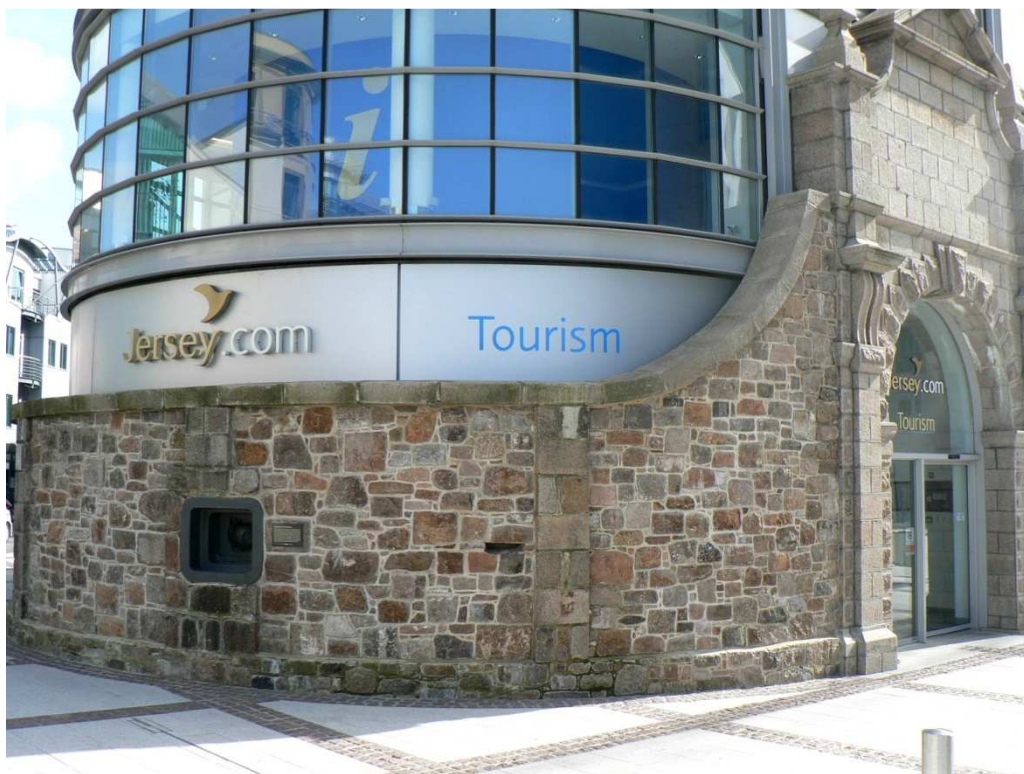


States of Jersey
States Assembly



États de Jersey
Assemblée des États

Economic Affairs Scrutiny Panel



Tourism Shadow Board

Presented to the States on 14th January 2013

S.R.1/2013

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1. PANEL MEMBERSHIP AND TERMS OF REFERENCE

1.1 The Economic Affairs Scrutiny Panel is comprised of the following members:

Deputy S.G. Luce, Chairman

Connétable S.W. Pallett, Vice-Chairman

Connétable M.J. Paddock

1.2 The following Terms of Reference were established for the Review:

1. To undertake an examination of the constitution, purpose and aims of the proposed Tourism Shadow Board.
2. To examine the required Memorandum of Understanding and the envisaged roles and responsibilities of the Tourism Shadow Board and the Minister for Economic Development.
3. To examine the rationale behind the rebranding of Jersey Tourism as 'Visit Jersey'.
4. To establish the implications of all the associated proposals for existing Jersey Tourism staff.
5. To establish views held within the tourism industry regarding the proposals to establish a Tourism Shadow Board and rebrand Jersey Tourism as 'Visit Jersey'.

Glossary of Terms:

- Chamber Tourism Committee - Jersey Chamber of Commerce Tourism Committee
- EDD – Economic Development Department
- JHA - Jersey Hospitality Association
- MoU - Memorandum of Understanding
- PPP – Public-Private Partnership
- The Minister – Minister for Economic Development
- The Panel – Economic Affairs Scrutiny Panel
- The Proposition – P.113/2012 Tourism Shadow Board: Establishment

2. CHAIRMAN'S INTRODUCTION

- 2.1** Tourism, for any number of different reasons, is a vitally important industry to the Island of Jersey. The activities of the tourist sector have a major impact on the quality of life for residents of the Island, as well as positive benefits for the rest of the economy. Notwithstanding the influence that Tourism has in Jersey, the size of the budget (at approx. £6.6m) represents the lion's share of the total Economic Development Department spending. It should be of no surprise that the Economic Affairs Scrutiny Panel is therefore fully committed to reviewing any important changes proposed for the Tourism Industry by the Economic Development Department.
- 2.2** In very general terms, the size of the tourism industry around the globe (and more specifically inside the EU) has been growing in recent years..... but not so in Jersey, where we have seen a continual decline in the levels of tourist business. This fact alone should be enough to make us all sit up and consider our position, and think about how we are competing in the marketplace. Is it time for a rethink, for a new brand, for a new direction? Economic Development have decided to appoint a Tourism Shadow Board in order to review all the options. With general widespread support for this initiative throughout the industry, it is hoped that this Shadow Board can produce a new strategy and operational programme for the Tourism Industry which all participants can sign up to with confidence.
- 2.3** The Panel look forward to the official appointment of the Chairman to the Shadow Board, after which the Chairman can agree the Terms of Reference and the appointment of other Board Members. It is hoped that Board Members will be drawn from both Jersey and outside the Island. Once the Board is in place then the real work can start on the new Tourism Strategy.
- 2.4** The key to success will be the independence of the Shadow Board. The Minister for ED has assured the Panel that he will not "interfere" and will allow the Shadow Board to get on and make their own decisions. This political independence will be vital. The Board will need to move quickly, be bold and brave, and make timely decisions. The Tourism Industry in Jersey cannot be allowed to contract further, and The Minister has advised the Panel that he will listen and, more importantly, act on Board advice.

2.5 The Economic Affairs Scrutiny Panel looks forward to being able to review some exciting and forward thinking ideas from the Shadow Tourism Board in the very near future.



Deputy S.G. Luce

Chairman

Economic Affairs Scrutiny Panel

3. EXECUTIVE SUMMARY

- 3.1** The Panel is content that the establishment of a Tourism Shadow Board at this time is a sensible step. It will help to achieve the principle of improving the oversight of tourism as an industry by better harnessing private sector expertise, a key pillar of the ultimately unsuccessful (predominantly for financial reasons) proposals in 2009 to establish a full public/private partnership (PPP). It is clear, however, that whilst the industry is supportive of the establishment of the Tourism Shadow Board, the Jersey Hospitality Association for instance sees it ultimately as a short term stepping stone to an independent PPP structure for Jersey Tourism.
- 3.2** The Tourism industry in Jersey represents a diverse array of small, medium and large businesses, all of which should be given the opportunity to have their opinions heard by the Shadow Board on the future shape of the industry. It follows that securing the most appropriate constitution will be essential. On this matter, there is consensus between the Tourism industry and the Minister for Economic Development that the Shadow Board would benefit from having local and non-local members, although opinions on the most appropriate balance are varied. There is also widespread agreement that it is essential for the 'Ports of Jersey' to have representation within the Shadow Board structure, although again there were differences of opinion on the detail, this time regarding whether the representative should be a full member with associated voting rights. The Panel has recommended that the Shadow Board's Chairman should be centrally involved in the recruitment process of its non-executive directors, with the Minister guided by the opinion of the Chairman as to its most appropriate balance and size. The Chairman should be a member of the appointment panel. It is recommended that it should be for the Shadow Board itself to determine the nature of the role of the 'Ports of Jersey' representative.
- 3.3** The Minister has proposed that in the first instance the Tourism Shadow Board will define the optimum operational and governance structure for Jersey Tourism, making recommendations to him to implement changes as necessary. The Minister has confirmed to us his commitment to a 'clean slate' approach to any re-organisational recommendations to Jersey Tourism, and is awaiting what he anticipates will be the high quality advice of the Shadow Board before determining the organisation's future structure. Based on the strength of feeling within the Tourism industry, and indeed the 'clean slate' approach of the Minister, it is quite possible that within 12 months of being constituted, the Shadow Board could recommend significant restructuring in the organisation of Jersey Tourism.

- 3.4** The Panel has recommended that the Minister must ensure that the Shadow Board is given the independence to take ownership of the process of developing such recommendations. If significant change to the organisational structure of Jersey Tourism is recommended by the Shadow Board and pursued by the Minister, for example a Jersey Finance style PPP, particular attention will need to be paid to securing a satisfactory process for staff to transfer to a new organisation.
- 3.5** A second key initial task of the Shadow Board will be to finalise and recommend a new Tourism Strategy, which, in order to be able to influence the 2014 season, will need to be finalised by the end of the summer 2013 at the latest. As with recommendations around Jersey Tourism, the Minister must ensure the Shadow Board's independence to determine its recommendations on Strategy. It is important that whilst he and his Department may usefully assist and inform the Shadow Board, they should not lead on the development of a new Tourism Strategy. It is the job of the Shadow Board to take ownership of the process and recommend future strategy, helped by the extensive results of the Green Paper consultation that have been collated by the Department. It will then be for the Minister to decide how those recommendations are acted upon.
- 3.6** The relationship between the Shadow Board and the Minister, that will be crucial to its ability to operate free from undue political/departmental influence, is to be governed by a Memorandum of Understanding (MoU). All parties agree that undue political influence on the work and recommendations of the Shadow Board must be avoided. A draft MoU has been progressed based on the model used for the Harbours and Airport Shadow Board. At present, the political accountability for public sector expenditure on Tourism rests with the Minister for Economic Development and the financial accountability rests with his Chief Officer, and correctly those responsibilities are reflected in the draft MoU. Nevertheless, the Panel recommends that the Minister makes certain that the draft MoU is 'signed off' by the Chairman of the Shadow Board, having been modified if required through liaison between them. This draft should then be presented to the Board for its consideration once constituted, to ensure that it is content that the terms of the relationship set by the MoU are sufficiently free from undue political/departmental influence to enable it to achieve its objectives independently.

3.7 Finally, the use of the working title 'Visit Jersey', whilst not without merit as an idea, has been a source of some confusion, strays from the Minister's 'clean slate' approach, and is ultimately an unnecessary distraction from the key issues of the Shadow Board's establishment. The Panel has concluded that it would be most sensible for the Minister to request the Shadow Board to make a recommendation as to whether it is necessary to rebrand Jersey Tourism. In the meantime, the 'Visit Jersey' working title should cease to be used, with the title Jersey Tourism remaining in place until such a time as the Shadow Board recommends otherwise.

4. FINDINGS

4.1 Finding 1:

Procedural oversight and late communication by the Minister for Economic Development to the Economic Affairs Scrutiny Panel of advanced plans to establish a Tourism Shadow Board, resulted in avoidable delays to both the formalisation of the appointment of the Chairman of the Tourism Shadow Board and the date of debate of P.113/2012. (7.1.7).

4.2 Finding 2:

The Jersey Appointments Commission has been used to successfully appoint the Chairman 'Designate' for the Tourism Shadow Board. The Chairman 'Designate' is local, knowledgeable and sufficiently independent to satisfy the requirements of all parties concerned. (7.1.12)

4.3 Finding 3:

The Tourism industry in Jersey represents a diverse array of small, medium and large businesses, all of which should be given the opportunity to have their opinions heard by the Tourism Shadow Board on the future shape of the industry. (7.2.7)

4.4 Finding 4:

There is consensus between the Tourism industry and the Minister for Economic Development that the Tourism Shadow Board would benefit from having local and non-local members, although opinions on the most appropriate balance are varied. (7.2.8)

4.5 Finding 5:

There has been some confusion surrounding the proposed role of 'Chief Executive of Visit Jersey'. Industry representatives and the Panel had interpreted this to be a new post, to be recruited to with input from the Chairman of the Tourism Shadow Board. However, the post is simply the new working title of the current Director, Jersey Tourism, reflecting the revised working title for Jersey Tourism, 'Visit Jersey'. (7.2.12)

4.6 Finding 6:

There is widespread agreement that it is essential for the 'Ports of Jersey' to have representation within the Tourism Shadow Board structure, although there were differences as to whether the representative should be a full member, with associated voting rights. (7.2.17)

4.7 Finding 7:

It is anticipated that the current Tourism Marketing Panel will be replaced by, or consumed within, the new Tourism Shadow Board structure, particularly given the proposals for the Shadow Board to establish relevant sub-committees in specialised areas such as marketing and travel links. (7.2.24)

4.8 Finding 8:

It is proposed that in the first instance the Tourism Shadow Board will define the optimum operational and governance structure for Jersey Tourism and make a recommendation to the Minister for Economic Development to implement changes as necessary. Additionally, a key initial task of the Shadow Board will be to finalise and recommend a new Tourism Strategy. (7.3.3)

4.9 Finding 9:

In order for a new Tourism Strategy to be able to influence the 2014 season, it will need to be finalised by the end of the summer 2013 at the latest. (7.3.5)

4.10 Finding 10:

A very large number of responses were received by the Economic Development Department following the Tourism Strategy Green Paper consultation. This information is being collated by the Department in order to help inform the Tourism Shadow Board's work on a new Tourism Strategy. (7.3.7)

4.11 Finding 11:

The Tourism industry is supportive of the establishment of the Tourism Shadow Board, but sees it ultimately as a short term stepping stone to an independent PPP structure for Jersey Tourism. (7.3.13)

4.12 Finding 12:

The Minister for Economic Development is committed to a 'clean slate' approach to any re-organisational recommendations to Jersey Tourism from the Tourism Shadow Board, and is waiting until receiving what he anticipates will be the high quality advice of the Shadow Board before determining the organisation's future structure. (7.3.13)

4.13 Finding 13:

Based on the strength of feeling within the Tourism industry and the 'clean slate' approach of the Minister for Economic Development, it is quite possible that within 12 months of being

constituted the Tourism Shadow Board could make a recommendation for significant restructuring in the structure and organisation of Jersey Tourism. (7.3.13)

4.14 Finding 14:

The current draft Memorandum of Understanding governing the relationship between the Tourism Shadow Board and the Minister for Economic Development is based on the model used for the Harbours and Airport Shadow Board. (7.4.5)

4.15 Finding 15:

Whilst the political accountability for public sector expenditure on Tourism rests with the Minister for Economic Development and the financial accountability rests with his Chief Officer, it is quite correct that those responsibilities are reflected in the Memorandum of Understanding. However, all parties agree that undue political influence on the work and recommendations of the Tourism Shadow Board must be avoided. (7.4.5)

4.16 Finding 16:

It may or may not be necessary to undertake a rebranding of Jersey Tourism, but it is not decided at this stage and should be left for the Tourism Shadow Board to recommend on. Whilst well intentioned, use of the working title 'Visit Jersey' has been somewhat premature, at times a source of confusion, a diversion from the Minister for Economic Development's 'clean slate' approach, and ultimately an unnecessary distraction from the key issues of the Shadow Board's establishment. (7.6.4)

5. RECOMMENDATIONS

5.1 Recommendation 1:

The Tourism Shadow Board's Chairman should be centrally involved in the recruitment process of its non-executive directors, and be a member of the appointment panel. (7.1.12)

5.2 Recommendation 2:

The Minister for Economic Development should encourage the Chairman of the Tourism Shadow Board to ensure that the diverse array of small, medium and large businesses that make up Jersey's Tourism industry are given the opportunity to have their opinions heard by the Tourism Shadow Board on the future shape of the industry. (7.2.7)

5.3 Recommendation 3:

There should be a mixture of local and non-local members on the Tourism Shadow Board, but the Minister for Economic Development should be guided by the opinion of the Shadow Board's Chairman as to the most appropriate balance and size, to help achieve a Shadow Board which remains independent of a "Government" majority. (7.2.8)

5.4 Recommendation 4:

The Minister for Economic Development should allow the Tourism Shadow Board to undertake its work on recommendations regarding the future organisation, structure and rebranding of Jersey Tourism, covering all areas that it deems necessary including the role and responsibilities of the Chief Executive of any recommended organisation, before making any related decisions. (7.2.12)

5.5 Recommendation 5:

It should be for the new Tourism Shadow Board to decide on the most appropriate role for a 'Ports of Jersey' representative within the new structure. (7.2.18)

5.6 Recommendation 6:

The Minister for Economic Development should liaise with the Tourism Shadow Board to establish whether the present Tourism Marketing Panel should be disbanded and replaced by a specialist marketing sub-committee of the Shadow Board. (7.2.24)

5.7 Recommendation 7:

The Minister for Economic Development must continue to ensure that, whilst he and his Department may usefully assist and inform, they should not lead on the development of a new Tourism Strategy. It is the job of the new Tourism Shadow Board to take ownership of the process and recommend future strategy, informed by the results of the Green Paper. (7.3.7)

5.8 Recommendation 8:

As with the new Tourism Strategy, the Minister for Economic Development must ensure that the Tourism Shadow Board is given the independence to take ownership of the process of developing recommendations for the future organisational structure of Jersey Tourism. (7.3.13)

5.9 Recommendation 9:

Significant attention will need to be paid by the Minister for Economic Development to securing a satisfactory process for staff to transfer to a new organisation, if such a change to the organisational structure of Jersey Tourism is recommended by the Tourism Shadow Board and pursued by the Minister. (7.3.15)

5.10 Recommendation 10:

The Panel recommends that the Minister for Economic Development makes certain that the draft Memorandum of Understanding is 'signed off' by the Chairman of the Shadow Board, having been modified if required through the liaison and agreement of the Chairman and Minister. This draft should then be presented to the Board for its consideration once constituted, to ensure that it is content that the terms of the relationship set by the Memorandum are sufficiently free from undue political/departmental influence to enable it to achieve its objectives independently. (7.4.5)

5.11 Recommendation 11:

The Minister for Economic Development should request the Tourism Shadow Board to consider making a recommendation as to whether it is necessary to rebrand Jersey Tourism, giving it suitable time to consider the options. The 'Visit Jersey' working title should cease to be used, with the title Jersey Tourism remaining in place until such a time as the Shadow Board recommends otherwise. (7.6.4)

6. INTRODUCTION

6.1 The concept of the proposed Tourism Shadow Board ('Shadow Board') is to attract individuals with significant business experience in the areas of tourism and marketing, from within and outside the Island, to provide advice to the Minister for Economic Development ('the Minister') on the future strategy for Jersey's tourism industry, and undertake an oversight role of the operations of Jersey Tourism. It is intended that this structure will improve the development and performance of the tourism industry. It is an advisory board that will undertake debate and research, resulting in the provision of advice to the Minister on the areas outlined above.¹

6.2 The idea for the Shadow Board structure emerged out of the 'parking' of plans for a private/public partnership model that was being proposed by the Minister for Economic Development in 2009, not least due to the changing economic climate and the implications that had on the cost and financing capabilities of the model. Despite the decision not to pursue that model, the Minister had continued to want to achieve the principle that underpinned it, of improving the oversight of tourism as an industry by better harnessing private sector expertise.² The intention for its establishment was included in the 2012 Economic Growth and Diversification Strategy.

6.3 A Tourism Marketing Panel that included key local industry stakeholders was set up in 2010 to provide advice on future marketing planning and activity, and, whilst successful in its contribution to the marketing and promotional programme for Jersey Tourism, we are told:

*'its influence is limited to specific marketing strategy rather than the overall operation of Jersey Tourism. As such, the proposal for a PPP has been revisited. However, given the uncertain economic climate has continued, and having undertaken a analysis of costs of establishing a small entity outside the States – in particular when having to take account of the pre-87 PECRS debt issue – again it has been decided that the transition costs associated with such a change at this time cannot be justified. Instead, this proposal to establish a Shadow Board brings many of the advantages of a PPP without the significant additional costs associated with this.'*³

¹ Public Hearing Minister for Economic Development, 14 November 2012, transcript p. 3

² P.113/2012 report

³ P.113/2012 report

6.4 The Panel first became aware of the Minister's imminent intention to establish the Shadow Board via correspondence received early in October 2012, requesting feedback on the first draft of the report and proposition that the Panel had seen. The Minister intended to lodge by the end of the month, and was facing pressures within his timetable associated with the development of the Tourism Strategy:

*'...delaying this any longer will have a significant impact on the development of the Tourism Strategy, as we are keen to ensure that the expertise of the future Board can be reflected within this Strategy. If we get approval for this proposition in December, we can start the recruitment process and hope to appoint Board members by early February. If we have to wait until after the 15th January to start this process, it is likely to be March before we can get the Board established, which would mean the publication of the Strategy is more likely to be Summer rather than Spring. This in turn makes it difficult for the industry to adapt in time for the following season, when many decisions in terms of marketing/advertising strategy tend to be made a year in advance.'*⁴

6.5 This would have afforded the Panel approximately 6 weeks to undertake a public examination of the proposals with stakeholders, having only been in possession of confidential drafts for a short time up until that point. Whilst the Minister informed the Panel that he felt the Shadow Board may be being perceived as a more significant development than it actually represents, in looking at areas such as the purpose and key aims of the Shadow Board, the Memorandum of Understanding (MoU), and the constitution, it was apparent that the Shadow Board represented an important proposed step for tourism. Therefore, although the Panel's approach is always to try to avoid undue delay in EDD's work, it was in a position whereby, having only received drafts of the draft report and proposition on 2nd and 8th October, it was being given very limited time to even assess the scale of the work that it might undertake. The Panel agreed that it would need, and would be expected, to undertake some work on this issue – consistent with its approach to the Economic Growth and Diversification Strategy, as outlined in the Chairman's speech to that Proposition where he said:

⁴ Correspondence from Minister for Economic Development, 25 October 2012

*'I am comfortable with this document and support the broad direction it sets, but I can assure the Assembly that Economic Affairs will be examining in no small detail the key strategies and policies at the appropriate time as they come forward.'*⁵

- 6.6** In addition to its own questions and the limited detail contained within the accompanying report to the Proposition, the Panel received correspondence from the Public Accounts Committee (PAC) outlining some of its concerns regarding the proposals, namely that the establishment of a 'Shadow Tourism Board' to fulfil roles that were currently undertaken internally, did not appear to offer value for money, and the name 'Shadow' appeared unsuitable as Shadow Boards had no power or responsibilities.
- 6.7** The timing issues, and involvement of the PAC, had arisen because EDD had unfortunately overlooked the fact that, in line with P170/2010 *Shadow Boards and Ministerial Board: approval by the States*, such Boards are required to be brought forward to the States in the form of a proposition for approval. This has also had an impact on the publication of the name of the successful candidate to the role of Shadow Board Chairman, and consequently the 'Chairman designate's ability to satisfactorily begin to carry out that role, despite the appointment being determined early in September (see Section 7.1.2).
- 6.8** Within this context, the Panel and Minister were however able to agreed that the lodging itself did not present a problem, indeed it achieved the helpful step of publishing the proposals, and this happened as planned by the Minister on 26th October. The Minister was also understanding of the requirements and obligations of Scrutiny, and agreement was reached to enable the Panel to carry out its work, without causing what it appreciated were understandable concerns regarding the possible impact of undue delay on the Tourism Strategy. A debate date was set for 15th January 2013.
- 6.9** Within the agreed short timetable, the Panel has necessarily focused its approach to the Review and targeted its information gathering accordingly. Therefore, although a public call for evidence invited contributions from all interested individuals and stakeholders, the Panel has also given particular attention to taking evidence from the Minister and from industry representative groups, notably the Jersey Hospitality Association and the Jersey Chamber of Commerce Tourism Committee. Accordingly, this report presents the findings and recommendations of the Panel based on the evidence received, within the clear structure of the Review's Term of Reference.

⁵ Hansard, States of Jersey, 17 July 2012

7. THE TOURISM SHADOW BOARD: THE PROPOSALS

7.1 Recruitment process – Chairman and Members

7.1.1 The Proposition:

As with the Harbours and Airport Shadow Board, the Visit Jersey Shadow Board will be led by a Chairman who, along with Shadow Board members, will be appointed by the Minister for Economic Development in a process overseen by the Appointments Commission.⁶ (following the Nolan Principles, and for a 3 year term with the option to extend for one further 3 year period.)

7.1.2 Recruitment of Chairman:

7.1.3 The recruitment process for the Chairman of the Shadow Board has been undertaken as per the process outlined above. Advertising inviting applications for the position of Chairman of the proposed Tourism Shadow Board began in the summer of 2012, with interviews held on 3rd September and the successful candidate being advised of the decision shortly thereafter.

7.1.4 There were a total of 4 applicants to the position of Chairman of the Tourism Shadow Board, with 2 candidates interviewed.⁷ The interview Panel comprised:

Mr J Morris, Jersey Appointments Commission

Senator L Farnham, President Jersey Hospitality Association

Mr C Clarke, Chairman Jersey Harbours and Airport Shadow Board

Mr D Bannister, Group CEO Ports of Jersey

7.1.5 From the information the Panel has received, it is content that the appointment has been made through an open and competitive process, with the position having been widely advertised and with the full involvement of the Appointments Commission. This is reflective of the position of the industry representatives that the Panel heard from, including the Chamber Tourism Committee, who addressed the issue of whether or not the involvement of the Minister/EDD in the process compromised in any way the 'independence' (see Section 7.4) of the Shadow Board from the outset, outlining how it was re-assured by the involvement of the Appointment's Commission:

⁶ P.113/2012 report

⁷ Correspondence, Economic Development Department, January 2013

'Chairman, Chamber of Commerce:

...Any public position that is paid for has to be made through the Appointments Commission and the Appointments Commission is independent.

The Connétable of St. Brelade:

The scrutiny is through that?

Chairman, Chamber of Commerce:

Yes, exactly. That is the way I would see it...you would do it through the Appointments Commission because I think that is really important'.⁸

7.1.6 At present the successful candidate holds the status of Chairman 'designate', due to the procedural issue regarding the establishment of the Shadow Board as outlined in the Introduction, meaning the appointment has yet to be made public. The Minister has informed the Panel that he felt it would only be appropriate to do so if/when the States approves the establishment of the Shadow Board. Whilst the Panel doesn't necessarily believe that making the appointment public subject to States approval of the Shadow Board would have been unreasonable given the circumstances, and the fact the news seems to be something of an 'open secret' amongst stakeholders, we understand the position adopted by the Minister with respect to the primacy of the States. With the knowledge of the Minister, the Panel was also able to speak to the Chairman designate, albeit informally, which was of great assistance to the context of the Review.

7.1.7 There was consensus that the position of Chairman would most appropriately be undertaken by an individual with significant local experience. This, and the 'open secret' nature of the appointment, was illustrated at the Chamber Tourism Committee Public Hearing, its Chairman telling us:

'I think there is enough local expertise in Jersey for somebody local to be the chair of the board.

⁸ Public Hearing 'Chamber Tourism Committee', 19 November 2012, transcript p.8

The Connétable of St. Brelade:

In terms of the chair, obviously Jersey is a very small place and we all know each other and we all have relationships with people, do you think we could find a chair that can be independent enough to be able to stand up to Scrutiny and stand up to interference...

Committee Member, Chamber of Commerce:

We have already found somebody. I know he has not been appointed yet but I believe a suitable candidate has been proposed but not formalised and he is local which is good.⁹

Finding 1:

Procedural oversight and late communication by the Minister for Economic Development to the Economic Affairs Scrutiny Panel of advanced plans to establish a Tourism Shadow Board, resulted in avoidable delays to both the formalisation of the appointment of the Chairman of the Tourism Shadow Board and the date of debate of P.113/2012.

7.1.8 Recruitment Process for Board Members:

7.1.9 The Panel sought to establish what influence the Chairman designate might have in the process of the recruitment of the Shadow Board members, on the basis that this individual might understandably expect some influence to ensure that they are happy with the skills and experience being drawn together, and their ability to work constructively with potential candidates, as alluded to by the Chairman of the Chamber Tourism Committee:

'...well, obviously the chairman would, with the Appointments Commission, have a say who become the directors.'¹⁰

7.1.10 The Minister told us that the Shadow Board Chairman would of course have a view regarding the makeup of the Board and he would listen to it, but that there was a process for such appointments that would need to be followed:

'We have to follow a process. So when and if we get to the stage where the States approves this proposal then we will be going out to advertise for members of the board, not just locally, as I think I have said in the past, but much further afield. There will be an employment panel put in place to consider the applications that

⁹ Public Hearing 'Chamber Tourism Committee', 19 November 2012, transcript p.5

¹⁰ Public Hearing 'Chamber Tourism Committee', 19 November 2012, transcript p.20

come forward, shortlist and ultimately decide. So it will not be any one individual who makes the decision.

Chief Officer, EDD:

And overseen by the Appointments Commission....As these things always are, they will oversee the process, to ensure fair play as they have on all the other boards that we have recruited for.¹¹

7.1.11 Although perhaps not being able to fully influence the actual individuals recruited, the Chairman may have more involvement in influencing the number of Board members: (see Section 7.2):

Chief Officer, EDD:

'...I think this is captured in the proposition in the element that describes the constitution of the board. The fourth bullet point says: "Up to a maximum of 5 non-executive directors." So, it is not prescriptive as to the absolute number. That is for the chairman to determine and agree with the Minister.¹²

7.1.12 As with the recruitment process for the position of Chairman, the industry representatives' consensus was that the process appeared appropriate, with re-assurance provided by the role of the Appointments Commission.

Finding 2:

The Jersey Appointments Commission has been used to successfully appoint the Chairman 'Designate' for the Tourism Shadow Board. The Chairman 'Designate' is local, knowledgeable and sufficiently independent to satisfy the requirements of all parties concerned.

Recommendation 1:

The Tourism Shadow Board's Chairman should be centrally involved in the recruitment process of non-executive directors, and be a member of the appointment panel.

¹¹ Public Hearing Minister for Economic Development, 3 December 2012, transcript p.11

¹² Public Hearing Minister for Economic Development, 3 December 2012, transcript p.4

7.2 The Constitution

7.2.1 The Proposition:

The Board will comprise the following members –

A Chairman who would be independent of both Government and the Industry. This post would be suited to a candidate with a broad business experience at senior level.

The Chief Executive of Visit Jersey whose presence will provide the link between the Board and the organisation.

Economic Development Department representation – the accounting officer for the Department or his nominee with specific responsibility for managing the relationship between EDD and Visit Jersey.

Up to a maximum of 5 non-executive directors.¹³

7.2.2 Non-Executive Directors:

7.2.3 The Minister stressed to the Panel that he did not want to pre-judge the exact makeup of the Shadow Board, reflecting the point made previously by his Chief Officer that the Chairman's views would be sought on this matter. The Proposition is such that the maximum number of Board Members will be 8, and the Minister did explain to the Panel that he favoured smaller Boards, as larger versions had a tendency to become too cumbersome and not as active and efficient as desired. He placed particular importance on ensuring that the right calibre of individuals are appointed to the Board as non-executive directors, and that the Board listens to the views of representative groups or individuals within the local tourism sector.¹⁴

7.2.4 To help ensure the high calibre of the non-executive directors, the Minister explained why the process should not be restricted solely to local candidates:

'I think what is important is that we advertise far and wide and see who we get applying. From a personal perspective I think it would give a very interesting dimension to the board if it had some international representation on it. Tourism is a global industry and I think if you can get the right quality people, which is really the

¹³ P.113/2012 report

¹⁴ Public Hearing Minister for Economic Development, 3 December 2012, transcript p.4

*key issue. I do not really mind where they come from as long as we get good quality people to add value. As the Minister I want good advice...*¹⁵

7.2.5 The logic behind the desirability of the external representation on the Board was summed up by the Chief Officer of EDD:

*'...the key here, as far as marketing is concerned, is to align the product and the way we market it with the demand, and the demand from our primary market in the U.K. is changing; it has changed dramatically over the last 5 years and very significantly, so it is an issue of getting some market intelligence on the board from that dominant market, which is still about 80 per cent of our total market. That is the logic...*¹⁶

7.2.6 It was a position that was reflected by the evidence provided to the Panel by the JHA. The President told the Panel that it wasn't necessary to be too prescriptive at this moment in time, but that it would be important to have good representation from the private sector from inside and outside the Island. He explained that from the JHA's perspective, there was scope for one or two tourism and marketing experts from overseas, but that the JHA was quite open minded, so long as the expertise, knowledge and experience is assured. To compliment the external expertise, the Chief Executive Officer of the JHA explained the level of local representation that the JHA would like to see on the Board:

*'...It is our view that we would like to see possibly 3 or 4 members from the local industry, because the local industry is such a diverse array of the businesses that are investing in the product.'*¹⁷

Finding 3:

The Tourism industry in Jersey represents a diverse array of small, medium and large businesses, all of which should be given the opportunity to have their opinions heard by the Tourism Shadow Board on the future shape of the industry.

¹⁵ Public Hearing Minister for Economic Development, 3 December 2012, transcript p.18

¹⁶ Public Hearing Minister for Economic Development, 14 November 2012, transcript p.15

¹⁷ Public Hearing JHA, 19 November 2012, transcript p.5&6

Recommendation 2:

The Minister for Economic Development should encourage the Chairman of the Tourism Shadow Board to ensure that the diverse array of small, medium and large businesses that make up Jersey's Tourism industry are given the opportunity to have their opinions heard by the Tourism Shadow Board on the future shape of the industry.

7.2.7 The focus placed on attracting high calibre individuals was also a goal that the Chamber Tourism Committee agreed with, although it felt that this was achievable with predominantly local representation on the Board, with perhaps scope for a single outside member to bring a relevant external view point to the Board. Its position was explained at a Public Hearing, the Chairman commenting:

'I think it needs to be ... representatives of the industry itself. I think that is very important I also think with regard to the board directors it should be from local people. There are a lot of business interests, people who have a lot of background skills, people who are semi-retired, who would be able to give of their experience....I think there is enough local expertise in the Island...One maybe outside body or outside person who has involvement in Channel Island tourism and marketing, maybe somebody from the U.K. (United Kingdom) who is involved in the I.T.X. (Independent Tour Excursion), the tour business or whatever who could then put in: "Well this is what we see on the ground in the U.K." if you see what I am getting at. But I would definitely say the majority of the board should be local...'¹⁸

Finding 4:

There is consensus between the Tourism industry and the Minister for Economic Development that the Tourism Shadow Board would benefit from having local and non-local members, although opinions on the most appropriate balance are varied.

Recommendation 3:

There should be a mixture of local and non-local members on the Tourism Shadow Board, but the Minister for Economic Development should be guided by the opinion of the Shadow Board's Chairman as to the most appropriate balance and size to help achieve a Shadow Board which remains independent of a "Government" majority.

¹⁸ Public Hearing 'Chamber Tourism Committee', 19 November 2012, transcript p.6

7.2.8 Chief Executive of 'Visit Jersey' (Jersey Tourism):

7.2.9 Particular importance has also been placed on the role and skill set of the position of Chief Executive of the 'Visit Jersey' organisation (a new working title of the present Jersey Tourism), mentioned as a Board member within the report accompanying the Proposition. This has been seen by some within industry as an opportunity to attract an external candidate who could bring with them fresh perspective to the Island's tourism industry. The President of the JHA explained why this was the case:

'...I think the important placement will be that of a new chief executive and the executive team. I think that is where we are going to need a new set of skills.

The Connétable of St. Brelade:

In the same sort of way Harbours and Airports have, we need to have a chief executive with the sort of pedigree that somebody like (the Group Chief Executive) has got, for example ...

President, JHA:

I would say so, yes. That is not a criticism of the existing team, but we have to face the facts. If we are going to turn this industry around and rejuvenate tourism, then we have to make a fresh start.

The Connétable of St. Brelade:

But there may be a role for somebody outside the Island, for a chief executive role.

President, JHA:

It could be. For the industry, that is a really important placement...we want somebody who knows about turning business and turning industry around, because it is unacceptable to me, as President of the Jersey Hospitality Association, to me as a Senator of the Island of Jersey, to the industry we represent and probably to most of the people, it is not only a concern but a puzzle why such a good product like Jersey is managing a decline in tourism when most of the rest of the world have managed to grow their tourism. That is the all-important thing....We want somebody who can turn this around and at least stop the decline in the short term and then look to creating some growth, and that is what we want. I hope that is not being too demanding.¹⁹

¹⁹ Public Hearing JHA, 14 November 2012, transcript p.22

7.2.10 Chamber Tourism Committee agreed that the role would be important, but could be undertaken by a local candidate. From its point of view, it was a position that the Shadow Board Chairman should be heavily involved in creating as he would have to work closely with the Chief Executive, the Committee Chairman telling us:

*'Again, that would be something that would go through the Appointments Commission so I would say that the chairman must have a role in setting up the job description for the chief executive, very much so.'*²⁰

7.2.11 However, there seems to have been some confusion about the intention for this role, not least due the use of the Visit Jersey working title for Jersey Tourism (see Section 7.6). EDD has clarified to the Panel that the title 'Chief Executive, Visit Jersey' merely reflects the revised working title for Jersey Tourism, 'Visit Jersey'. The post is therefore simply the new working title of the current Director, Jersey Tourism, and not a new post to be recruited to.

Finding 5:

There has been some confusion surrounding the proposed role of 'Chief Executive of Visit Jersey'. Industry representatives and the Panel had interpreted this to be a new post, to be recruited to with input from the Chairman of the Tourism Shadow Board. However, the post is simply the new working title of the current Director, Jersey Tourism, reflecting the revised working title for Jersey Tourism, 'Visit Jersey'.

Recommendation 4:

The Minister for Economic Development should allow the Tourism Shadow Board to undertake its work on recommendations regarding the future organisation, structure and rebranding of Jersey Tourism , covering all areas that it deems necessary including the role and responsibilities of the Chief Executive of any recommended organisation, before making any related decisions.

7.2.12 Economic Development and Ports of Jersey Representation:

7.2.13 It is proposed in the report to P.113 that the representative on the Shadow Board for the Economic Development Department will be the accounting officer (Chief Officer EDD) or his nominee, with specific responsibility for managing the relationship between EDD and 'Visit Jersey' - although it is unclear to us precisely what this means in the current situation,

²⁰ Public Hearing 'Chamber Tourism Committee', 19 November 2012, transcript p.25

whereby Jersey Tourism/'Visit Jersey' remains an integral part of EDD. This could be taken to indicate a pre-judgement of a particular outcome for the re-organisation of Jersey Tourism. In addition, at least initially, the proposed 'Chief Executive of Visit Jersey' will also be a representative from within EDD, again given the intention for Jersey Tourism/'Visit Jersey' to remain within EDD, until otherwise suggested by the Shadow Board and agreed by the Minister and the States (see Section 7.3.8).

- 7.2.14** Given the importance of the activities of the Ports of Jersey to tourism and the increasing likelihood that it will become an incorporated organisation at arm's length from the Minister in the near future, the Panel sought to establish what relationship the Ports of Jersey should have with the Tourism Shadow Board. All parties have acknowledged the significance of the relationship between the two and there was some consensus that the Ports of Jersey should have a certain level of involvement, which might range from full Board membership to attendance on occasion in an advisory capacity.
- 7.2.15** The Minister outlined his position, telling the Panel that there was a need to look very closely at having a properly integrated approach to what is happening at the ports. As such, he could see the value of the involvement of the Group Chief Executive or an appropriately appointed person on the board, although ultimately the status of this role, for instance advisory or full Shadow Board member, would rightly be a matter for the Shadow Board itself.²¹
- 7.2.16** From the JHA's perspective, it was of the opinion that relevant officer representation from EDD and from the Ports of Jersey would be useful in an advisory capacity, but that neither should be Board Members. The President outlined this position:

'My view is that there should not be a representative of the Government department or the Ports Authority necessarily on the board. Perhaps, as I would hope, the Director of Tourism or the Chief Executive of Visit Jersey would be an attendant at the board. I would hope the Chief Executive of the Ports Authority would also be in attendance or a senior officer in attendance at the board...it has been suggested that the Visit Jersey - or the Jersey Tourism Department, which became Visit Jersey - could be subsumed into the Ports Authority. We are certainly against that. We think it is vitally important that tourism is standalone, or Visit Jersey is standalone, and retains its own identity.'

²¹ Public Hearing Minister for Economic Development, 3 December 2012, transcript p.3

The Deputy of St. Martin:

So to be quite clear, you do not see Harbours and Airports having a seat on the board, but you would imagine them sitting around the table in an officer capacity?

President, JHA:

*Officer representation, yes.*²²

7.2.17 Chamber Tourism Committee told the Panel that the two organisations would need to have a strong working relationship, and that a role on a relevant sub-committee may represent the most suitable way to for the Ports of Jersey to engage with the Board.²³

Finding 6:

There is widespread agreement that it is essential for the 'Ports of Jersey' to have representation within the Tourism Shadow Board structure, although there were differences as to whether the representative should be a full member, with associated voting rights.

Recommendation 5:

It should be for the new Tourism Shadow Board to decide on the most appropriate role for a 'Ports of Jersey' representative within the new structure.

7.2.18 Sub-Committees and the Tourism Marketing Panel:

7.2.19 The Proposition:

Sub-Committees:

*It is likely that Shadow Board Sub-Committees will be formed. Their role will be to provide oversight and support for the delivery of the strategic direction so determined by the Shadow Board and approved by the Minister.*²⁴

7.2.20 The potential to establish such sub-committees was received positively by the industry representatives, particularly in the areas of marketing and travel. The Minister explained the thinking behind the possible establishment of such sub-committees:

²² Public Hearing JHA, 19 November 2012, transcript p.11

²³ Public Hearing 'Chamber Tourism Committee', 19 November 2012, transcript p.5 & 16

²⁴ P.113/2012 report

*'Well, tourism is quite broad, the hospitality sector as such, and there may well be areas that need more focus and, as such, a sub-committee could be set up, for example on transportation, and they could look at different ways in which transportation issues that affect the tourism sector might be addressed, so that could be a particular role and focus for a sub-committee, and there could be many more, of course.'*²⁵

7.2.21 With regard to the future of the Tourism Marketing Panel which has been operating for the last two years, the Chief Officer of EDD explained the current position and what changes the proposed establishment of the Shadow Board might lead to:

'We currently do have a Tourism Marketing Panel which is drawn from industry representatives both in the Island and off the Island who advise ... the Tourism Director, and his team regarding the destination marketing alone. So the role of the shadow board is to broaden that private sector input to cover all aspects of tourism.'

The Deputy of St. Martin:

The shadow board will replace them...?

Chief Officer, EDD:

*The shadow board, effectively, yes, will replace them, but there will still be, I should imagine, within the shadow board constitution a role for broader marketing representation from people in the Island to provide input.'*²⁶

7.2.22 This sentiment would appear to find some favour within industry. The JHA President, a member of the current Tourism Marketing Panel, explained that its role would need to change to make a more effective body:

*'I think there probably is still a role for a marketing panel, but a much more specialist marketing panel. Rather than having people like myself as president, I would like to see 3 or 4 expert marketers giving advice on marketing, because although I believe that as the President of the Jersey Hospitality Association I have a feel of the flavour for what we need, there are certainly people far more qualified than I to give direction in marketing.'*²⁷

²⁵ Public Hearing Minister for Economic Development, 14 November 2012, transcript p.7

²⁶ Public Hearing Minister for Economic Development, 14 November 2012, transcript p.4

²⁷ Public Hearing JHA, 19 November 2012, transcript p.7

7.2.23 Agreeing with the importance of harnessing local marketing expertise, there was a suggestion from the Chamber Tourism Committee that in the future the Tourism Marketing Panel might most appropriately be structured as a sub-committee of the Shadow Board.²⁸

Finding 7:

It is anticipated that the current Tourism Marketing Panel will be replaced by, or consumed within, the new Tourism Shadow Board structure, particularly given the proposals for the Shadow Board to establish relevant sub-committees in specialised areas such as marketing and travel links.

Recommendation 6:

The Minister for Economic Development should liaise with the Tourism Shadow Board to establish whether the present Tourism Marketing Panel should be disbanded and replaced by a specialist marketing sub-committee of the Shadow Board.

7.3 The Purpose and Aims of the Shadow Board

7.3.1 The Proposition:

7.3.2 Within its 3 year term, with the option to extend for one further 3 year period:

The purpose and key aims of the Shadow Board would be –

In the first instance, to define the optimum operational and governance structure and make a recommendation to the Minister for Economic Development to implement changes as necessary.

To strengthen governance and good practice in all areas of Tourism/Visit Jersey operations.

To challenge and support the executive teams

To develop strategy and business operations and ensure they are subject to rigorous independent commercial challenge in a manner which enhances governance at a pivotal time.

²⁸ Public Hearing 'Chamber Tourism Committee', 19 November 2012, transcript p.16

To ensure the optimum performance of the sector in delivering cost-effective operational solutions for the development of tourism in Jersey.

To undertake any other appropriate roles as agreed with the Minister for Economic Development.

Sub-Committees: It is likely that Shadow Board Sub-Committees will be formed. Their role will be to provide oversight and support for the delivery of the strategic direction so determined by the Shadow Board and approved by the Minister.²⁹

7.3.3 It is commonly agreed that the Shadow Board, which would act in an advisory rather than supervisory capacity, has two key initial tasks – developing and recommending a new Tourism Strategy and reporting to the Minister on its recommendations for revising the organisational structure of Jersey Tourism.

Finding 8:

It is proposed that in the first instance the Tourism Shadow Board will define the optimum operational and governance structure for Jersey Tourism and make a recommendation to the Minister for Economic Development to implement changes as necessary. Additionally, a key initial task of the Shadow Board will be to finalise and recommend a new Tourism Strategy.

7.3.4 Tourism Strategy

7.3.5 With regard to the development of the Tourism Strategy, a Green Paper consultation exercise was completed in September 2012, with work on a draft White Paper currently underway based on its results, and due to be presented to the Board if/when it is constituted. It would seem unlikely that members could be appointed before March 2013 if the Proposition is adopted in January. There was consensus that in order for a new Strategy to be able to influence the 2014 season, it will need to be finalised by the end of the summer 2013 at the latest. The Minister outlined the time pressure and the process that was being undertaken:

‘The tourism strategy is something that I am keen gets published as soon as possible. That is why, obviously, I am keen the board itself is in place and able to advise on that...’

²⁹ P.113/2012 report

The Deputy of St. Martin:

Just to be clear, Minister, the work that has been done since the Green Paper stage, these thousands of submissions, et cetera, and the work that your department is doing at the moment, is work to inform the strategy, it is not founding a strategy at the moment, it is doing preliminary work for the new board to be better informed....

The Minister for Economic Development:

Yes. I would not want to be in a position where a new board suddenly has to start finding a capability to go through 1,000 replies and collate everything. It has all been put together. There is going to be a draft prepared and they will consider it advise me accordingly.³⁰

Finding 9:

In order for a new Tourism Strategy to be able to influence the 2014 season, it will need to be finalised by the end of the summer 2013 at the latest.

7.3.6 There was some concern from the JHA that work was already underway on the Strategy's development by EDD without the Board being in place yet. Its Chief Executive Officer explained:

'The J.H.A. went back to Economic Development and said: "First of all, we think that the strategy should not be contemplated prior to the shadow board being appointed, because why should a shadow board inherit a strategy that it had absolutely no say or no decision-making over?" That is our particular point, that when the sub-panels and sub-committees and various things like that ... should not be considered until the new shadow board has been appointed.

President, JHA:

...we do need a tourism strategy...whether it is now or in 6 or 12 months' time, it is not important. So we do need one, but it does not have to be done now. We are quite happy for the new arrangement to be put in place and then work on the new strategy start.

³⁰ Public Hearing Minister for Economic Development, 3 December 2012, transcript p.6

Chief Executive Officer, JHA:

...we certainly did not want to see a new board inherit something that had been devised and designed and handed to them as something that they had to get on with. I think that just gives them no credence at all to deliver what we need as an industry.³¹

7.3.7 The Minister acknowledged and addressed such concerns, telling us that he wanted the Board to start with a completely clean slate. He said:

'A lot of work has been done on it, going through the Green Paper stage. But, what I am determined happens is they do not inherit a strategy, they have to have some input to the strategy. They have to take ownership of the strategy, as an example. Across the piece it has to be a clean sheet.'³²

Finding 10:

A very large number of responses were received by the Economic Development Department following the Tourism Strategy Green Paper consultation. This information is being collated by the Department in order to help inform the Tourism Shadow Board's work on a new Tourism Strategy.

Recommendation 7:

The Minister for Economic Development must continue to ensure that, whilst he and his Department may usefully assist and inform, they should not lead on the development of a new Tourism Strategy. It is the job of the new Tourism Shadow Board to take ownership of the process and recommend future strategy, informed by the results of the Green Paper.

7.3.8 Recommendations on the organisational structure of Jersey Tourism

7.3.9 Whilst there is a very clear timetable to achieve publication of a new Tourism Strategy to influence 2014, if indeed the Shadow Board is content to proceed as proposed, the timeframe for the achievement of the second key short term purpose of the Board, advising on possible structural re-organisation, is less certain. However, there is clear consensus

³¹ Public Hearing JHA, 19 November 2012, transcript p.13

³² Public Hearing Minister for Economic Development, 3 December 2012, transcript p.5

that this should be undertaken in a relatively short time, certainly within 12 months of being constituted.

7.3.10 Much could depend on the initial recommendations of the Shadow Board regarding future structural re-organisation. However, it was quite clear that the JHA saw no continued role for a Shadow Tourism Board past the initial tasks, outlining very clearly that it hoped the 'Shadow' phase would be a stepping stone towards a PPP style, arms length organisation. The President described the JHA's vision:

'Well, I would be disappointed if we still had a shadow board in 2 to 3 years' time. I would like to think they could do their initial work, come quickly to make a recommendation to the Minister, hopefully that Jersey will be better served and Jersey Tourism would be better served by becoming a private organisation, and I would then hope the Minister would seek ratification of that in short order.'

Chief Executive Officer, JHA:

I think one thing the industry would not accept though or would find difficult to accept is a prolonged process.

President, JHA:

...Hopefully the shadow board will carry on, but not as a shadow board, with the word: "shadow" removed and as a full executive board...I see it and I am supporting it as a stepping stone. If I felt there was a hidden agenda - which I do not believe there is, but if I felt there was one - to create a sort of compromise for a medium to long-term basis, we certainly would not be supporting it, so I very much hope it is a step towards an independent body for the business of marketing Jersey.³³

7.3.11 Chamber Tourism Committee was also hopeful that Shadow Board will, within a year, recommend that Jersey Tourism/Visit Jersey is taken out of the public sector. The Committee Chairman explained:

'I think it has been subsumed by Economic Development who have lots of other activities as well. Maybe it also needs a Minister or an Assistant Minister for Tourism, somebody whose job is to come and wave the flag politically for the Island, let us put it like that. I think that is really quite important.'

³³ Public Hearing JHA, 19 November 2012, transcript p.20

The Connétable of St. Brelade:

So you see very much that timescale-wise about a year or 12 months and within that period of time they would have to be making a decision about whether we were going

to stay as a public sector body or whether we were moving into a more private ...

Chairman, Chamber of Commerce:

... Yes, I would have thought so, very much so, yes. Because we need to redress the declining numbers. So as soon as the board can get their policies in place and their ideas in place...especially as there would be a majority of private sector representatives on the board, they should be able to do that within a year...

Committee Member, Chamber of Commerce:

...I think after a year if the right board is in place as reassessed, I think you will see some positive results come out of it. We are talking about industry professionals here, people who know and are well established on the Island and have been successful businessmen. That is what we want. It needs to be run almost as a commercial operation.³⁴

7.3.12 In response to these industry positions, the Minister was in agreement that the two initial key tasks of the Shadow Board could be undertaken in short order. He cautioned however:

'I think both the question and the views put forward by industry on that point are predetermining what a potential outcome might be. I would not want to predetermine. There is no point having a board and then guesstimating or influencing with my own opinion...The board is there to give advice to me, as the Minister, and then we will decide the way forward. In terms of timing, the 2, as I have said, most important things are the strategy and the structure. I will be looking to them to progress those in a relatively quick timeframe. That will be well inside 12 months, I would expect. I do not think there is any reason why we cannot ... certainly the strategy needs to be published. So, I would think that is a matter of 3 months from establishment. Indeed the structure, no more than 3, maybe 6, months for them to review what has happened in the past and give consideration to what a future structure and governance should be.'³⁵

³⁴ Public Hearing 'Chamber Tourism Committee', 19 November 2012, transcript p.13

³⁵ Public Hearing Minister for Economic Development, 3 December 2012, transcript p.10

7.3.13 The Minister and his Department do appear to be entering the Shadow Board phase with an open mind, and have also demonstrated to the Panel that they will not shy away from taking and implementing potentially difficult decisions that may arise from the advice. The key to them is that the advice is of the highest possible quality. By way of context, the Chief Officer of EDD recalled to the Panel the similar process that had unfolded with regard to Ports of Jersey:

‘...there is a good example of the Harbours and Airports Shadow Board, just quickly. When that was appointed, I think we had a separate Airport Director and Harbourmaster. We had 2 finance teams, 2 teams of this, 2 teams of that. The Minister asked them to advise on what the future structure should be. If you look at the structure of Harbours and Airports today it is radically different to when it was when the Shadow Board was ... So, they were asked to give advice and that advice was, because it was very well thought through and very well developed, heeded and has been delivered by the Shadow Board.

The Minister for Economic Development:

It is an example of good quality advice coming from a good quality board. The advice was difficult advice. It was not easy to do what they were recommending to do. In fact, it was extremely difficult. But we went ahead and did it because it was good advice and well thought out and well balanced.³⁶

Finding 11:

The Tourism industry is supportive of the establishment of the Tourism Shadow Board, but sees it ultimately as a short term stepping stone to an independent PPP structure for Jersey Tourism.

Finding 12:

The Minister for Economic Development is committed to a ‘clean slate’ approach to any re-organisational recommendations to Jersey Tourism from the Tourism Shadow Board, and is waiting until receiving what he anticipates will be the high quality advice of the Shadow Board before determining the organisation’s future structure.

³⁶ Public Hearing Minister for Economic Development, 3 December 2012, transcript p.8

Finding 13:

Based on the strength of feeling within the Tourism industry and the ‘clean slate’ approach of the Minister for Economic Development, it is quite possible that within 12 months of being constituted the Tourism Shadow Board could make a recommendation for significant restructuring in the structure and organisation of Jersey Tourism.

Recommendation 8:

As with the new Tourism Strategy, the Minister for Economic Development must ensure that the Tourism Shadow Board is given the independence to take ownership of the process of developing recommendations for the future organisational structure of Jersey Tourism.

7.3.14 Impact on Jersey Tourism staff:

There are 18.5 full time employees at Jersey Tourism (with numbers boosted by seasonal staff) based across the four area of marketing, PR, product development and visitor services. Initially at least, although there is a new working title of ‘Visit Jersey’ there is minimal immediate change to the Jersey Tourism Department. It remains, as now, an integral part of EDD and there are no changes to the staff status, terms or conditions.³⁷ The main immediate change relates to the interaction between the Director of Jersey Tourism/Chief Executive Visit Jersey (see Section 7.2.9) and his involvement with the Shadow Board.

7.3.15 However, it is clear from the evidence gathered from all parties that significant changes to its structure cannot be ruled out in the medium term, with industry actively lobbying for it to move out of the public sector. This would of course be subject to the Shadow Board’s advice, the Minister’s acceptance of it, and ultimately a States decision. In this context, all parties should be conscious of the possible consequences that the uncertainty of the current situation could have on staff and, if changes are pursued, significant attention will need to be paid to securing a satisfactory process for staff to transfer to a new organisation, or as otherwise recommended.

³⁷ P.113/2012 report

Recommendation 9:

Significant attention will need to be paid by the Minister for Economic Development to securing a satisfactory process for staff to transfer to a new organisation, if such a change to the organisational structure of Jersey Tourism is recommended by the Tourism Shadow Board and pursued by the Minister.

7.4 Independence from undue Political/EDD Influence: Memorandum of Understanding

7.4.1 The Proposition:

The relationship between the Minister and the Shadow Board will be governed by a Memorandum of Understanding, which will define the respective roles and responsibilities of the Shadow Board, the Minister for Economic Development and EDD officers.³⁸

7.4.2 It was made very clear to the Panel by the JHA and Chamber Tourism Committee that it was essential for the credibility and effectiveness of the Shadow Board to undertake its role without undue political interference/influence. The President of the JHA told us:

'...It slightly worries me now that ideas are coming, I presume, from the Economic Development Department to put a structure in place around the shadow board before the shadow board has been established. Now, if we are going to take the shadow board seriously, we need to appoint the chairman, the chairman needs to work hard to put a board together and then that board needs to plan its strategy accordingly.'³⁹

7.4.3 Referring specifically to the MoU, he continued:

'It is a draft document and we hope to be able to have some more input into its final version, but I have not been giving too much credence to that document because we are of the opinion and understanding that the first job the tourism shadow board will be tasked with would be to do a study to establish the way forward, whether it is still a shadow board or full executive board, and that is our understanding, in which case then that work will have to start again...'

³⁸ P.113/2012 report

³⁹ Public Hearing JHA, 19 November 2012, transcript p.12

Chief Executive Officer, JHA:

...it was our understanding that the shadow board will properly align with the tourism industry and it would see very little States of Jersey involvement or interference ...it is something that the industry is totally supportive of, and as our President says, what is the point in a shadow board if it has got constraints emanating from Government, and that is why we ... you know, that what has been sold to us as part of this process is that there would be very little States of Jersey involvement, and we would like to see the board formulate the strategy, the budget, that whole process, working with the Executive to deliver increased visitor numbers for Jersey and obviously an increase in business.⁴⁰

7.4.4 Drawing on EDD's experience of introducing the Shadow Board to the Ports of Jersey, the draft MoU that will set the terms of the relationship between the Tourism Shadow Board and the Minister broadly mirrors that of the Ports Shadow Board. This is clearly a very important document, and the Chief Officer of EDD explained the process undertaken on it to date:

'The memorandum of understanding was put together before we went out to recruit for the chair designate and it is based on a very successful memorandum of understanding, which as the Minister has said, is operating at Harbours and Airports. It is a modified version of that. It is in draft. It has a very successful track record in that environment. I think it reduces the level of political interference, for want of a better word, and gives as many degrees of freedom to the Shadow Board as is possible to give...if the chair feels that there are amendments required to it, it is for the Minister and the chair to agree as to what those should be. But, it is very clearly, as is written all over it, a draft, but based on a successful model.⁴¹

7.4.5 The Minister went on to explain to the Panel that as the draft progressed, the input from the chairman designate would be listened to, although the draft had yet to be forwarded to the chairman designate.⁴² And it is apparent from the draft MoU that there is significant scope within it for the Minister to exert influence if he so desired, and of course he has the final say on matters as the executive authority (the decision maker), as opposed to the advisory status of the Shadow Board. The Panel wondered where the line would be drawn. The

⁴⁰ Public Hearing JHA, 19 November 2012, transcript p.17

⁴¹ Public Hearing Minister for Economic Development, 3 December 2012, transcript p.13

⁴² Public Hearing Minister for Economic Development, 3 December 2012, transcript p.11

Chief Officer of EDD explained why, under the current structure, this situation was inevitable:

'What the memorandum makes clear, as it does with the Harbours and Airports, is that the political accountability for the expenditure rests with the Minister and the financial accountability rests with the Chief Officer EDD. So there has to be within that the ability to amend. Having said that, I think, as the Minister has said, everything that has come through from the Harbours and Airports Shadow Board is developed to a point of agreement through dialogue. So there has been no imposition at all. That is not the intention. But we still retain political and financial accountability in its current form...'

The Minister for Economic Development:

I think, as the Chief Executive has said, both politically and from a financial accounting officer perspective, under a shadow structure like this we have respective responsibilities. So that has to be reflected in the M.O.U. (Memorandum of Understanding). It would just be inconceivable that it was not. If indeed the Advisory Shadow Board, in their advisory capacity, recommend a future structure that is different, for example, you move into a P.P.P. or whatever it might be, that may well change if those responsibilities themselves move. We have gone as far as we possibly can. I think the intent and the actions of the past have demonstrated that. Certainly from my perspective as Minister I do not wish to interfere. You do not have a dog and bark yourself, which is a phrase I use frequently. I try and demonstrate that.⁴³

Finding 14:

The current draft Memorandum of Understanding governing the relationship between the Tourism Shadow Board and the Minister for Economic Development is based on the model used for the Harbours and Airport Shadow Board.

⁴³ Public Hearing Minister for Economic Development, 3 December 2012, transcript p.15

Finding 15:

Whilst the political accountability for public sector expenditure on Tourism rests with the Minister for Economic Development and the financial accountability rests with his Chief Officer, it is quite correct that those responsibilities are reflected in the Memorandum of Understanding. However, all parties agree that undue political influence on the work and recommendations of the Tourism Shadow Board must be avoided.

Recommendation 10:

The Panel recommends that the Minister for Economic Development makes certain that the draft Memorandum of Understanding is 'signed off' by the Chairman of the Shadow Board, having been modified if required through the liaison and agreement of the Chairman and Minister. This draft should then be presented to the Board for its consideration once constituted, to ensure that it is content that the terms of the relationship set by the Memorandum are sufficiently free from undue political/departmental influence to enable it to achieve its objectives independently.

7.5 Costs Associated with the Board

7.5.1 The Proposition:

Financial and manpower implications:

The remuneration for the Chairman is £12,500 per annum. The non-executive directors will receive an honorarium of £5,000 per annum. Expenses of the Board members will also be payable.

The Budget associated with the new organisation would be that outlined for Jersey Tourism in the Medium Term Financial Plan.⁴⁴

7.5.2 It was confirmed to the Panel by EDD that administrative costs had been planned for within the Medium Term Financial Plan, and so would be met from within the EDD budget. The Minister also told the Panel that the Board would be expected to be run along similar lines to the Ports of Jersey Shadow Board, which would see it meet about 15 times per year, although there would likely be increased activity in the initial phases before settling down to that level. He outlined the position:

⁴⁴ P.113/2012 report

*'Certainly it was our intention initially that board members would receive nothing more than expenses. There is a modest remuneration for board members now proposed. I think that is right in terms of recognition of the time that they are going to commit. In terms of the chair, that is consistent with other organisations. Again, I think it is probably about right. I have no additional comment. I think we will attract good people based on what is being proposed...the board will hold meetings and so on, which is envisaged would occur at the Tourism Department. You could allocate some administrative support costs as far as that is concerned. But there is no other direct cost.'*⁴⁵

7.5.3 Although Chamber Tourism Committee felt there had been limited public information about the overall costs associated with the Board, the payment levels to the Board members were not of undue concern to industry, indeed the intimation was that they are set, justifiably, quite low. Chamber Tourism Committee Chairman told us, for example:

'...it is really an element of public service; you are not into it for the money. You are into it as the chairman. Okay, the chairman gets more because he is the person who has to front to the board and if there are a dozen meetings a year he gets £1,000 a meeting and obviously he has got to spend his time preparing for those meetings. He has more to do than the board members but I do not think anybody would go into this for money at all. You just cover a certain amount of your time and that is it, really.'

Committee Member, Chamber of Commerce:

That is expenses as well, is it not?

Chairman, Chamber of Commerce:

*Yes, I did see that, yes. But I would have thought that that seems quite reasonable to me. We do not want to rack up big bills...(and there will be) a chief executive for the Tourism Department, in effect, if I have read that correctly, and that will probably come from outside. Therefore, you will be paying him a fair amount of money; he should basically earn his money.'*⁴⁶

⁴⁵ Public Hearing Minister for Economic Development, 3 December 2012, transcript p.17

⁴⁶ Public Hearing 'Chamber Tourism Committee', 19 November 2012, transcript p.6

7.6 Visit Jersey – Working title or rebranding?

7.6.1 The Proposition:

*Visit Jersey is the working title of the new organisation.*⁴⁷

7.6.2 The references to Visit Jersey in the report accompanying P.113/2012 in place of Jersey Tourism have been interpreted by some as constituting initial rebranding or an intention to rebrand, something more than was intentioned by the Minister at this stage at least. The actual intention behind its use was explained by the Minister to the Panel:

*'...it is the working title for the new organisation. It is not decided at this stage. There is not a definitive decision that there is going to be a rebranding. I think we also need to put into context that in some people's eyes rebranding means significant cost. It does not necessarily have to mean significant cost. It depends how it is handled. So I think we need to separate out the preconceptions. The idea is, quite simply, that it would bring us in line, if agreed, with other tourism organisations, like Visit Britain, Visit Guernsey and so on. I think personally there is some significant merit in it. It is something certainly I would be asking the board to give a view on.'*⁴⁸

7.6.3 The introduction of a new title at this stage could be seen as somewhat premature, at times a source of confusion (for example reference to the 'Chief Executive of Visit Jersey' title), and an unnecessary distraction from the key issues of the Board's establishment.

7.6.4 Indeed, the general consensus from the information that the Panel gathered is very much that, whilst this move to a Shadow Board represents a good opportunity to consider the merits of re-branding, which may or may not be best served by the 'Visit' prefix, ultimately it would be a matter that would most appropriately be advised on by the Shadow Board. This is consistent with repeated calls that the industry made for a 'clean slate' approach to the Shadow Board, particularly given its intended expertise. It was a position summed up by the President of the JHA:

'I think it is probably necessary. Ironically, the Visit London, the Visit Britain, the Visit models, they are sort of 10 years old now, and they are all coming out of that and we are just going into it...I am just wondering whether we should just take a rain check. We need a new organisation, we need a new branding, we need a new name, but rather than go straight into the Visit Jersey and take it as a fait accompli,

⁴⁷ P.113/2012 report

⁴⁸ Public Hearing Minister for Economic Development, 3 December 2012, transcript p.12

again I think the Tourism Board should be given that project and say: "Right, how shall we rebrand ourselves?".⁴⁹

Finding 16:

It may or may not be necessary to undertake a rebranding of Jersey Tourism, but it is not decided at this stage and should be left for the Tourism Shadow Board to recommend on. Whilst well intentioned, use of the working title 'Visit Jersey' has been somewhat premature, at times a source of confusion, a diversion from the Minister for Economic Development's 'clean slate' approach, and ultimately an unnecessary distraction from the key issues of the Shadow Board's establishment

Recommendation 11:

The Minister for Economic Development should request the Tourism Shadow Board to consider making a recommendation as to whether it is necessary to rebrand Jersey Tourism, giving it suitable time to consider the options. The 'Visit Jersey' working title should cease to be used, with the title Jersey Tourism remaining in place until such a time as the Shadow Board recommends otherwise

⁴⁹ Public Hearing JHA, 19 November 2012, transcript p.15

8. APPENDIX: EVIDENCE CONSIDERED

Written Submissions:

- Correspondence from Minister for Economic Development
- Jersey Chamber of Commerce Tourism Committee
- Jersey Hospitality Association
- Industry and Public submissions to Tourism Strategy Green Paper consultation

Public Hearings:

- 14 November 2012: Minister for Economic Development
- 19 November: Jersey Hospitality Association
- 19 November: Jersey Chamber of Commerce Tourism Committee
- 3 December: Minister for Economic Development

Additional Meeting:

- 28 November: Chairman Designate Tourism Shadow Board