

STATES OF JERSEY



TOURISM DEVELOPMENT FUND (S.R.3/2012): RESPONSE OF THE MINISTER FOR TREASURY AND RESOURCES

Presented to the States on 4th September 2012
by the Minister for Treasury and Resources

STATES GREFFE

**TOURISM DEVELOPMENT FUND (S.R.3/2012): RESPONSE OF THE
MINISTER FOR TREASURY AND RESOURCES**

Ministerial Response to: S.R.3/2012

Ministerial Response required by: 7th August 2012

Review title: Tourism Development Fund

Scrutiny Panel: Corporate Services

FINDINGS

	Findings	Comments
1	A vast majority of applications to the scheme have been refused due to their inability to meet the clearly-defined criteria set by the TDF Panel.	Agreed.
2	Only a small percentage of the £10 million, which was originally agreed to be set aside for the TDF in P.70/2001, has been awarded to the Fund since 2001.	It is accepted that the full £10 million originally agreed to be set aside in 2001 has not been allocated to the TDF. This funding was agreed in principle without funding being identified – such procedures are no longer practised. In total, £5.5 million has been allocated to the TDF. Of this, £1.8 million was transferred from the Tourism Investment Fund and £2.85 million from the Treasury and Resources and Economic Development Budgets; the remainder is derived from accrued interest.
3	A wide variety of schemes have benefited from grant assistance since the TDF was established in 2001.	Agreed.
4	States Departments have benefited from over half of the £5.5 million that has been approved for allocation by the TDF Panel since 2001.	Agreed – it should be noted that in the majority of cases the States Department was partnering external organisations to deliver a specific product – for example, for Air Route Development.

	Findings	Comments
5	Unless it can be clearly demonstrated that projects are going to add a considerable value to tourism, States Departments should not receive TDF Funding.	Agreed.
6	The TDF would leverage additional investment in tourism and increase visitor numbers if grant assistance was extended to private organisations.	Agreed.
7	The Sub-Panel fully supports the Proposition to grant assistance to private sector entities.	The Sub-Panel's support is welcomed.
8	The Proposition should not have been brought to the States until future funding had been identified.	£500,000 in each of the years 2013–2015 has been identified within the MTFP. In addition, £5 million has been identified for the new Innovation Fund. Tourism-based business could apply for funding from this source. As referred to in the Comments presented on 9th July, whilst approval of funding in advance would have been preferred, it was not felt appropriate to postpone the decision until after the States debate on the MTFP, as this would delay changes that will improve the tourism sector. The appropriate approach is for all spending decisions to be taken as part of the Medium Term Financial Plan debate, with in-principle policy decisions only taken at other times of the year.
9	The Minister for Economic Development has requested £500,000 annually over a 3 year period in the MTFP for TDF Funding.	Agreed.
10	The TDF Panel may well dissolve unless funds are made available.	It is agreed that without funding to allocate there would be no need for a TDF Panel; but is not envisaged that this scenario will materialise unless there was an express decision to close the scheme.

	Findings	Comments
11	The Minister for Treasury and Resources is of the opinion that a higher bid should have been made for TDF Funding in the MTFP.	The Minister for Treasury and Resources made clear that this was a personal view, rather than one of the Minister. He also made clear that it was a matter for the Minister for Economic Development how much funding was bid for in the MTFP.
12	The TDF must have significant funds in order for the private sector to benefit from grant assistance.	Agreed.
13	There is a high possibility that the proposed amount of £500,000 a year for a 3 year term will be insufficient if the private sector is given access to the TDF.	This is untested and the TDF Chairman himself stated that until we open the scheme we will not be aware of the level of demand. On the basis of the last 2 rounds, there are sufficient funds available to support additional bids.
14	Applications received from both private organisations and non-profit organisations should be assessed on their merit only.	Agreed.
15	Great care must be given when awarding grants to private sector organisations to ensure that projects do not displace existing operations.	Agreed.
16	Any States-assisted funding scheme should have mechanisms in place to ensure funds are allocated fairly and appropriately.	Agreed.
17	If the bid for TDF Funding is not included in the MTFP, it will have a detrimental effect on the future of the Fund.	Agreed, but the MTFP has now been published and includes £500,000 per annum to the TDF.
18	The Minister for Economic Development should ensure that, in seeking £10 million for the Innovation Fund, attention is not diverted away from TDF funding.	Agreed. These are 2 separate funds which have distinct and separate aims, objectives eligibility criteria and assessment processes.
19	If the Innovation Fund was to be used to support larger projects from the tourism sector, clarity would need to be provided as to how the new Fund and the TDF would operate in conjunction with one another.	Agreed. As stated above, the 2 funds are distinct and the specific nature of the Innovation Fund will be further clarified in the Fund's guidelines once established.

	Findings	Comments
20	Consideration should be given to a possible loan scheme for the TDF in the future.	Agreed.
21	A repayable scheme would not be appropriate for all types of applications.	Agreed.
22	Improved lines of communication, co-operation and understanding between the Planning Function at the Environment Department and the Economic Development Department could help leverage additional investment in tourism, whilst allowing TDF funds to be set aside for other projects.	Agreed.

RECOMMENDATIONS

	Recommendations	To	Accept/ Reject	Comments	Target date of action/ completion
1	If the MTFP bid is accepted for TDF Funding, then the amount allocated should be re-visited by the Minister for Economic Development after the 3 year period in order to evaluate its appropriateness.		Accept		In time for the 2016–19 MTFP.
2	The Minister for Economic Development should ensure that a new and strong compliance model is established and governance arrangements are put in place if the Proposition is agreed in the States.		Accept that a strong compliance model is required.	The strong compliance and governance arrangements for the TDF that are currently in place are being adapted to ensure that these are effective in dealing with private sector applications. Treasury is supporting Economic Development in delivering this work.	October 2012
3	The Proposition should not be debated unless the Minister for Economic Development can clearly demonstrate how the TDF will be funded.		Already debated.	N/A	N/A

Conclusion

We take on board the findings and recommendations of this report –

- we will be adapting our processes to ensure that we continue to have a strong compliance model that will be effective in detailing with private, public and voluntary sector entities, as referenced in the recommendations;
- investigations into the possibility of a loan scheme will be conducted and reviewed following the first round of applications which involve the private sector, which will take place in autumn 2012;
- we will ensure that the distinct and separate aims, objectives and criteria related to the TDF and the Innovation Fund are clearly identified and explained in the respective Funds' guidelines; and
- as recommended by the Panel, we will ensure that the level of funding will be re-assessed for the next MTFP in light of the demand and allocations that occur over the next 3 years.

We anticipate that the change brought about by this proposition will have a tangible and beneficial impact on the Tourism industry for years to come.