deposited in that sense. So, it is interesting because in many ways the future of the archive is digital, certainly from an accessibility perspective, but at the same time it is important that we maintain the paper element and the real element of the archive as well. Because while it is more difficult to store those documents, I personally believe that there is no substitute for being able to access the original documents in person, so to speak.

The Deputy of St. Mary:

I might be misreading it but, Deputy Luce, do you have a question on this area or is it one I missed from earlier?

The Deputy of St. Martin:

No, it is one you have missed from earlier, Chair.

The Deputy of St. Mary:

Thank you, that is the only question I have on digital. As you are on air, so to speak, Deputy Luce, do you want to go on to the final question 9 which I will promote above the other one, if I may?

The Deputy of St. Martin:

Yes, thank you, Chair. If I could go, Minister, to the subject of Ports of Jersey, recently we have had a presentation, as I mentioned earlier, from their C.E.O. about their annual report. Obviously they have got some major challenges with COVID and the number of passengers that have not been travelling this year, but the first question we would like to ask is, we were quite surprised to hear from Ports that they are now running the aircraft registry. Can I ask you for an update on where we are with that and what your intentions are to do with the aircraft registry? It is a subject which has not been one of major success over the years.

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

Yes, can I pass that straight back to Deputy Morel, please, who has assumed responsibility?

Assistant Minister for Economic Development, Tourism, Sport and Culture (1):

Sorry, would you mind repeating the question, Deputy Luce?

The Deputy of St. Martin:

Yes, the question came out of a presentation we had from Ports this week where they informed us that they are now responsible for the running of the aircraft registry because our provider has pulled away. So the question was, what is the intention of government with the aircraft registry and are we going to finally pull the plug on it like we may well have done previously?

Assistant Minister for Economic Development, Tourism, Sport and Culture (1):

At the moment, the intention of government is to maintain the aircraft registry. It is a subject that we discussed and we discussed in depth. It is unfortunate that the previous provider pulled out, there were good reasons for that, and Ports now has it. I am keen that any aircraft registry going forward is entirely carbon neutral and I believe this is something that could help invigorate the aircraft registry. I am also aware that if there is genuinely no future for the aircraft registry, then it does need to be closed down, but at this moment in time I believe there is a future for the aircraft registry. I believe it could help Jersey in the development of a wider aviation sector particularly with the idea of sustainability and carbon neutrality at their core. So, with that there is work to be done on the feasibility side of doing that, but that is how I see the aircraft registry at the moment. If there is no future, then I think we need to be honest and say: "We tried and it is not working" but that is not where we are at the moment.

The Deputy of St. Martin:

Thank you, Deputy, for that answer. Can I ask then if you would be prepared to set a timeline on how long we are prepared to take to work out whether this is a viable option moving forward?

Assistant Minister for Economic Development, Tourism, Sport and Culture (1):

Yes. The elections could slow this up but I believe in ordinary work we would say approximately a year. Maybe with the elections you might stretch that to 18 months. So by December next year I think there should be an absolutely definitive either pathway forward or an end, one or the other.

The Deputy of St. Martin:

Excuse me, but that seems like an awful long time to work out whether there is a future for the aircraft registry or not, given of course that somebody has got to operate it while it is still functioning.

Assistant Minister for Economic Development, Tourism, Sport and Culture (1):

The reason for that is because, in my mind, it is tied to the development of an aviation sector. So the question is, can Jersey develop the aviation sector as a viable pillar to its economy? That is where the length of the work lies in determining whether there is opportunity for Jersey to have a wider aviation sector that is larger than it is today.

The Deputy of St. Martin:

Okay, thank you for that. Senator Pallett has a question.

Senator S.W. Pallett:

Thank you. Assistant Minister, if I could ask you, you mentioned there are good reasons why the operator moved away, I wonder if you could elaborate on that and was that in any way connected to a capacity in the office of the D.C.A. (Director of Civil Aviation)?

Assistant Minister for Economic Development, Tourism, Sport and Culture (1):

I do not believe it is connected to the capacity in the office of the D.C.A. but there were issues raised by the office of the D.C.A. which I believe led to that outcome.

Senator S.W. Pallett:

Can you elaborate?

[12:15]

Assistant Minister for Economic Development, Tourism, Sport and Culture (1):

I do not want to for commercial reasons. It is absolutely the sort of thing I would be much happier to do outside of a public forum. I do not want to say anything which lands anyone in an embarrassing or wrong situation.

Senator S.W. Pallett:

Is there any short-term option or viability in looking for a new operator?

Assistant Minister for Economic Development, Tourism, Sport and Culture (1):

I believe there could be because I do not think the aircraft registry sits naturally with Ports. I believe Ports have priorities outside of the aircraft registry. If the aircraft registry is to continue into the long term, then I believe finding a new operator would be the appropriate way forward. That said, at the moment, Ports is the right place for it as we determine the future of the aviation sector and the aircraft registry.

Senator S.W. Pallett:

I know from my time with it, many questions were asked around the overall cost of the Jersey Aircraft Registry, could I ask if there are any ongoing costs to government? Clearly Ports are running it but are there any ongoing costs to government in regards to keeping the registry running?

Assistant Minister for Economic Development, Tourism, Sport and Culture (1):

Yes, because it is funded by government and that is in the Island Plan. I would have to defer to an officer to get the exact figures but, yes, there are ongoing costs to government on that.

Senator S.W. Pallett:

Okay, I wonder if those figures could be provided to the panel at some point.

Assistant Minister for Economic Development, Tourism, Sport and Culture (1):

Absolutely, they will be.

Senator S.W. Pallett:

Thank you.

The Deputy of St. Martin:

Before we move away from aircraft, the Chair has a question.

The Deputy of St. Mary:

Yes, generally I am intrigued by the Assistant Minister's reference to the aviation sector. Can he elaborate on what that means other than the air registry, please?

Assistant Minister for Economic Development, Tourism, Sport and Culture (1):

Yes, the aviation sector is about engineering, it is also about hangarage. We have, for instance, one private operator of chartered aircraft, it is businesses like that. It is very specialised businesses such as aircraft engineering and it is to see whether there is viability in Jersey becoming something of a hub for that sort of industry.

Senator S.W. Pallett:

I wonder if I could just ask the Assistant Minister, is he also talking about the potential for air worthiness? Is that another area where he thinks there are options within the aircraft registry?

Assistant Minister for Economic Development, Tourism, Sport and Culture (1):

Yes, in the sense that that fits in the aircraft sector, in the sense of doing the certificates of air worthiness, et cetera, have to be done by engineers. At the moment Jersey has engineering capability but it lacks things like hangarage space and so is not really taking advantage of that sort of specialism. My question, the question I am posing to the department, to Ports and to those who are involved in the sector is, is there room to push forward and grow this kind of capability to the benefit of the economy? If there is not, that is fine, but I just think it is a question that needs to be explored. As I said at the beginning, I am asking officers and those in the industry to look at this from a sustainability perspective. We know that the aircraft industry is a known carbon emitter but we also know that there is a great deal of innovation going on in terms of engineering for different types of fuel and different types of engines. I wonder whether there is a way that Jersey can tie into that and lead the way in sustainable aviation.

Senator S.W. Pallett:

I just wonder also if I could ask, within those options in the aircraft sector, does the Assistant Minister also consider there are options for long-term leasing of planes, leasing of engines, et cetera, that could be done through our own finance industry here?

Assistant Minister for Economic Development, Tourism, Sport and Culture (1):

Yes, you are absolutely right. It is those sort of tie-ins which is the sort of tie-in that the aircraft registry would ... that was one of the reasons for the aircraft registry in the first place, was the tie-ins to the financial services sector and the legal sector. So you are absolutely right, Senator Pallett, that is the sort of area that the aviation sector could build upon.

Senator S.W. Pallett:

Thank you.

The Deputy of St. Martin:

Okay, well thank you for the answers to that, Deputy. I could not agree with you more that I think maybe at the moment Ports have other priorities that they would prefer to be concentrating on but I take your views that we will move forward with that. I also share your enthusiasm for a more sustainable style of aircraft registry. Certainly we know that there is a big project on at the moment to convert Britten-Norman Trislanders to electric. I think general aviation as opposed to commercial

aviation is going to benefit from conversion to electric in relatively short order, so that is very exciting and one to certainly be looked at. If I could just move to another area of Ports, could you just give us an update on where you are with the memorandum of understanding with Ports?

Assistant Minister for Economic Development, Tourism, Sport and Culture (1):

At the moment I will have to pass on that because the memoranda of understanding are sitting principally with Treasury but I will, again, happily get the information for you.

The Deputy of St. Martin:

Okay, thank you. Can I ask if you or the Minister have met with the new Chief Executive of Condor Ferries, please?

Assistant Minister for Economic Development, Tourism, Sport and Culture (1):

I have not. Unfortunately, I was unable to make the time that was allocated to that. Because I was unable to make the meeting I asked that we set up another meeting as soon as possible because I was acquainted with the previous C.E.O. of Condor Ferries and I would very much like to be acquainted with the current C.E.O. But I will pass on to Senator Farnham who may well have met him.

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

No, not yet, I am sorry, diaries have not allowed. We have a meeting scheduled this coming Tuesday morning. I am not sure if that has reached Deputy Morel's diary yet but that has just come in.

The Deputy of St. Martin:

Thank you, Minister. Just going back to the subject of sustainability, it will come as no surprise to you that we are one of the very few places, certainly in the channel, that are operating high-speed craft and there is an enormous pressure coming down on the maritime industry to do better when it comes to carbon emissions. So I can only urge you to meet the C.E.O. of Condor as quickly as you can to discuss how we move forward. We know we have got new arrangements with Condor to be agreed and I do not know whether you would wish to say something about that, Minister.

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

Just that there are some detailed negotiations in train at the moment. As you know, our existing operating agreement puts in place the requirement for ... the agreement was 2015 for 10 years and there is a 3-year break clause, so prior to that, in 2022. We are negotiating the possibility of a new operational agreement for a number of reasons. Firstly, there has been a sale of Condor to a new organisation that includes Brittany Ferries and Columbia Threadneedle. They are the new owners and of course huge challenges, huge changes to their operation as a result of the pandemic. Also

there is a necessity, and Condor realise that, for a reinvestment in the fleet, so discussions around how we make that fleet a lot more acceptable in a number of different ways from the logistics to the way it is powered are part of the current discussions.

The Deputy of St. Martin:

Okay, thank you, Minister. The Chair has a question on the M.O.U. (Memorandum of Understanding).

The Deputy of St. Mary:

Yes, thank you for that. The Assistant Minister will not be surprised to know ... I go back to this point which is something which was very much in our minds when he was Chair of this same panel. I note his comment that: "This is with Treasury" but can I respectfully remind him of 2 things? First of all, it was this panel that had major input to the present M.O.U. and had it substantially revised before it was approved. The other point is that, as he is aware, there is general disquiet among States Members about the shareholder function in the sense that they feel that, having been excised through the Minister for Treasury and Resources makes the Assembly as a whole one removed from the action. One remedy to that is to make sure that the current M.O.U. is fit for purpose. I think I am right in saying that, while I am aware of the shareholder function being within the Minister for Treasury and Resources' brief, as it were, the M.O.U. does refer to a group of Ministers of which the Minister before us now is one. There is therefore genuine interest on the part of this panel to be involved in that, so could I ask him to ensure that any draft form of M.O.U. or any in draft is sent to us for comment, please?

Assistant Minister for Economic Development, Tourism, Sport and Culture (1):

Senator Farnham pops up, so I get the feeling I am being ...

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

No, sorry, I will pass back to you, Kirsten.

Assistant Minister for Economic Development, Tourism, Sport and Culture (1):

Okay, in which case, Chair, I believe that your views are closely aligned to mine with regard to M.O.U.s in general and I share your concerns in many areas. I personally will be more than happy to share draft M.O.U.s with you and it is the same with the S.L.A.s on the charity side. I believe these are areas where Scrutiny help the Executive in making sure that we have the right documents signed in these areas. Certainly if I could use the example of the charity S.L.A.s, the distribution of lottery proceeds. These are pseudo-legal documents - pseudo might be the wrong word - and as the lone Assistant Minister trying to check through and make sure that we have dotted the i's and crossed the t's in all the right ways, I believe, having gone through that experience, what I felt was

Scrutiny would be really well used to help the Assistant Minister in this case by casting their own eyes on these documents and looking for possible holes or areas that could be improved.

The Deputy of St. Mary:

Thank you. I appreciate the Deputy adopting that approach and, again, I reconfirm we are here to help, as we were with the original one. But I have raised this question several times in the States and, as yet, no form of current draft has been presented to us, although I understand it is being worked on. So if he could use his best endeavours to have a copy of that winging our way, that would be much appreciated. Thank you.

Assistant Minister for Economic Development, Tourism, Sport and Culture (1):

I would really like to, yes.

The Deputy of St. Mary:

Thank you.

The Deputy of St. Martin:

Thank you, Deputy. Before I hand back to the Chair to just sum up, as we are approaching time here, can I just have an answer, please, from you, maybe it is for the Minister, but we have the Treasurer, Treasury, the Assistant Minister for Treasury and Resources who is our shareholder representative in a number of arm's-length organisations and, generally speaking, we turn up at A.G.M.s (Annual General Meetings) and receive a cheque for the dividend and put it in our Exchequer. Do you think it is time that the States looked much more closely at shareholder representation and went to our arm's-length organisations with views on the strategic direction of travel that we wanted to put, that we want to take, rather than the size of the dividend payment?

Assistant Minister for Economic Development, Tourism, Sport and Culture (1):

Personally, yes, I think that is an excellent idea. I am not going to try and be diplomatic about it, I think, from a strategic perspective. But if I could use Ports as an example, and they have done nothing wrong, they are going along fine, but our airports and our harbours have clear strategic value outside of their dividend to Treasury in many areas. We have just been discussing the aviation sector and its possible development. So, for me, it is really important that, in the case of Ports, it is seen as something bigger than this return to Treasury. There is a concern, I share this concern, I believe you do too, that as long as the shareholder function is confined to Treasury, then the focus will always be on the size of that dividend cheque and I do not think that should be the case with all the A.L.O.s (Arm's-Length Organisations) certainly and States-owned entities, I should say.

The Deputy of St. Martin:

Thank you for that. Okay, I will hand back to the Chair just to sum up.

The Deputy of St. Mary:

Yes, thank you, and I appreciate Deputy Luce's question. Again, one purpose of our looking at the M.O.U.s is the importance and, as you rightly say, Deputy, we are not having a go at Ports on this, it is written into the present M.O.U. their corporate responsibility for providing facilities to clubs and things like that. Yes, I think, as a general point, States Members are concerned that their activities are looked at other than in pure mandate terms, so, yes, I think we will pursue that another day. Yes, we are fast approaching, almost have approached the final hour, as it were, but one very quick question generally with a heading of carbon neutral. Minister, how does the concept of carbon neutral affect your Ministry, given the economic implications to businesses generally?

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

It is still early days to give a definitive answer on that but, interestingly enough, at our presentation earlier this morning on the economic recovery programme, carbon neutrality is going to play an important part on our economic thinking and strategising. I know Dan is with us. I know Deputy Morel is particularly interested, as we all are, in this area but perhaps Dan, if he could have a minute, might just like to put a little bit of context around how carbon neutral will impact upon our future economic thinking.

[12:30]

Assistant Minister for Economic Development, Tourism, Sport and Culture (1):

If I could jump in for one second. I think from the economic perspective in general, one of the important things to recognise about carbon neutrality is it creates opportunities as much as it may also create costs but there are huge opportunities and that is the angle I come at it from.

Group Director, Economy, Planning and Environment:

Thank you, Minister. The economic impacts of quite a rapid move to carbon neutrality is something that we are very interested in. You will be aware that we run our future economy programme and we have recently began a collaboration with the carbon neutral team and SP3 to work together to scope a framework that will assess, not just the economic, but the social and emissions impact of a wide range of policies yet to be developed but will be set out in the carbon neutral roadmap. As Senator Farnham says, there is some work to do on this, but we are getting I think the right people in the right room. So we have got a government read across to make sure that the road map is clear about what the economic impacts are and clear about what the trade-offs are as we move at what is a really fast pace towards carbon neutrality. As I say, it is not just about the economics, it has got to be a process that is equitable and it recognises that some sections of the local economy will need

to transition to new markets, new products and at different paces. So, to cut a long story short, we are working very closely now with SP3 to make sure that that framework and the roadmap that takes us to where we need to be, is fully cognisant of the economic impacts and mitigations.

The Deputy of St. Mary:

Thank you for that. A final point on this really, is the Citizens' Panel recommended the introduction of a Minister for Energy. Are there plans or are there going to be plans to introduce such a Ministry? How would this impact on the responsibilities of you, Minister, in relation to your own department?

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

I need as much energy as I can get at the moment, Chair. It is too early to comment on that. I think that is very much likely to be a topic for discussion probably for the new government although I do think that perhaps if we look at separating planning and environment and having environment and energy more focused on that kind of thing, that could be one option, but that is something for further discussion. But broadly I am with Deputy Morel, I think we need to be looking for the opportunities in the carbon neutrality presented to us, bearing in mind we have to manage the cost of bridging the gap to getting there for some industry sectors. We certainly need to put a lot more emphasis on it as a government, and future governments will, if we are serious about our ambition.

The Deputy of St. Mary:

Thank you for that. I suppose what I am really asking is, do you see the introduction of such a Ministry as introducing some form of tension between the energy requirements generally and your commitment to further business interests?

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

In short, absolutely not, I am seeing it as being complementary. Deputy Morel?

Assistant Minister for Economic Development, Tourism, Sport and Culture (1):

Yes, I agree it would be complementary. I think the one question that has not been asked about this Minister for Energy idea is their terms of reference. It is really important to remember, because I honestly think people forget, Jersey's electricity supply is decarbonised, that is the state of play today. A Minister for Energy would not be decarbonising our electricity supply, that has already happened. If there were to be a Minister for Energy their efforts would be better focused on the energy that drives our cars and to some extent the energy that is used in where you have heating oil, et cetera. I am not sure a Minister for Energy would be a useful position in itself because we have a hugely decarbonised energy supply, so I would want a clear understanding of its terms of reference before going down that road. But I do fully agree that our energy future meets up with opportunities and fits in nicely with the economic development in this Island.

The Deputy of St. Mary:

Okay, well that is a topic for a whole meeting in itself, I suspect. Unless my colleagues have any further questions on that or anything else, can I thank you, Minister, Assistant Minister, others, for your contribution today and I will formally close the meeting. Thank you, all.

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

Thank you very much, Chair.

[12:35]