

STATES OF JERSEY

TOURISM REVIEW - RELOCATION AND LEASE

BLAMPIED ROOM, STATES BUILDING

Committee: **Deputy G. Southern (President)**
 Senator P. Le Claire
 Deputy J. Martin
 Deputy J. Bernstein
 Deputy M. Dubras

EVIDENCE FROM

DEPUTY L. FARNHAM **(Chairman, Tourism Board)**
MR D. DE CARTERET **(Jersey Tourism)**

on

Thursday, 3rd March 2005

(Digital Transcription by Marten Walsh Cherer Limited,
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MR DE CARTERET: Deputy Farnham is on his way. He is at the dentist at the moment, but will get here as soon as he is able to do so. He asked me to offer his apologies for his slightly late arrival.

DEPUTY SOUTHERN: I don't think that is a problem. I think we can get on without him. If we have to double back and ask the same question twice, so be it. Ideally, if we can, I would like to finish by around quarter to one. So that is what we are aiming for. Before we start, a formal notice is in front of you, which talks about our statutory powers, or absence of them. It is important that you fully understand the conditions under which you are appearing at this hearing. You will find a printed copy of the statement I am about to read to you on the table in front of you.

Shadow Scrutiny Panels have been established by the States to create opportunities for training States Members and Officers in developing new skills in advance of the proposed changes of government. During the shadow period, the Panel has no statutory powers and the proceedings at public hearings are not covered by Parliamentary privilege. This means that anyone participating, whether a Panel Member or a person giving evidence, is not protected from being sued or prosecuted for anything said during hearings. The Panel would like you to bear this in mind when answering questions and to ensure that you understand that you are fully responsible for any comments that you make, okay? Julian?

MR BERNSTEIN: I have been asked to kick off, David, but, as you realise, I was privy to some of the decisions that were made in the past two years while I was on the board. When the decision was made, or when it was made clear to you that you had to move site, what options were you given and the final decision that was made, are you totally satisfied with that change and does it fulfil the bill as a location and as a building that is sufficiently large for the job that you need to do?

DEPUTY SOUTHERN: Don't go any further. At the moment, it looks like four, four things there.

MR DE CARTERET: Starting with the option issue really, when I was first aware of the situation was probably about sort of 15 months ago, something along those kind of lines, where

we actually thought at the time that we had some options about whether we would move into this new building or whether we could move elsewhere, and I did some work at the time to see whether any other possibilities were suitable. We looked at the Post Office, because we had an approach for them. There was the possibility of Visitor Services going into a shared facility in Broad Street. I looked at the airport.

Deputy Farnham entered the room

MR DE CARTERET: I looked at the airport because we thought there was a synergy between ourselves and what the airport were doing and we looked at the possibility of going into some rooms there. That was impractical because the airport wanted to keep the facilities for their own use, but certainly we did look at those options. But, during that process, it became fairly obvious that there was an expectation that we would move to these new premises on the Island Site and I don't quite know how it was agreed, but it was agreed ... I wasn't present at the time when it was agreed and it became fairly obvious, I think, at that time that this had been an agreement that was made, a strategic decision made, when the responsibility for the whole of the Island Site passed to WEB. That was your first question. Can you remind me what the second question was?

MR BERNSTEIN: Are you satisfied that it is the right site for the footfall?

MR DE CARTERET: Yes. I think time will tell in terms of a visitor services centre as to how well the location works.

Deputy Farnham left the room

MR DE CARTERET: I had a look this figures this morning. In August we get a public footfall of about 32,000 visitors in that month. I mean, obviously, it progressively goes down after that. As to whether we will be as effective or as busy in the location at the other end of the Island Site, I think, will very largely depend on how the Waterfront works. Certainly it has been put to us that the Waterfront is going to become a much more important visitor complex and there will be facilities developed there which will be attractive to our leisure visitors. If and when that happens, it is clear that that the new site is probably more appropriate to that location.

As things stand at the moment, I mean, clearly the site is not as appropriate. I mean,

obviously, from an operational point of view, what we have got at the moment is probably the most perfect scenario because we have got Visitor Services, our administration offices and our freight operation all contained in the same building, and that is quite efficient and, whatever we did, we wouldn't have all of those three things together, so I think we have got to accept that this change is going to bring about some reduction in our efficiency. But, as to whether, certainly from the point of view of the layout of the offices, the meeting rooms to be provided and so on, I don't foresee a problem in terms of the administration working effectively on that site. There have been some comments made about other visitors to the Department obviously not having any access to any parking. I mean, we are talking now about people who come for business meetings, members of the board and other meetings and so on. Obviously there won't be that facility that we have had hitherto, but that would apply to anywhere else we moved in town.

Deputy Farnham entered the room

MR BERNSTEIN: You are quite close to the Sand Street car park though. Is the building going to be sufficiently big enough?

MR DE CARTERET: Yes. It wasn't in the original plan, but we negotiated with WEB for a fifth floor. The original plan only showed four floors and, although that sounds quite grandiose, they are actually quite small floors. I think you had a presentation from David this morning. But, on the fifth floor, we can survive at current levels. I mean, obviously we have reduced staff within the Tourism Department in the last year by about 25%. We may well reduce some more as things change, but, at the moment, we would fit in and the conference bureau operation and the Jersey Tourism operation could both be adequately accommodated there.

MR BERNSTEIN: One last quick question. At our last board meeting some of the board members were still quite worried about the move. Where have you moved from that position? What work have you done?

MR DE CARTERET: I haven't done anything about that because, at that time --that was a matter of about two weeks ago -- the report and proposition had already been prepared. It had been approved by the Economic Development ... well, it was the proposition of the Economic Development Committee, who, as I said at the time, are my political masters, so, as far as I am

concerned, that is the policy of the Committee and we will discharge that policy accordingly.

DEPUTY SOUTHERN: If I could just come in there because I want to bring in that legally I have to repeat the message that I have just given to your Officer. It is important that you fully understand the conditions under which you are appearing at this hearing. You will find a printed copy of the statement I am about to read to you on the table in front of you.

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DEPUTY FARNHAM: Fine. Thank you. I understand that, thank you.

DEPUTY SOUTHERN: At which point ----

DEPUTY FARNHAM: Geoff, could I just make, ask -- Mr Chairman, or however you need to be addressed -- is it not, I'm just a bit confused that shouldn't Julian actually be sitting this side of the table? Is there not a conflict here? He has until the last couple of weeks been a member of the Tourism Board?

DEPUTY SOUTHERN: No. We have examined this in some depth now and we find that there is no conflict of interest with someone who has had an involvement in the area being investigated, stepping out of that and coming on to Scrutiny with some additional experience of what has been happening, and that in fact both in the UK and in Scotland it is seen as an advantage that someone can sit this side and examine with a greater depth of knowledge of what has happened than someone who is completely an outsider to the whole process and there is no conflict involved.

DEPUTY BERNSTEIN: Before you came in, I did actually make my position clear and my questions were reasonably soft in that respect because I am not trying to be adversarial.

DEPUTY FARNHAM: No, I understand. I can see the advantage, but I thought that potentially Julian may have been questioned by the Panel, but I suppose he can give any comment as a Member of the Panel equally.

DEPUTY BERNSTEIN: I can.

DEPUTY FARNHAM: Okay.

DEPUTY SOUTHERN: He has already got access to our ears in that sense.

DEPUTY FARNHAM: Yes.

DEPUTY SOUTHERN: And he also has some inside advance knowledge. Yes, my starting point has to be this decision to go to five storeys, but then the decision to write in the clause in the lease to say you can sub-let. This seems to me to imply that what was a need for staff is envisaged perhaps to change in particular. So what sort of staff numbers were you talking about when you were talking in 2002/2003 that you went to five storeys and what staff do you have now? Obviously the next question would be politically what do you see developing over the next few years?

DEPUTY FARNHAM: I think I will ask David to reply.

MR DE CARTERET: Yeah. In numerical terms, I mean, obviously we have got seasonal staff, so we need to be careful how we do this, but in general numerical terms we are talking about 38 to 28, something like that, in terms of the permanent members of staff, obviously plus additional staff in the summer to manage our visitor centre. But the issue is not so much about sort of staff and desks and things of that sort. The fifth floor issue was about the visitor services centre, because the overall footprint size of the building is such that it is impossible to do the job for Visitor Services on the ground floor, and that is the way that it had originally been envisaged by the architects who were engaged to design it. So when we looked at it, we realised that the only way we could manage that process -- and bearing in mind that is, certainly in terms of the summer operation, one of the most important things that we do -- we had to use the first floor as well as the ground floor to handle this process for the various things that are going on in there. The ground floor is not all able to be used either. There are other things going on there -- there is a lift, there is storage space and there are various other things that are required in order to operate

the building properly. I think there is a mailroom somewhere as well. So that was the core reason for going to the fifth floor.

Even if we dropped, say, another five members of staff, it wouldn't necessarily mean you could lop another floor off because you still need ... effectively what we have got is Visitor Services on the first two floors, which would be, if you like, the public areas; the third and fourth floor are the administration offices; and very largely the fifth floor is for meeting rooms, and those meetings rooms will be used for the many meetings that we have. We have something like three meeting rooms in our current tourism building and most of them are used certainly every other day and sometimes all three of them are in use. We would see those meeting rooms also being used for other industry meetings and possibly other uses by the Economic Development Committee. The Committee already meets as it is within our building on a regular basis, as do the board and these other various groups we have. Meeting facilities are absolutely essential to our business. We are continuously communicating with members of the industry and other organisations.

DEPUTY FARNHAM: You asked where we saw the organisation going.

DEPUTY SOUTHERN: Before we go on to that, I understand that you have already reduced staffing numbers somewhat. Is that right?

MR DE CARTERET: Yes, it is by about a quarter.

DEPUTY SOUTHERN: By about a quarter. How does that reflect in your use of the building?

MR DE CARTERET: Well, we have one or two empty rooms, but primarily the reductions have been in terms of outsourcing some of the operations. We had previously an office and a secretary's office for a chief executive and secretary and, when we reorganised the department, those posts completely disappeared. But, generally speaking, the others have come about as a result of outsourcing. So it means that we had got the odd empty desk, but we haven't actually cleared away a specific function.

DEPUTY SOUTHERN: And the outsourcing has been what so far?

MR DE CARTERET: It has been some of our marketing functions. We have outsourced some of our consumer marketing team. We have outsourced or we have reduced the visitor services

centre. I am just thinking my way round the building now. Certainly Visitor Services have come down by two -- the chief executive and secretary -- and two members of the consumer team. That is six. We are about to outsource probably our market research function, which is another ... well, there are two of them going, but one person will be replaced. So it is that sort of a process.

DEPUTY FARNHAM: They are genuine sort of cutbacks. We are trying to do more for less basically, I think.

MR DE CARTERET: And we have also taken on the marketing of the Jersey Royal, so we have brought in extra responsibilities as well as reducing the numbers of staff that we have got.

DEPUTY SOUTHERN: And moving into the future, what do you ----

DEPUTY FARNHAM: Well, I think we can go a little bit further than we are now. I have always wanted it, as have the Tourism Board advised, to ... we have always felt that Tourism has had perhaps a very wide brief and been involved in a lot of regulatory function as well, and we see the organisation becoming predominantly a sharp end marketing organisation, fully focusing on marketing Jersey and various Jersey products and really putting all of its effort into that core activity to generate more business and off-loading as much of the regulatory function we can as possible. Had we have stayed the same size that we were 18 months/two years ago, I think we would have had a heck of a job to fit into these new premises, but with the reduction in staff numbers, perhaps that will go a little bit further over the next two to three years.

DEPUTY SOUTHERN: You say specifically "*a little bit further*", but you don't see any major changes, say, perhaps outsourcing a substantial amount of what you do?

MR DE CARTERET: Well, function will have to come next. I mean, we are talking about outsourcing -- well, perhaps "*outsourcing*" is the wrong word -- but finding an alternative way of delivering the grading scheme, for example, and we are looking at buying into a national organised scheme. If we do that, then I think it will be possible for us to reduce another one member of staff. There will still be registration going on. There will still be a number of other things and that may be transferred to regulation of undertakings or something like that. I mean, there are possibilities within Economic Development of doing things in a slightly different way, but those things are quite big. I mean, an alternative grading scheme for the industry is a very

major piece of change and, in the shorter term, will require more effort for the long term gain.

Picking up Deputy Farnham's point there, I think that is actually about sort of deregulation and giving more choice to the industry about the way forward. It will be at their cost. If we change to the new scheme, they will pay the costs directly to the organisation delivering it, so it is taking an element of governance and an element of regulation out of the process to enable us to become more of a market focused entity.

We are doing other things too. I am working on another project at the moment which we haven't fully integrated into the department, where we are talking about a branding the Island type project, which we are doing for P&R. So there are other things that are coming through that we will be asked to do on behalf of the States, I expect, which are marketing lead initiatives. But, hopefully, we will trade that against some of the regulatory stuff that we have done in the past.

DEPUTY SOUTHERN: Maurice, do you want to come in?

DEPUTY DUBRAS: Thank you, yes. I've just thought of something. You have just jogged something in my mind. If we accept the scheme as it is proposed with the relocation, we know that there is a transition phase of a couple of years while it is constructed. We learnt this morning that the timing is now looking like the new facility will be available in the spring of 2007, some months after the start of the transportation centre opening at the end of 2006. Given that, do you believe that, with the Albert House arrangements, you will have a satisfactory interim arrangement that you can survive? Obviously you will have some of the existing facilities for a period of time, plus Albert House, plus relocating the storage area out to St. John. Are you satisfied that that will be liveable with and not detrimentally affect the visiting tourists over that period of two years?

MR DE CARTERET: I don't see a problem from that point of view. I think the bigger problem with all of this will be, when we do move, the ongoing building work that will be adjacent to where we then live. I think that is a bigger problem. At the moment, the plan is that two teams, two small teams, will move to Albert House. That is to handle our conference bureau operation and our regulatory function. Our hotel grading people will go there. We haven't yet decided

whether customers will go there. We may do because we handle ... two of those people handle complaints during the summer, so we are not sure yet. When we see that, we will work out whether we can handle those complaints there. But the rest of the operation will, I think, work quite effectively, notwithstanding what I have previously said about now working in three locations rather than one. That is clearly not going to increase our efficiency, I wouldn't have thought. But I would be more concerned about the longer term when, if the (I think it is called) the business park, when that is created, that in perhaps two to three years time ----

DEPUTY FARNHAM: I think the medium term ... the longer term, I think, is okay, but it is the medium term is a bit of a concern.

MR DE CARTERET: It is the medium term.

DEPUTY DUBRAS: Okay. We found out this morning that obviously certain works were done to refurbish the existing facility just before the news or the information was made available through your former Chief Officer that this move was desirable from the bigger picture. A lot of investment was made in branding, redecorating and developing a uniform colour scheme that fitted with your brochures and so on. Is it fair to assume that this facility is going to maintain the same branding scheme, or would it be also fair to say, no, in two years time when this is launched, we may well introduce a completely new colour scheme and branding? What is your sense of that?

DEPUTY FARNHAM: If I can come in? I mean, that is one of the things that caused me to be severely perplexed when I learnt about the scheme. It was, you know, not a year or two before that quite a lot of money had been spent and I think they are doing a super job with the existing building. I think the visitor services centre is really superb and it works really well. We get a lot of compliments about it and logistically it works well. So that was, you know, a tad frustrating that, after investing, you know, some of our budget into that we were due to move. I would certainly hope ... I think the visitor services centre is a shop window for the Island and really for our tourism and I would hope that theme would be carried through into the new visitor services centre. I don't think we need to go to the expense or the trouble of running that theme throughout the building, as was done in the Tourism ----

DEPUTY DUBRAS: So you are talking about the two floors?

MR DE CARTERET: Yes.

DEPUTY FARNHAM: I think it is important that we keep that on brand.

DEPUTY DUBRAS: You see the tourism branding, having established itself now ----

DEPUTY FARNHAM: Yes.

DEPUTY DUBRAS: ---- in the last three years and it should be maintained?

DEPUTY FARNHAM: Absolutely. We have invested a lot of money in that branding and we now want to get many years of life out of it.

DEPUTY DUBRAS: So you don't see any additional cost being stimulated by this?

DEPUTY FARNHAM: I mean, I don't think David and certainly we are not, I would hope, planning to invest in any new branding.

MR DE CARTERET: There will be ... I mean, we have yet to talk about one or two of the details as to how the branding and the décor will be affected in the new building. I mean, we are given to understand that that will be done as part of the package, but we have yet to get the confirmation of that, but it will be of a similar style and colour, etc to what we currently use. We are not planning to redo it.

DEPUTY DUBRAS: That is the impression we got this morning.

MR DE CARTERET: Yes.

DEPUTY DUBRAS: Related to that, I observed, looking at this this morning, that there is tremendous value in having the ability to decorate the building by virtue of its design, and I raised the question with Property Services whether we were building into the lease arrangements for the ability to retain that even if, after nine years or in between, you sub-let some of the space to a completely different function. Do you see value in actually retaining this image for the Island and for Tourism and for marketing the Island, even if Tourism itself wasn't there for some reason? The visitors might still be coming, but the rest of the facility could be sub-let?

MR DE CARTERET: One would presume though that whoever was then the occupant of the building ... I would have thought that would depend upon what they wanted, if they are paying for the building.

DEPUTY DUBRAS: Well, of course, but I am just wondering whether it would be to everybody's benefit if you could ... if something got built into the thing now or at least had first refusal or something. It just seemed to me a valuable opportunity for which you are not paying extra money at the moment.

DEPUTY FARNHAM: Yeah, I think, the Tourism Board, one of the things they did actually like about the move was that it was an iconic building. It was actually keeping tourism right at the forefront, but I presume they meant while Tourism is there. I agree with David's comments. I think if we were to sub-let or move on, it would be nice to keep it as an iconic tourism building.

MR DE CARTERET: But you would have to agree with the new tenants.

DEPUTY DUBRAS: It just seems to me an opportunity that might not want to be lost. My last question is we understood this morning that the rental arrangements are very advantageous in comparison with the market rate for that area and for a brand new building as opposed to an existing building. Do you anticipate any device by which you can allow for the fact that, after a period of time, that advantageous rent is going to change to a much higher level? Are you building something into your accounting now to make sure you have the funds for the future, depending on what it is you need in nine years' time?

MR DE CARTERET: It started the other way around, didn't it, because it started with a longer lease, where we would have had a longer non-market valuation on the rental, but the minute I think we put in, or Property Services put in, the opportunity to break, the response to that was a reversion to market value after the nine year period. So there is a trade-off there. I think it was at our request, or at the Property Services/States' request that the break came in after nine, providing an exit opportunity. But, of course, the trade-off for that was that market rent can then be applied at that time. So I don't think you can have it both ways. I think you either have it one way or the other.

DEPUTY SOUTHERN: Can you just confirm then what I think you just said, that originally you were actually looking for a longer term at a below market rate, at a historic rate?

MR DE CARTERET: I think that was the original ... that is what was originally on the table, a longer term lease, but that wasn't accepted to ... I mean, we really didn't express a view, I have

to say, from a Departmental point of view, but the policy of Property Services is to have when renting buildings for the States to have these breaks built into the situation. At that point, when that was negotiated through Neil Sproston., the response to it was “Well, you can have your shorter term lease, but, of course, at the end of that lease you can have an option to carry on, but that option is at the market value at that time.” So, if you like, we changed that situation, we, the States, at the time when we made that decision.

DEPUTY SOUTHERN: “*We, the States*”?

MR DE CARTERET: Through Property Services. We ----

DEPUTY SOUTHERN: So Property Services?

MR DE CARTERET: Yeah.

DEPUTY SOUTHERN: Who initiated the “Let us go for a long lease and our initial stance is we try and negotiate that for as long possible at that subsidised rate”?

MR DE CARTERET: That was the original position.

DEPUTY SOUTHERN: And that was your position?

MR DE CARTERET: Yes.

DEPUTY SOUTHERN: EDC’s position?

MR DE CARTERET: Yes.

DEPUTY SOUTHERN: Okay, and that change has happened and that change is seen as advantageous essentially because you foresee perhaps largish changes in the function of tourism?

MR DE CARTERET: It could be that, yes. It is about ... I mean, it could be the function of tourism. It could be about the future of the EDC. I mean, the EDC itself is probably located in about I don’t know how many different locations. I am guessing it is seven or eight. I may be wrong, but Cyril Le Marquand, Bath Street, where we are in two or three, there’s in the markets and so on, so as a Committee or a Department of a Committee there already is a huge, disparate geography of its offices and so on and I think the thinking there was that, in the longer term, perhaps something needed to be done to rationalise all of that. So if all of these things are done on long term leases, that would become more difficult. I think Bath Street, for example, is out of its lease from within about a year from now. So there are possibilities of other things changing.

I mean, given the current circumstances, one would imagine if Tourism was to not require so much space, it wouldn't be very difficult to move other parts of EDC into that building.

DEPUTY FARNHAM: I think that was one of the comments of the Board. The Tourism Board is largely made up of businessmen who, you know, think that it is ... I mean, in an ideal world you try and locate your organisation under one roof if you can. It doesn't really matter where we have it. The visitor services centre doesn't necessarily have to be in the same site. Obviously it is easier if it is in the same site, but it doesn't have to be. The board suggested that perhaps it would have been better if the Economic Development Department could find premises where they could put all their different areas under one roof and, of course, probably save money in the long run as the Department is restructured and reorganised. We felt that it was a shame that we missed that opportunity. I am talking about in an ideal world, of course, and I think ----

DEPUTY MARTIN: Can I just come in? Where that is I lead on and come in from there. Obviously, I take it that the initial decisions before were between WEB and EDC. When was Tourism brought into the loop and consultations ... you know, when did the consultation process start with you and do you feel you came in too late or if you were consulted enough?

DEPUTY FARNHAM: I mean, we had no part in the early negotiations, no part at all. I think it probably came to the Tourism Board the first time in March, I have got a feeling, probably March. Do you know?

MR DE CARTERET: I think it is slightly earlier than that.

DEPUTY FARNHAM: The beginning of last year, but, when it came, I think it has been discussed no fewer than five or six times by the Tourism Board and the Tourism Board has been fairly consistent with its view, but medium term is potentially a problem. Longer term is probably going to be all right, but I will come on to that in a second. I think the board probably weren't brought in at an early enough stage. Maybe there is an argument to say we should have been brought in earlier, right at the beginning when the ----

DEPUTY MARTIN: Can I press you on that? "*Maybe*"? Don't you really think it is your building that was going. They were discussing EDC and WEB.

DEPUTY FARNHAM: I'm talking really political involvement. Technically, it is an operational

DEPUTY MARTIN: Well, I'm talking about operationally.

DEPUTY FARNHAM: An operational issue. well, I think technically it was because I think it was Liz Jeffries or even Clive Swinnerton, I think, that probably picked it up and started to run with it in the early days.

MR DE CARTERET: I can confirm that.

DEPUTY FARNHAM: I think that was part of the problem. I think we had a sort of a double challenge because this is at the time when the Industry, Maurice's Industry Committee had finished, Tourism was just being consumed by EDC and so there was sort of ----

DEPUTY DUBRAS: Consumed or subsumed?

DEPUTY FARNHAM: Subsumed, sorry, well and consumed, yes. It could end up being consumed. It could be, and there was a bit of a void created. As one would expect, the Members of the States and the Officers got used to dealing with a new structure and a new board and I think there was a period where I certainly felt, as Chairman of the Tourism Board, that I wasn't being kept as informed as I would have liked to have been.

DEPUTY SOUTHERN: Can I? Are you happy?

DEPUTY MARTIN: Yes.

DEPUTY SOUTHERN: I will turn the page in my notes then. You were talking about the problems in the short term with the temporary location and you were about to develop onto that. You said "We don't envisage having great problems there", but then you actually said, I think, in the longer term after you have moved, what problems do you envisage then?

MR DE CARTERET: I think a lot of that depends on the timescale for the rest of the development, but what we were saying there was that in the shorter term these members of staff working in the three different locations, we believe that operationally has got some challenges, but it doesn't present us with a great problem I think once we have moved to the new location, there is still going to be quite a lot of building work going on in the area for quite a long period of time and I don't know how long that is going to be, but my guess is that it will be probably two or three years after we have moved. There is a plan on the existing car park to put a huge

sort of business centre, with office buildings and all that sort of thing, which would be immediately adjacent to where the building would be. I just think that will be ... you know, it won't be the most desirable area in which to locate all of our visitors for a while. When that is all done, then I think that becomes a different matter all over again. When that is all completed and the Waterfront is complete and so on and so forth, then I think it will be a very attractive proposition, but we have to accept the fact that in the development period we will be in the middle of a building site.

DEPUTY SOUTHERN: I think importantly you have reservations about the building going on around you and that was put to the WEB representative this morning. He didn't seem to think that that was a problem for you. So I think we are picking up that there are concerns still.

MR DE CARTERET: And I think we have expressed those. We have expressed those to WEB and to the architects. I have to say the architects have been extremely helpful and very good, but we have expressed concerns and there are ... I mean, we are going to have to change our working practices. We are going to have to change some of our operations, change our thinking. We accept that. I mean, we move on. It is not the end of the world, but one just has to be aware that there will be some difficulties.

DEPUTY SOUTHERN: And particularly for the visitor centre.

MR DE CARTERET: Absolutely.

DEPUTY FARNHAM: Can I comment on that? I think probably, as Julian will know, that is the biggest concern of the Tourism Board. It is not the long term. It is while we get to the long term, are we going to have a tourism visitor services centre that is potentially going to be in the middle of a building site. But that has been alleviated slightly because David Margason has offered us the possibility of having an additional tourism information centre or kiosk on another spot.

DEPUTY SOUTHERN: Yes, which then ... yes, we were discussing that earlier.

DEPUTY FARNHAM: We don't know any of the detail yet. We spoke. He said would we be interested and we said "Well, we could be." Yes, it sounds hopeful.

DEPUTY SOUTHERN: Which to my mind, that almost returns us to the original premiss that we

have to move Tourism from where it is and yet we seem to be ending up by putting a presence ----

DEPUTY FARNHAM: In the same area.

DEPUTY SOUTHERN: In the same area.

DEPUTY FARNHAM: I mean, if we didn't have to develop the Island Site, I would much rather stay where we are, there is no doubt about it, but we have got to develop the Island Site.

DEPUTY SOUTHERN: Do you want to come in, Maurice?

DEPUTY DUBRAS: Yes. I mean, I am sensing that that might be part of an aide for the transitional stage that you have just described while there is construction going on.

DEPUTY FARNHAM: I think they have listened to our concerns and said "What can we do to help?"

DEPUTY DUBRAS: Can I move on to the design of the building and how it meets the needs of the visiting public and how you link it with the ports, harbours and airport? A very minor detail in some respects, but very important from the visiting public's perspective, are you satisfied that this new building is being designed with those who are less able, with really good access, with doors that open, with a lift to the second level, because the existing facility is not ideal with the ramps and so on? What is your view on that, because this is something that the States has been criticised for in the past?

MR DE CARTERET: I am more than satisfied that that has been taken account of. The two ... from the visitors services centre perspective, they are on two floors, but there is a public lift -- well, it is not a public lift, it is a lift for everybody, but there is a lift that is capable of taking wheelchairs. It will go to every floor in the building and it will be the primary access for anybody with prams or wheelchairs to go to the first floor for the services that are provided there, which will be like a mezzanine type situation. It won't be two separate floors. It will be the two floors working together with some sort of a staircase to get up, but a lift also backing that up. The rest of the building has also been completely designed to modern standards with toilets and other things being made suitable for those people who are in some way disabled.

DEPUTY DUBRAS: I am anxious about you mentioned the lift, but we had problems when talking about the States Building and we brought some people in who were not able. Although

there was a supposed lift that was for disabled, it is not big enough for people to actually self-manage and turn around. I know from meeting visitors who are less able, how pleased they are with facilities around town, but it is something I am concerned that needs to be emphasised and re-emphasised to make sure that we really see this as a positive outcome.

My second question links to the ports. In the documentation -- and you have mentioned it yourself this morning, David -- there is the possibility that you might in fact locate the offices to the airport. Are you satisfied looking ahead that we sufficiently integrate our ports -- St. Helier and Gorey and the airport -- with the down town and that this will in fact be seen as an integrated whole and not just another location?

MR DE CARTERET: Yeah, that's a good question. No, I'm not satisfied that we do enough, no. I think we could do better and probably should have done better in the past. I think the specific of the harbour I think will work fine. I think whichever location we are in I think we will be in a position where we can direct foot passengers, if I can call them that, into the information centre as part of the process of linking into town.

DEPUTY FARNHAM: Embarkation.

MR DE CARTERET: Embarkation, yeah. What we don't want to do, for obvious reasons, is to locate staff in all of these different locations. That has been a problem in the past. Some years ago when the harbour was redeveloped there was a plan to put a visitor centre in the harbour terminal building, and we operated that for a while and found that it was (a) very expensive, and (b) inefficient because we were then doing the same job with two different lots of people, two different lots of staff and so we had to find a way of overcoming that. I think as far as we can go, I think we probably have the best that we can. I think, in terms of the airport, we don't have visitor information landside on arrivals. We only have information at the airport for departing passengers, and I think there is a gap in the system there. It is not one that we have ever really addressed, but I think that is something that needs to be addressed in the future, and that would be the gap that I would see in terms of the provision at the moment. I think we could do better.

DEPUTY FARNHAM: I think modern society really tend to pretty much go through harbours and airports. I think they are keen to get through into their destination. If we go to most of the

key international airports, I think you very rarely see tourism information centres actually within the ports and airports, but what you do tend to see are more complete, if you like, iconic sort of tourism information buildings within the towns in and around the town centres.

DEPUTY DUBRAS: I guess my last question (and we are not here to design the tourism function, we are here to determine whether or not this move is a good one) is do you believe that, given all the downsides for the interim period and assume you end up there and States agrees to this in two weeks' time, do you see this as an opportunity to actually build on the visitor experience, whether they come in through the airport or the harbour and any way they get there, if it is by bus or by express bus or by taxi or whatever, to actually see this as a benefit, this move? What is the real plus to come out of this for the tourist industry, for the Board and for the visitor?

DEPUTY FARNHAM: If we do as good a job as we have done in Liberation Square, then, you know, if we're lucky they won't notice any difference and still enjoy a similar high quality experience that they enjoy now. The only, I think, slight benefit is in its profile because it is an iconic building that will stand out, so we might get a slight edge from it being one of our iconic buildings and used as a bit of a landmark. But, you know, as far as a visitor services centre, no, we have got an excellent one where it is.

DEPUTY SOUTHERN: Can I add that I think we are coming towards wrapping up, but, before I do, can I return us to this nine year and the break? Whilst one can argue that the transfer of this historic rate to this new lease is good value for money, it is fairly clear that you are regarded as blue chip tenants in the new building given that the developer has agreed to all your relocation costs, has refurbished Albert House, is paying for the lease at £60,000 a year for the next nine years up at St. John and has eliminated the service charges on the building. They do want you.

But it goes back to the question that Maurice was asking, but what happens? This is a subsidised rate, a below market rate, well below market rate. What happens in nine years' time and what provisions do you envisage in nine years' time when you are not only going to be hit with market rate, which by the sounds of what we are talking to Property Services are something of the order of double what you are paying currently, plus the free element of the storage space

will come out. That could be a big bill in nine years' time. There is a sense I'm getting that, whilst we have a short term solution and perhaps a good one, we are storing up trouble for nine years' time. How do you react to that?

MR DE CARTERET: Perhaps ... I mean, I think there is a sort of ... the backroom view here would be that, to answer the question properly, we would need to know what the tourism industry in Jersey in nine years' time is going to be like and, therefore ... I mean, I can't answer that. I can tell you what the trends are doing and I can tell you what we are trying to achieve, but it may be very different. I mean, certainly in terms of some of the things that we are doing currently like brochure storage and all that sort of stuff, there is a fair chance that a lot of that will become on line before nine years is up and we may have less paper. So I think we will have to adapt to those kind of changes, but I don't see any great difference then to what we will be faced with now. I mean, if in nine years' time we say we can no longer afford that building because it is now too expensive and they are going to charge us whatever it is, we would still have a similar requirement to what we have today. We would need probably to have a visitor centre somewhere located and it could be that that would be ... that the ideal thing would be obviously in the town centre or very close to. If it was a States' building inside the town centre where we weren't paying rent to an external operator, then I think that would be the most ideal thing and we will have a need probably still for some sort of administration offices for our marketing staff. Whether that be at the airport, the harbour, the town centre or Trinity really wouldn't make a great deal of difference. The rest of it, because we all work online now, where we actually locate our staff doesn't actually matter. So I don't think the problem is any different nine years henceforward to what it is today and it becomes a business decision at the time based upon costs and the industry, where we are, what is happening.

DEPUTY FARNHAM: I think, even if we were to stay where we are, we would be at the mercy of commercial pricing, even if still owned by Property Services. I think they are keen to impose as commercially realistic a rent as possible. So we could end up, if we do stay where we are, within the year or two, it is too big for us now, we are starting to rattle around it with the cuts we are making. We are starting to rattle around it a bit now, so where we are certainly in a few

years is going to be too big. So I think that moving, I think it is ... I don't know, the nine year ... I actually, if I can be so bold as to say what Property Services have negotiated is probably not bad for Property Services, who negotiate what they tend to negotiate, but I think, you know, with my business hat on I would have thought it would have been on the grounds that we are blue chip tenants. We are the key to releasing or allowing the development of the Island Site to go ahead, which ultimately I presume is going to make the developers a reasonable profit or they wouldn't be doing it. I would have thought that we could have driven a much harder bargain, but there again ...

DEPUTY SOUTHERN: In the sense of the length of the lease?

DEPUTY FARNHAM: Probably, yes. I would have demanded that we perhaps could have had, with hindsight, you know, the same rent based on what we have got now for as long as we are there, whether it be 10 or 50 years.

DEPUTY SOUTHERN: And in the sense that you did start looking for alternative sites, preferably public owned, States' owned, and didn't find them, presumably nine years down the line that situation is not going to be any better and is likely to be probably worse.

DEPUTY FARNHAM: It could be.

MR DE CARTERET: It could be. We don't know.

DEPUTY DUBRAS: I have got ... I want to go back to the beginning, if I may. There is something that has been bothering me.

DEPUTY SOUTHERN: Okay.

DEPUTY DUBRAS: You indicated, Lyndon, that you felt that you were brought into this quite late with your Board hat on.

DEPUTY FARNHAM: Yes.

DEPUTY DUBRAS: That is how you presented it. But, surely, the Chief Officer was reporting to you and your Committee at the transition of 2002 to 2003? The Board seems to have only picked up on it in 2004. That is the minutes that we have seen. Surely, you knew as a Member of the Committee at the beginning of 2003 that this was about to happen?

DEPUTY FARNHAM: Well, I mean, we all knew that the Island Site was going to be developed

and I knew that, yes. I didn't know and I had no idea what the ramifications would be for Tourism. I don't think anybody did. I don't think you even did.

DEPUTY DUBRAS: Well, we were told that the Chief Officer, Mrs Jeffries, of the time had effectively agreed this with WEB at the end of 2002/beginning of 2003.

DEPUTY FARNHAM: Did WEB tell you that, because, I mean, that is my understanding? I don't know that for sure.

DEPUTY DUBRAS: That is the impression we gained.

DEPUTY FARNHAM: If WEB told you that, then, yes, there was a lack of communication between Mrs Jeffries and the Committee, I presume, at that time.

DEPUTY DUBRAS: Or possibly even with David.

DEPUTY FARNHAM: He is one of our closest colleagues and I think we were probably a bit surprised when we found out.

MR DE CARTERET: It was around that time that we found out about it. I mean, I have to say ... I mean, it is a comment really. I think Liz Jeffries was very enthusiastic about the opportunity and that enthusiasm wasn't necessarily shared by all of her colleagues at the time. So I think it started from a position of there being some different attitudes towards the suitability of this or otherwise, but I think you are right, I don't think it did go into a formal ... these were informal discussions. I mean, the first I ever knew of anything going on is I happened to go into the office one Saturday morning and there was a meeting taking place with architects and developers and I discovered that that was going on because the whole thing was being looked at, and that was probably before any of these minutes were recorded.

DEPUTY DUBRAS: Do you recall when that was, just to give us a benchmark?

MR DE CARTERET: No, I mean, I don't, to be honest with you. It was probably towards the end of 2003, I guess.

DEPUTY FARNHAM: And we would have really started to learn the detail in early 2004.

DEPUTY SOUTHERN: Do you want to come in, a final one?

DEPUTY MARTIN: Oh yeah, just what you were saying there with your businessman's hat on and hearing from WEB in 2002. It is critical upon the creation that they have your current

building. Do you think ... I have said all along that I don't think we were tough enough. Whoever negotiated the original deal, the lease has not been signed. How critical is this to go ahead? If we could ... could we put a stop? Could we change the terms of the lease at this late stage? Who needs us ... do we need ... do we need them more or do they need us more to change this?

DEPUTY FARNHAM: I think the Island probably needs that Island Site developed pretty quickly for all sorts of reasons, but as long as the lease hasn't been signed, then it would be ... I don't know what the legal ... I'm not a legal expert. I don't know what the legal position would be. We would probably need to take some legal advice.

DEPUTY MARTIN: Yeah, probably need to take some legal ... yeah, and see how far maybe we could push them.

DEPUTY FARNHAM: It might be considered sort of unreasonable at this late stage after everything has been agreed to do it, but I still say that we could have, in my opinion ----

DEPUTY MARTIN: No, I feel that really too, yeah. I really do.

DEPUTY FARNHAM: ---- have driven a much harder bargain as the key to unlocking the development and I think we should use that. We are talking about the public's money. We should use that in the best interests of the public and still leave the developer a reasonable profit.

DEPUTY MARTIN: Yeah, and you say we could still leave when we wanted?

MR DE CARTERET: There is nothing fundamental in the next year that, whatever decision the States were to make, we can't live with. I mean, it is ----

DEPUTY FARNHAM: We will make it work.

MR DE CARTERET: We will do whatever we have to do because we have arrangements in place for ... we are going to lose the back part of our building quite quickly, but we have already made arrangements that the functions going on there can be accommodated somewhere else. I mean, I think St. John's is quite critical to all this happening, but if somebody said tomorrow "You can't go to St. John's", will tourism in Jersey fail as a result of that, no, because we will find somewhere else. I mean, we are not ----

DEPUTY DUBRAS: It is not location dependent.

MR DE CARTERET: No, it is not location dependent. The long term is more important than

the short term, in my view.

DEPUTY BERNSTEIN: Can I ask just one question about the St. John's operation? It is just going to be for the backroom packaging and so on? I haven't seen it.

MR DE CARTERET: We have outsourced brochure packing to the UK. That is another one of our outsourcing things that we have done, although we don't actually bring a lot of our brochures to Jersey at all now. It is all done online.

DEPUTY FARNHAM: They all come to Jersey and then we post them back to the UK.

MR DE CARTERET: They are supposed to come here for VAT reasons, but we sometimes neglect to bring them over, but there is still a lot of other stuff that we do.

DEPUTY FARNHAM: Conveniently.

MR DE CARTERET: Actually, no I am not wrong there because there is no VAT chargeable on tourism brochures.

DEPUTY FARNHAM: Yes, because tourism is VAT exempt.

MR DE CARTERET: It is VAT exempt.

DEPUTY FARNHAM: I think you have made that point clear.

MR DE CARTERET: The point I was trying to make is that the other stuff that we do, all the exhibition work and all the other stuff, there is still a great deal of paper, cardboard and other things that are associated with tourism promotion, exhibition stands etc, etc, etc, which will be located in St. John. We don't envisage permanent members of staff there. We will probably use it mainly as a store with possibly working there about half time. They will go in. The guys that do that will probably work also from wherever we are either at Liberation Square or Liberation Place and they will go there perhaps two or three days a week to do the work that is required and then lock it up and walk away.

DEPUTY BERNSTEIN: It gives us a flavour of what you will be doing. Thank you.

DEPUTY SOUTHERN: Okay. Unless there is something that you want to add? No? We are there then, I think. Thank you. Thank you very much.

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