



Economic and International Affairs Scrutiny Panel

Review Hearing

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

Thursday, 16th April 2020

Panel:

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

Senator K.L. Moore

Deputy J.H. Perchard of St. Saviour

Witnesses:

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

Chief Officer, Financial Services, Digital and Enterprise

[11:39]

Chief Officer, Financial Services, Digital and Enterprise:

... and the other theme has been delivering on the business support packages which in no small part have been informed by expectations from the business community and also what we believe we need to deliver to support Islanders' livelihoods. There has been a twin track process in operation, one in engagement, one in delivery.

Deputy K.F. Morel:

Excellent, can I ask, since the outbreak do you know how many businesses have been forced to close?

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

Not exactly, no, we do not have those figures yet.

Deputy K.F. Morel:

Okay, but in terms of modelling can I ask what you are forecasting in terms of the economic damage that this crisis could cause?

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

We do not have any of that information yet, it is being worked on.

Deputy K.F. Morel:

So in terms of reduction of G.V.A. (Gross Value Added) you are not sure how that may happen?

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

Not yet. It is being worked on as a matter of urgency. Unless Richard has any information that I do not have as yet that he would like to share?

Chief Officer, Financial Services, Digital and Enterprise:

To say this is uncharted territory, I think is an understatement in terms of the Island's economy and the Island's society and health and wellbeing at large. The Fiscal Policy Panel have forecast, I think, a 6.4 per cent drop in G.V.A. for 2020, so that is the closest we have to a considered view of the impact to the economy this year. They are also then forecasting a bounce back of, I think from memory, about 4.4 per cent in 2021 that will see some of that lost ground recovered but of course it all very much depends on what follows on from the restrictive measures in terms of the shape of any recessionary period that follows and, of course, the duration of that recessionary period.

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

Could I add to that that the F.P.P.'s (Fiscal Policy Panel) advice was received some 2 or 3 weeks ago, I cannot remember the exact date and we are seeing a very fast-moving situation. I believe that it has changed since then and it is high priority for us to get a handle on the impact, but as Richard said it is uncharted territory. We start our economic recovery planning officially tomorrow and we are going to be focusing largely on that in the days and weeks ahead. As we understand more and the results, as the actual tangible figures, start becoming available we will very quickly be able to understand and report on the actual impact on the economy.

Deputy K.F. Morel:

How will you collect the statistics on the number of business affected, how hard they are affected, how many have closed? Have you worked out a plan for collecting that information?

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

Richard, can I get you to answer?

Chief Officer, Financial Services, Digital and Enterprise:

The Statistics Jersey Team, who are, I think, the best custodian of this in terms of their statutory role and therefore having public trust as a statutory body in terms of statistics collection are stepping up their A.S.W. (Actively Seeking Work) report that will be published less frequently, it will now be a monthly report. You will have seen data that was published last week but we will be publishing that on a monthly basis going forward. We are also looking at a wider statistical base of those that are using the business support measures so the number of applications and approvals through things like the loan guarantee scheme, the number of businesses and underlying employees that are being remunerated through the payroll schemes. We will be building a wider database and we want that information set to be available in a more public sense so that people can understand what is happening in the wider economy.

Deputy K.F. Morel:

Minister, you mentioned that you think things have changed in terms of the Fiscal Policy Panel's forecast, can I just, for the record, check whether you think they have changed for the better or for the worst?

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

Do you know it is really hard to say. I am an optimist, I always have been and I would like to think we will come out of this sooner than we might expect, notwithstanding, of course, that we have to follow medical advice. I am not sure whether it has changed for better or for worse but, for example, I think they would have to re-examine how the medical ... how the virus is spreading, look at the curve and the way the curve has flattening and perhaps reflect the economic assumptions based on how long we might be in lockdown and what sort of plan we have for coming out of that, whether it is gradual or we come out fairly quickly. It is hard to say but I still remain optimistic that we will come out faster than perhaps originally thought, but I am under no illusion that the full recovery will take quite some time.

[11:45]

Deputy K.F. Morel:

It is incredibly sad to be talking about these sorts of figures and these sorts of situations and I appreciate you do not have all the data yet, but do you have an estimate for the number of people that you think may lose their jobs during this period. We saw statistics saying that in March the number of people claiming income support rose by 170 so the Actively Seeking Work figures had

risen to over 1,000. Have you spoken with the Minister for Social Security to get a sense of how that may rise?

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

We are going to have to wait for Social Security and Stats to produce those figures. We are all pretty sure it is going to rise but I could only give you a guess and I am reluctant to just give you a guess but it is going to increase.

Deputy K.F. Morel:

That is fair enough. Finally from me, which sectors do you think will be hardest hit?

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

We are seeing ... if you look at the phase 1 payroll scheme, which focused on the tourism sector, wholesale, retail and hair and beauty, those sort of small to medium-sized enterprises that relied on footfall and provided, you know, close retail and personal experiences in the way they ran their business.

Deputy K.F. Morel:

Before I hand over to Deputy Perchard, could I just ask, do you have a sense whether people have left the Island and, if so, do you have an idea again of how many people may have left the Island?

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

I do not have the exact figures but a number of people have decided to leave the Island and return to either the U.K. (United Kingdom) or Europe, but a good number have stayed and I am hoping that the payroll schemes that have been announced will enable their employers to keep them employed on the payroll to ensure that they are there to assist with the recovery when it comes.

Deputy K.F. Morel:

Thank you. I will now pass over to Deputy Perchard who is going to ask you about the economic recovery side of things, among other things.

Deputy J.H. Perchard of St. Saviour:

Morning, Minister. You helpfully pre-empted my first question and told us that the recovery planning officially starts tomorrow. Before we get into strategy I just want to ask about structure. Which body is undertaking this work and who is leading on it?

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

I am going to hand you over to Richard. We are expecting a presentation from officers tomorrow. In relation to the payroll schemes, the lead has been Economic Development, Treasury and Social Security. When it comes to the economic recovery programme, I expect in the first instance it to follow the work we were doing on the economic framework as part of the new Government restructure and Government planning. But perhaps, Richard ... I am not cited on what officers might or might not start to recommend tomorrow. Richard, would you like to perhaps provide any more information if you can?

Chief Officer, Financial Services, Digital and Enterprise:

Thank you, Minister. So what is tabled tomorrow is a preliminary discussion with Ministers so basically around how we may structure ourselves to consider the various factors around rebuilding the economy. There are a variety threads that that will need to follow. We need to think about the future of employment within the Island, the type of employment we require, the basis on which people may be employed, so arguments such as minimum wage and living wage. You will have heard Senator Gorst last week talking about the need to rebuild public finances in due course so there will be fiscal measures that may be needed. There may indeed be fiscal incentives that are needed to help in the rebuild of the economy. But, fundamentally, what we see is a political oversight group at the top of this, then a senior officer's group and probably some form of economic council, for want of a better description, that brings in some external advisers that are representative of our economy and, indeed, society because we do not want this to just be a business focused recovery, we have to be focused on other sectors, those that provide support to society and what their place is in a recovery as well.

Deputy J.H. Perchard:

Okay, thank you. So just to recap to make sure I have been clear on that, the structure is there will be a political oversight group, under which will sit an officer group, under which will sit a stakeholder group?

Chief Officer, Financial Services, Digital and Enterprise:

What we would see is the Economic Council sitting alongside the high level officer group. It will be there to provide some external input and thinking to the process so that what we are not just doing is having officers in a room coming up with ideas. You have a much wider input from a range of sources.

Deputy J.H. Perchard:

Who will be chairing the Political Oversight Group?

Chief Officer, Financial Services, Digital and Enterprise:

That would be for Ministers to determine but I suspect either Senator Farnham or the Chief Minister.

Deputy J.H. Perchard:

Which political representatives will be on this group?

Chief Officer, Financial Services, Digital and Enterprise:

I will defer to Senator Farnham on that, if I may.

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

We have yet to decide. I would like the group to be as inclusive as possible. I think it is also essential that as well as very good officer advice we get that we do include external advisers. We have all been approached recently by experienced Islanders who are wanting to offer their time and experience, valuable experience, to help us rebuild. I think it is important we consider all of those options and create an inclusive group.

Deputy J.H. Perchard:

Would the ... sorry, I have forgotten what you called it? The stakeholder group, so not the political oversight, not the officer group, but the third one that sits alongside the officer group, how will that membership come about?

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

I cannot answer that because we have not seen the recommendations as yet and we are going to be discussing those tomorrow, so perhaps if we could defer answering that question because I simply do not know.

Deputy J.H. Perchard:

Tomorrow what is happening is you are having an officer presentation that will advise on how to formulate the stakeholder group?

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

Yes. The political will here is to get the recovery process started as quickly as possible and to start to share our strategy and our tactics, if you like, with Islanders and the business sector as quickly as we possibly can because it is important to start producing potential timelines for recovery and making sure our communication is really strong on these issues because businesses need to plan. We are hearing now they are grateful of the support but the impact of the support will be lessened if we cannot produce some clear timelines for businesses to plan.

Deputy J.H. Perchard:

Just moving on then to the strategy. In terms of your priorities within the recovery, what kind of timeline are you projecting forward across and what are the key priorities across that period?

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

We are still ... we are following medical advice on timelines, that will dictate largely the recovery process. Medical advice and scientific advice will be based upon the spread of the virus throughout our community. Those figures are changing daily. I think we will see the figures and we know that the number of cases is significantly lower than the curve at the moment and that is very good news from a health point of view. It could potentially be more challenging from a release from lockdown but one of the reasons that we are managing it this way is so that our health services do not get overwhelmed so they can manage and treat people. For example, the building of the field hospital at Millbrook will provide a significant additional health capacity and that may be useful in working alongside relaxation of rules around how we get back to normality. Still we are relying on medical advice and moving quite slowly.

Deputy J.H. Perchard:

Sure, of course. Obviously the recovery will require strategy and that strategy will be subject to change based on circumstance and there is a total acceptance from Scrutiny that it will be updated and modified as things go along but I would like to know when that strategy in its initial form will be developed. When can we see it?

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

I would hope we could have a strategy in shape within a week or 2 at the very most. Richard, do you have an idea based on the work you have been doing what a timescale could look like for us?

Chief Officer, Financial Services, Digital and Enterprise:

I think a more fulsome strategy is probably not going to take shape for another month or so, dare I say, and that is not in any sense a lack of motivation or a lack of application, it is simply that to pull everything together as comprehensively as is needed and have the right statistical base to do that will take a little bit of time. We have seen a little of information, for example, around the phrase 1 payroll scheme, a number of employees that have been paid out through that. We need to be able to go through an exercise of comparing that to the prior month to see how many people have stayed on payroll from February to March. That gives an indication of those that have been kept in work by employers rather than those that have been turned over into redundancy and a reliance on income support or who may have left the Island. So building the right statistical base around this is also important. We could have a number of strategic thoughts but if we do not base that around sound evidence then we will start to get things the wrong way around. The other thing we need to be very focused on is ... the Minister mentioned the infection curve, we have been successful in flattening

the curve, I think the pressure from us on an economic sense, we need to be exerting a degree of upward pressure on the curve, such as close to clinical capacity as the Island can be comfortable with, versus the demand from clinical professionals to be suppressing the curve to ensure that it is going to bear clinical capabilities. It will be a healthy tension there to get this right. I come back to the point of lives, livelihoods and well-being, our economic strategy is secondary to making sure that we protect Islanders lives through the curve. If that means a period of economic disruption takes a little bit longer to clear than might otherwise have been the case, I think there is a general sense among Ministers and among society that that is a price that is worth paying.

Deputy J.H. Perchard:

Yes, absolutely. We all know that you are prioritising lives, then livelihoods, then well-being, I suppose the point is that no matter what we do going forward it needs a clear direction and underlying aim and objective, which you have made clear. Are you intending to bring in any professional persons or bodies who have experience in dealing with emergency tactical planning or strategizing in order to help you shape your emergency strategic response?

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

Richard, do you want to start with that?

Chief Officer, Financial Services, Digital and Enterprise:

Yes. The Minister has already referred to the work around the economic framework where we were procuring a strategic partner. We expect to be making that appointment imminently, so more information to follow on that. The tender process did start pre-coronavirus and therefore we will need to refresh the terms of reference that that strategic partner will be engaged under, but that will give us access to substantial external expertise and capabilities both on Island and off Island in terms of the firm we are looking to appoint. I do think we have to, maybe, take a step back and say that there are a few firms that genuinely have current experience in dealing with a pandemic of this sort and its disruption across the global economy let alone the economies with which we do business and also our own Island economy. So, people will have ideas and thoughts, that does not necessarily mean a strategy. I think to one of the Deputy's points, we do not intend to appoint McKinsey.

Deputy J.H. Perchard:

No, I really was just asking the question as it is, I did not have any implicit questions within that question. Obviously part of the recovery period may include a second wave or further waves of the virus, that is unfortunately a very possible reality of the situation, so will your recovery strategy include scenarios in which that occurs or is that going to remain under the remit of the emergency structure that is currently already in existence to deal with immediate response?

[12:00]

Chief Officer, Financial Services, Digital and Enterprise:

I think it is that old adage of the best plan never survives contact with the enemy. Rather than having a hardwired plan I think we would rather have a range of options that are available for us to execute on. Clearly the flatter the curve, the more sustained the curve, the greater the risk is of a second outbreak at some future point. So, depending how the curve is shaping over time then that may be a greater or lesser consideration in the strategic options that we develop.

Deputy J.H. Perchard:

Yes, I would absolutely assume that you would have a range of scenarios, I would be very worried if that was not the case.

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

We will be looking at a range of scenarios and a broad range of outcomes and provide detail planning around various assumptions.

Deputy J.H. Perchard:

Would you be able to share that with Scrutiny?

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

Yes, absolutely, we will continue to work very closely with Scrutiny.

Deputy J.H. Perchard:

Thank you. I am going to move on now to the topic of communications. You must have received hundreds of enquiries from different businesses over the last few weeks, are you satisfied with the level of communication you have had with the business community?

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

I think we have had very good communications. We have tried both as Ministers and as the economy team, and Jersey Business as well who have played a big part in this, to be as responsive as possible and reply as quickly as possible. There is an awful lot of information to share. There is a huge number of questions around the support packages that we have put in place but I feel proud of our teams and reasonably happy with the communications that have come from the economy team and the department of course. It has not been perfect and there is room for improvement but we are finetuning all the time. I know, Richard, last time we spoke you had dealt with over 2,000 emails just through the economy email address, I have dealt with what feels like 2,000 but it is

probably hundreds with the support of my team. Can I just ask, Richard, how ... it has slowed down a little bit now but I think as we get into finalising the details of phase 2 we could see some more questions coming in. Richard?

Chief Officer, Financial Services, Digital and Enterprise:

Yes, thanks, Minister. Quite understandably there is a degree of anxiety among Island business owners and also employees within those businesses, around things like the payroll support mechanism. They are concerned that there may be an approval process before money is paid out. What we have done instead is we have set criteria, for example, on the payroll scheme, of a material detriment to the business. So, for example, a 30 per cent drop in turnover, but what we are asking is that the business owner, when submitting their application, self attests that they have suffered that detriment and there will be a sample auditing process as you would expect on a retrospective basis rather than an pre-approval process. Because what we are keen to do is to turn around those applications as quickly as we reasonably can and get money back out of the door to support people and to support businesses. We have tried to deal with those anxieties as they have come along, there has also been a lot of questions about the specifics of the scheme and about whether their company is eligible for schemes or not. Again, we have tried to answer those and point people in the right direction of help, advice and financial support.

Deputy J.H. Perchard:

Thank you. Are you still in the position of having the same people answering queries as developing strategies or carrying out tactical work? Last time we spoke that was certainly the case, is that still the case?

Chief Officer, Financial Services, Digital and Enterprise:

No, we are getting a better transition now away from that in that the various schemes are beginning to bed down and become a little bit more business as usual. We need to keep checking to ensure the schemes are fulfilling the purpose that they were intended to fulfil but that is quite different to the level of work that goes into designing the scheme in the first place. For example, the payroll scheme, phase 1, was delivered within 15 days of the political commitment being made. The U.K. scheme that was announced in parallel still is not open for applications. Our focus has been getting money out the door and it has been about that delivery aspect. Where we are now is through the Customer and Local Services team, they are now working around the fulfilment of, for example, the payroll scheme and they are turning around those payroll applications typically within 3 working days and in some cases getting money out the door in as little as 24 hours.

Deputy J.H. Perchard:

Okay. What has been the main way in which, Minister, you have reached out to businesses to gather information or to make enquiries about how they are getting on and coping?

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

I have had a large amount of direct and personal contact with individuals and businesses as Minister. It has been incredibly important to talk to business owners and employers to understand the real challenges of the S.M.E. (Small to Medium-sized Enterprise) sector. Also our main conduit as well as been through Jersey Business, who I cannot praise enough for the huge amount of support and advice they have been giving to businesses as well and reporting and giving important feedback to us. We have also, in the early stages, worked with the Business Liaison Group and with the Chamber of Commerce, Jersey Hospitality Association, Institute of Directors and other bodies.

Deputy J.H. Perchard:

Yes, thank you. I am glad you mentioned the liaison group, of which I and our Chair, Deputy Morel, are members. Is the Business Liaison Group still constituted and can we expect a meeting in the near future?

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

Yes, technically it is, although we have not met for a couple of weeks because its initial job was to provide guidance to officers which have led to the packages of support that is now in place or in the final stages of being put into place. I would like to again go to the business sector, via the Business Liaison Group, for guidance as well on economic recovery at the appropriate time. I anticipate we will work closely with businesses again ... but we need to understand what the proposals are from officers and what we accept, what we change and once we have laid the foundations of managing the process then we can start gathering advice on working with businesses on the frontline again.

Deputy J.H. Perchard:

What purpose would the liaison group have going forward, because, as you say, their purpose initially was about feeding into the development of packages, which has now been done, so going forward how do you see their purpose?

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

I think it is important to understand the problems and the challenges that businesses are facing because when we are dealing with economic advice and economic theory, which is all very good, it does not often show a full and complete understanding of the individual challenges that everyday businesses are having to deal with. We need to fully understand that and I think we need to understand how they need to be assisted to come out of this. There is no one size fits all. I think we are going to have to look closely at different sectors and I think there is also an opportunity to

improve productivity within our economy here. If you remember before the crisis we had a different set of challenges. We had really strong challenges on our population which had been growing exponentially, we had productivity challenges in the financial services sector due to the changes to the profitability largely in the banking sector and productivity across the other sectors had remained relatively static. The pandemic has forced us all to think long and hard about how we conduct business by necessity right now but also in the future. I think we could see businesses of shapes and sizes embracing technology and looking to improve productivity. So those are the sort of conversations I think we need to be having with the business sectors.

Deputy J.H. Perchard:

Thank you, Minister. Am I right in saying that another economy group was also formed? I do not know what it was called.

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

Not that I am aware of. No.

Chief Officer, Financial Services, Digital and Enterprise:

Shall I answer that, Minister? There was not any formal economy group. We did have a ... I suppose you could call it a sprint group that Deputy Morel took part in, which was over the weekend of, I think, 14th and 15th March, where we brought a number of people in just to get some early-stage thoughts on the situation and some possible remedies. So, the idea for that was to give us a bit of a fast start into what our business support measures might be and what we could deliver quickly versus what would take a little bit longer to deliver. There are also, I think, some subgroups, for example, around retailers and supply chain where there have been some more acute concerns, for example, among retailers about ensuring supply of goods into the Island, but equally from our side around how are retailers going to manage things like the 2-metre social distancing. Of course, you will observe that going to the supermarket today is a very different experience to going to the supermarket 4 weeks ago, and we have worked with the retailers to ensure that we can accommodate that in a way that respects the health guidance and also supports their business. I have to say they have responded exceptionally well to those measures as they have evolved.

Deputy J.H. Perchard:

Thank you. That helps clarify. Just my final question, and again I am just kind of trying to get some clarity here. So, Minister, you mentioned you are waiting for some officer advice before moving forward with the recovery plan and the business liaison group and its kind of function within that. How are you directing the politics, so before the advice? Obviously, that advice is going to be operational based on the driving vision or policy, so how is that working in practice? How are you feeding that into officers and what is it, in summary?

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

So, this has been done over the last 2 to 3 days. Officers have literally just come off finalising the last stage of the payroll 2 scheme and sort of ... I think they have been working in parallel and they have gone straight into the economic recovery process. The only steer I think officers have politically at the moment is that we want to get back to normality as quickly as we possibly can. We want to ensure that businesses and jobs are able to do what they are meant to do for the economy, of course, without risking lives. But the real political direction is going to start coming over the next week or so once we understand the sort of frameworks or once we decide the sort of frameworks we are going to be working within. But from my perspective, I cannot stress enough that I want to see a return to normality, whatever that normality might look like in the post-COVID era. I want to get businesses back to work, people back to work. I want people to start being able to earn their full salaries again and contribute to the economy as quickly as we possibly can, and I hope officers fully understand that.

Deputy J.H. Perchard:

Thank you, Minister. I am going to hand over now to Senator Moore.

Senator K.L. Moore:

Hi. So, earlier, Minister, you mentioned Jersey Business, who are busy fielding hundreds of calls every day and triaging that advice and the concerns being raised by businesses. Are you content that that organisation is adequately resourced and staffed to deal with its current workload, please?

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

Yes, I am. We have just provided an additional £300,000 for them to engage with additional resource. I speak with the Chief Executive of Jersey Business regularly and get regular updates. In fact, we were on a call for some time this morning, and I am expecting a paper this afternoon with some important information and feedback, which is helping us shape policy as well. So, the short answer to the question is yes, I am satisfied that they are adequately resourced at present.

Senator K.L. Moore:

Okay. We would be grateful as a panel if you would share that feedback with us and the key themes as they are delivered to you and you are able to. As you are aware, many States Members and panel members particularly received numerous enquiries from the public as the initial announcements came out. Do you believe that the communication of business closures and the advice to businesses around that was sufficiently clear?

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

Well, we made 3 major announcements in relation to business support. I do not have the dates to hand, but the first one was around the first package of measures, which included the deferral of G.S.T. (Goods and Services Tax) and Social Security payments, the deferral of rents for States-owned ... to States commercial tenants, what we are referring to as the Jersey Recovery Fund, and the bank loan guarantee fund and phase 1 of the payroll.

[12:15]

Because things were moving quickly and because of the strong interaction we had with the business sectors, it quickly became apparent that we were going to need to increase the payroll support; hence the following week we came out with phase 2 with a limited number of categories. Again, things moved very quickly. The impact grew even ... the negative impact on the economy grew even stronger, which led us to come back last week, the end of last week, with the current situation with the payroll phase 2 funding. Ideally, I would have liked to have had the foresight to sort of perhaps announce all the packages in one go, but I think it is important that politically we remain agile. I know officers will want us to agree certainty around these schemes and that is important. We have to continue to monitor the impact on the economy, especially to the small and medium-sized businesses, and we have to be prepared to revisit or amend any packages we put in place, although I would rather the packages we do put in place, in the interests of certainty for business, do not change that much, but we must be prepared to fine tune. In relation to your question about business closures, we tend to ... I am not sure how we can manage that. That is often a decision that is made by the business. If I understood the question ...

Senator K.L. Moore:

If I may just help you elaborate there, I think there was some discrepancy and concern around the clarity of the advice to businesses as to which should close. So, for example, some sole traders were told they could stay open, whereas others were told that they should close.

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

Oh, okay, understood. So these were announcements made by the Minister for Health and Social Services under health advice and we sort of closed down in stages, if you remember. Again, I can say that was purely on the back of health advice. Again, with hindsight, perhaps we could have done that differently. Having known that the curve was going to remain as flat as it was, perhaps sort of the timings of those decisions could have been different. But in relation to the communication, I think businesses knew when they had to close.

Senator K.L. Moore:

Okay, thank you. So you talked us through the process and what led you to expanding the business support scheme, the payroll scheme as it is. Have you considered other levels of support and other methods of supporting businesses at this time?

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

The short answer is yes, we considered a number of different options and thought long and hard over the enhanced payroll 2 scheme. I think we are nearly there with it now. I am in discussions with other Ministers and officers about some further fine-tuning I think we might need to make to that scheme, but we cannot ... we need further discussions on that. But I think a huge amount of work was done by officers in a very short period of time. A very comprehensive amount of work was carried out, and I think we have a good, rounded package of measures. But as I said earlier, it is important we remain agile and are prepared to react should we see any other sudden changes to the behaviour of the economy.

Senator K.L. Moore:

Thank you. Could you tell us when you are expecting to make those fine-tuning decisions, and then if you could elaborate, please, to explain whether you have considered a different scheme, such as a furlough scheme or perhaps a separate package of measures for larger businesses, say the 480 that employ more than 20 people in the Island, for example?

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

Well, in relation to the current enhanced phase 2 scheme, we are having further meetings over the next 24 hours. My concerns remain ... the main objective is to help businesses and to help keep people employed, to ensure we have a strong infrastructure in place to come out of this, when we come out of this. At the moment, we are proposing an 80/20 split in wages, so the Government through Social Security will refund 80 per cent of a payroll, capped at £1,600 per employee per month. The feedback we are getting from businesses is that many businesses, many viable businesses, that are having to make decisions now as to whether they stay ... they keep on as many of their employees as possible and sit it out, as it were, try to open if they are allowed to, is dependent on what they can afford. A lot of businesses, the feedback coming from the front line is that a lot of the smaller businesses who have been forced to close and have no income will struggle to find ... they want to keep their staff on because they have had staff that might have worked with them for quite a long period of time, have developed skills and knowledge of the business that the owners of the business are really keen to keep. In fact, it is essential that many of them keep the skills, but some of them simply do not have the income to be able to pay that 20 per cent when you look at the other challenges they have, the other costs. There is a train of thought that the investment should be shared with the employer, but in reality many of these businesses just might not have the income or might have small reserves or might just decide to close the business, let the staff go, keep their

reserves which they might need to have to utilise when we get through this. Now, there is alternative advice provided by officers, which I might ask Richard just to explain, if I may.

Chief Officer, Financial Services, Digital and Enterprise:

Thank you, Minister. So, the 80/20 payroll scheme was designed on the basis of employers making a contribution so that they could keep employees engaged in some form of work if at all possible as opposed to the U.K. furlough scheme, which requires you to dictate that an employee is completely out of the workplace and not working and, therefore, you benefit from payroll support in the U.K., or if they are doing any work whatsoever, they are 100 per cent paid for by the business. The issue there is that either way the employee in the U.K. scheme only gets 80 per cent of a figure. The intention of the Jersey scheme was to maximise livelihoods to see that the employee got as close to 100 per cent of what is due as possible, so the package of measures we put in place needs to be considered as a package as well as in isolation. So, the support for businesses typically were around the loan guarantee scheme, the idea of the Jersey Recovery Fund, the deferrals of G.S.T. and Social Security, all designed to help generate working capital within businesses through a very difficult period. Of course, the payroll support scheme will help businesses in some way, but equally it was designed to protect livelihoods and household income so that people did not get into a position of lots of personal bankruptcies and defaults and hugely behind on rent and other commitments the households had. So, it is trying to find a balance of all of that: how do you protect Islanders' livelihoods as well as how do you try and preserve the economic infrastructure, the business infrastructure, that is going to be so important to the recovery of the Island? So we felt that that 80/20 split in the payroll scheme was a reasonable proportion, and it essentially said to employers that for the cost of one month's payroll you can effectively keep your employees being paid for 5 months and that that would see employers through the most difficult period of the restrictive measures, from the point of social distancing first being implemented through to a point when it may be that we are free of restrictive measures altogether. Of course, again, I refer back to the shape of the curve that will ultimately dictate when that might be.

Senator K.L. Moore:

Thank you. The measures that have just been described are all financial support measures, but have any non-financial measures been considered, such as changes to legislation to enable redeployment or changes to the rules around the roles of directors, for example, particularly when you talk about defaults and bankruptcies?

Chief Officer, Financial Services, Digital and Enterprise:

Yes, Senator. So the Attorney General ... we are asking the A.G. (Attorney General) to issue some practice guidance around the responsibilities of directors to be a little bit clearer about their responsibilities of trading while insolvent and that that may provide a bit more clarity and confidence

to company directors. So, that is under way at the moment. You will have seen the extensive work of Senator Mézec on private landlords and the relationship with tenants. My team has undertaken a similar piece of work on commercial tenants and guidance was issued by the Law Society in their newsletter yesterday, which of course is helpful, and that has been supported by the courts. We have also supported Jersey Business to deliver practical advice to businesses in the Island around the employment law obligations and also around financial planning. Because for businesses to go to banks and ask for funding, whether it is under their own steam or whether it is under the Government guarantee scheme, going along to those discussions and being well prepared is going to help secure a better outcome. So the additional funding we have put into Jersey Business was to help buy that additional capability and expertise so that businesses could go along and get free consultations in that rather than having to pay conventional market rates for critical advice that would help them at this point in time. So, it has been a whole range of measures that we have tried to deliver, both practical and financial.

Senator K.L. Moore:

Thank you. It is interesting that you talk about legal advice being given in relation to the existing employment law, but have any changes to employment law been considered that might assist businesses in this extraordinary time, along the time-limited measures that have come out of other departments?

Chief Officer, Financial Services, Digital and Enterprise:

So, we have not at this stage. We need to find the right balance of employment law between the rights of the employer and the rights of the employee, and I think that is a delicate balance to strike around ... people will focus on statutory redundancy and a simple trade-off for business owners between should I make staff redundant and pay that one week per year of service, or should I go into the payroll support scheme, and then the sort of weighing up options either side. We are trying to help businesses with free advice so that they can understand those obligations rather than rushing to make a change in the law. Similarly, with insolvency as well, there is a need for us to modernise our insolvency regime, but we need to do so carefully so that we are not jeopardising the interests of creditors unfairly either. So we want to protect those that owe money, but equally we need to ... we have a duty to protect those that are owed money as well. So, I do not think we will be making major shifts of policy on either employment law or in the insolvency regime without a proper consultation exercise to take everyone's interests into account, not just the interests of business owners.

Senator K.L. Moore:

Okay. Would you be looking to convene meetings of arm's length organisations and businesses in order to inform your economic recovery planning?

Chief Officer, Financial Services, Digital and Enterprise:

So, I will maybe start with that but I think it is probably more for the Minister. I think the arm's length organisations are part of delivering a wider economic strategy for government. So I think what we would look to is in the economic council to bring forward a group of people that can help inform the strategy, and then the arm's length organisations are largely a ... they can help to inform some of that strategy, but they are more critical to the delivery of the strategy in practice.

Senator K.L. Moore:

Okay, thank you. I am now going to hand back to the Chair.

Deputy K.F. Morel:

The Chair who forgot to turn his microphone back on. Thank you for all that. I am just trying to pick up the questions again, I do apologise. With continuing with business support, as far as decision making is concerned, can I ask who makes the decisions about who gets the funding via access to Government-backed loans and who does not?

[12:30]

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

Right, okay. You mean the bank loan guarantee scheme?

Deputy K.F. Morel:

Yes.

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

Yes, okay. Richard, would you explain that? It is basically the banks, but perhaps you could explain a little bit more detail around that.

Chief Officer, Financial Services, Digital and Enterprise:

Yes. So, there are parameters in place for the loan guarantee scheme that are between the bank and the Government, but what we are asking is that businesses approach their bank in the first instance and they will be considered for funding on normal commercial terms by the bank. That is their way of business. There is no liquidity crunch as there was in the financial crisis back in 2008-09, so banks are working normally. However, if they come across businesses that are significantly financially impaired and would not normally be a case for conventional bank support, the intention of the Government guarantee is to afford additional security to the bank in making a loan available or an overdraft available to that business. So, the credit assessment is being done by the banks'

professionals and the Government guarantee is intended to provide a degree of security to the bank on behalf of the borrower to enable them to secure that funding.

Deputy K.F. Morel:

Can I ask you with regard to the payroll funding, how did you decide ... well, who decided which businesses were eligible and which were not?

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

Ultimately, it was the Council of Ministers. We had a process where the officers worked with myself, the Assistant Minister for Treasury and Resources and the Minister for Treasury and Resources and the Minister for Social Security in the first instances, then it went to the Council of Ministers.

Deputy K.F. Morel:

What criteria were you using to decide whether a sector should be included or not?

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

I will pass that to Richard.

Chief Officer, Financial Services, Digital and Enterprise:

Thank you. So, I think the first phase of payroll funding, chair, was aimed at businesses that had been hit very hard by a drop in forward bookings. So, from early in March, I think almost to your first question, when I said the 5th March meeting with Chamber and the Hospitality Association, it was evident at that time that hotels had suffered a severe drop in forward bookings, and that would be forward bookings well into the summer, where they would be collecting the cash for those at the time of the booking. That has obviously had a detrimental impact on business cash flow back in late February, early March, because they would have had that money in the bank to operate on. So, it was very important for us to understand early on who were the first wave of impacted businesses, and that was essentially the hospitality sector, hotels, restaurants, cafés, bars, that would be impacted by those measures and social distancing; the retail sector in terms of a decline in footfall in the high street because buying behaviour had changed, people were more reluctant to step out and shop; and then the wholesale sector that supplied into those businesses was also affected. So, that was the consideration for the first wave and those businesses that were included in phase 1 of the payroll scheme.

Deputy K.F. Morel:

Utilities are not part of the payroll scheme, but can I ask have any utilities received funding support from the Government?

Chief Officer, Financial Services, Digital and Enterprise:

Not at this stage.

Deputy K.F. Morel:

No. Is it intended that any will?

Chief Officer, Financial Services, Digital and Enterprise:

We are in conversations with one utility provider around their financial needs. We have asked them for financial information about their operations here in the Island and the financial accounts for their parent group so that we can better understand the appropriateness of a loan of taxpayers' money to them versus their ability to access private funding on a normal commercial basis.

Deputy K.F. Morel:

Thank you. In terms of business support, the payroll 1 and 2, phases 1 and 2 business support packages, how much do you believe the Government will spend on each and over what period of time do you think they will spend it?

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

So, the estimates are for payroll 1 is £6 million and so far, latest figures, 637 businesses, 5,095 employees have been helped. That is about £1.5 million of the £6 million used so far. Payroll 2 is a bit more of an unknown quantity, but figures have been - and Richard will correct me if I am wrong - assessed at somewhere between £170 million to £230 million, depending on whether the scheme runs for up to 5 months.

Deputy K.F. Morel:

So, just to check, that is an estimate of £170 million for 5 months? Is that correct?

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

£170 million I think is closer to 3 months, £230 million closer to 5. Richard, is that correct?

Chief Officer, Financial Services, Digital and Enterprise:

It is. What we have had to try and assess is the payroll bill per sector. So, as we have gone through the complex process of looking at economic subsectors, we have looked at the number of employees in those sectors and we have looked at the average wage in those sectors to try and understand what the potential costs would be from the payroll co-funding scheme phase 2. From that, we can only really estimate what we think is the outer edge of the envelope of support that Government might be providing. It is then down to trying to take an individual view, some sort of haircut-type view of what proportion of that do we think will be utilised in practice. Because, regrettable as it is,

there will be redundancies across the economy, and that might mean that those individuals made redundant, they will come to Government in a different way through the income support channel rather than through the payroll scheme. So, what we have had to assume in the numbers and in securing approval from the Minister for Treasury and Resources is the outer edge of that envelope. That assumes 100 per cent take-up of the scheme by employees within each of the sectors that are considered to be included. I think the reality is that we will not see 100 per cent take-up, we will see a percentage of that, probably somewhere in the order of two-thirds to three-quarters, I would suggest, but that is more a feel rather than anything more scientific than that. What we will have to do is as we see the payroll applications coming through each month we will get a better understanding of what the call is on that scheme and we can report back accordingly.

Deputy K.F. Morel:

Thank you. Can I ask as well ... sorry. How have businesses reacted to the payroll support schemes? What is the feedback that you have received?

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

Having spoken to Jersey Business this morning, who really are at the front line, the majority of the feedback they have received is concern over the 80/20 split and small to medium-sized enterprises concerned about the affordability of that for their business.

Deputy K.F. Morel:

Sorry, just having trouble with my microphone there. Yes, you raised it slightly earlier, Minister. For some businesses, perhaps in hospitality, they will not have even had a season this season, and so they will have taken no revenue at all, but obviously they want their business to continue beyond it. So, it can be difficult to understand how they can pay any element of their staff. Will the phase 1 scheme be tweaked perhaps to take that into account, that they have had no revenue at all this year?

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

I think the phase 1 scheme is pretty much set in stone now. That has been very positively received. The only negative feedback that has been received is over the fact that employees had to be listed on the February Social Security return. A number of hospitality businesses had engaged staff in early March but they were not able to claim for them. Now, I think Richard could explain why that was necessary.

Chief Officer, Financial Services, Digital and Enterprise:

Sorry, Chair, could you just pose the question again, please, sorry?

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

So, I was just saying ... we are talking about the phase 1 scheme. I said it is pretty much set in stone now. The only negative feedback I had received is over the fact that employees had to be registered on the ... listed on the February Social Security returns, when many businesses had engaged staff in March and had kept them on, but perhaps you could explain why it was necessary.

Chief Officer, Financial Services, Digital and Enterprise:

Yes, sorry, no, thank you for that. So, the purpose of that again was essentially sort of an anti-fraud measure. We had to draw the line somewhere to determine what had been rightfully claimed in prior periods and that we were seeing genuine employees on the payroll and that the level of support we were being asked to give in future months had a sort of baseline attaching to it. That would both help us in terms of modelling the financials but also from a statistical perspective to better understand the number of people we were able to keep in work at individual employers through provision of the phase 1 scheme and, in due course, the phase 2 scheme as well.

Deputy K.F. Morel:

Thank you. With regard to phase 1, you mentioned 5,095 employees had been helped. How many businesses were helped and what proportion of the number of eligible businesses was that?

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

So, so far in phase 1, 637 businesses have submitted applications, 5,095 employees have been refunded, if you like, via the business, which equates to about £1.5 million. Those are the figures we have. Sorry, was there another one?

Deputy K.F. Morel:

Well, it was just to understand, yes, what proportion of the eligible businesses did apply. Again, you mentioned for all the co-funding schemes it is possible that not all businesses will apply, and so I wondered with phase 1 if that gives you an idea of perhaps 70 per cent applied or something like that.

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

Understood. The top-end budget estimates that were put together for phase 1 were the cost of £6 million. We have distributed £1.5 million, so that would indicate about 25 per cent of the maximum has already been paid out.

Deputy K.F. Morel:

That is interesting, thank you. I am now going to hand over to Deputy Perchard to carry on asking about the payroll support scheme.

Deputy J.H. Perchard:

Thank you. If businesses in an excluded sector needed support, what will you be able to provide them with? Is there an appeals process or another way of obtaining support if they are currently excluded?

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

So, the answer is at the moment no, although the Government must always listen to businesses or Islanders that might have slipped through the net. One of the small amendments I would like to make to the phase 2 scheme is having an appeals process that could be fast-tracked. It would be a political decision. I would suggest that the 3 relevant Ministers or Assistant Ministers take part in that process, but that is an idea I think I am going to have to persuade the Council of Ministers to go with. I think the scheme is very, very wide now, but there probably is a handful of businesses that we could have overlooked who are suffering severe stress as a result. We had, for example, a wholesale business that was distributing ... I am not sure I can give too much detail in the interests of confidentiality, but they are a small wholesale company and sort of financial service but an intermediary. All these technically were excluded but have suffered very severe stress to their business, and those are the sort of cases I think we need to be prepared to help if we can.

Deputy J.H. Perchard:

Absolutely. We have heard from businesses who think that they might not survive until the end of April. Is financial support available ... additional financial support available to these businesses as a kind of form of emergency funding?

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

No, that would be very difficult to achieve with taxpayers' money and the processes required to distribute it. So, I would hope that because there is certainty of reimbursement on the payroll scheme, a small business would be able to secure very limited support for their bank if necessary on the grounds that the Government were going to be reimbursing them 80 per cent of their payroll. Richard, did you want to add anything?

Chief Officer, Financial Services, Digital and Enterprise:

So, I come back to the point I think in answer to one of Senator Moore's questions that the business support itself is access to things like the loan guarantee scheme, the G.S.T. and Social Security deferrals, the Jersey Recovery Fund. The purpose of payroll was principally to support livelihoods, albeit it would have an alleviating effect of some cash flow pressures on business as a by-product of the scheme. But there is nothing by way of an emergency grant mechanism. It was intended that ... and we have said since day 1 we have encouraged businesses to approach Jersey Business and

through them to start discussions with the banks ahead of the guarantee scheme being finalised and in place, which of course it was on 30th March.

Deputy J.H. Perchard:

Yes, sure, I can understand that. I suppose the question is: if there is a scenario in which a business is saying: "We are about to fail and close," are you balancing the cost of providing some sort of emergency funding against the cost to the state of all of those employees going on to income support? Is there a process where you are calculating the cheaper option? Because in some situations it might be better to spend taxpayers' money in that way.

[12:45]

Chief Officer, Financial Services, Digital and Enterprise:

Well, I think if a business is suffering and likely not to make it to the end of April, there are a number of months ahead, both in terms of the likely period of restrictive measures and then a recessionary phase that follows. So, there would be a question, I think, about the viability of that business in the longer term, so you might help now but is there a similar demand in May, a similar demand in June, and so on? That is not to be flippant or dismissive of the plight of individual businesses, but we have looked at certain cases as they have arisen. So, the Minister made a statement, for example, around Paul Davis Freight Services 10 days or so ago, where we have taken a look at businesses, and there are others that we are looking at at the moment to see if use of taxpayers' money by way of a loan to that business or a grant to a business is an appropriate intervention.

Deputy J.H. Perchard:

Sure. I suppose I was just really responding to the Minister's comment about not being able to spend taxpayers' money on emergency funding for businesses, but I guess my argument was if it is cheaper, if there is a cheaper way of spending taxpayers' money and it keeps people in work, I suppose the argument was maybe that is a solution worth considering.

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

Can I just be clear? I think my point was it is difficult to advance taxpayers' money outside of the scheme. We could say: "Look, here is a £10,000 float and then you can pay it when you get your payroll" and that is almost impossible to achieve with taxpayers' money. But the measures we have put in place with the bank, or even outside of those measures, one would hope that the banks would provide minimal support required at least to help businesses through this period. But I do realise that might not always be the case.

Deputy J.H. Perchard:

Yes. Also, just following on from what Richard was saying about viability of business, so you stated that if a business is not viable by the end of April, then the question of its viability in a longer term was brought into question. Where is the line on that? Because are we saying if a business is not viable to the end of April it was not going to be viable anyway, or is it ... in terms of timeframe, if a business says to you: "We are fine for now but we will not be viable by the end of July," are you saying those businesses do deserve support because they are clearly viable? What is the timeframe on the line of viability?

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

I think this is where I am having trouble with economic advice because we have had ... I do not really think it is for us to judge whether a business is going to be viable in 2, 3 or 4 months' time. We simply do not have enough information about every individual business to make those calls, so the views could be somewhat subjective and that concerns me. Business owners are going to have to make their own decisions based upon their resources, their ambitions for the future of their business, and whether they want to re-open and face further risks into the future. So, we hope that the package of measures we have put in place will make it easier for them to decide, and hopefully the decision will be to keep as many people ... right size their business or restructure it slightly, keep as many employees on their payroll as they possibly can so when we do come out of this - and we will come out of this - we still have that critical economic infrastructure in place to deal with it.

Deputy J.H. Perchard:

It is an uncomfortable question, but I guess the point I am making is that the Government has already made a decision about that in the sense that your officer has just said that if a business is not viable by the end of April, then it probably was not going to be viable in the longer term. So there is that ... that decision making and that measuring of viability is happening now. That is something that is clearly happening now, so I assume that there must be some sort of analysis or measuring or even just timeframes that are given to say, well, April is too early; if you are unviable now, then it is too early for this context to have made you unviable. So, at what stage is the context responsible for the lack of viability and, therefore, what is the Government's view of its own responsibility at that point?

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

I think there will be very, very few businesses, some businesses but very few, that were quite stressed going into this for whatever reasons and they might be difficult to save, even with the best will in the world. What I am concerned about is we may be declaring that it is a view that some businesses, because they cannot meet 20 per cent of their payroll, are potentially unviable and, therefore, not worth saving, and that is a view I cannot agree with or subscribe to. That is why I have asked for certain aspects of the payroll scheme to be reconsidered, very minor changes that

do not change the concept of the scheme. I am not supporting a furlough scheme, but rather than saying to businesses: “We will pay you 80 per cent of maximum of £2,000,” which is £1,600, why not say to businesses that we have forced to close that: “We will pay you 100 per cent with a cap of £1,600”? It makes very little difference but I believe it will be essential in helping some of those small to medium-sized enterprises, and some of the larger ones, to make the decision to keep as many staff on as possible and try and see this through.

Deputy J.H. Perchard:

So, is that something you are endorsing, 100 per cent?

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

This is something I have asked to be reconsidered. I have asked for a meeting with relevant Ministers. I have asked for it to go back to Council of Ministers for further discussion, and I have to say that I am meeting some resistance to that view, which is part of the political process. We have to often fight for what we believe is right, and I am prepared to fight for this.

Deputy J.H. Perchard:

I think you are right, Minister, given that the cost does not change, it just might make some businesses more likely to survive. When can we expect a decision on that?

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

Well, there is quite a lot of discussion about to start. I would like it to be discussed. I would like the opportunity to put the case to the Council of Ministers as quickly as possible. The scheme was due to be finalised and signed off by the Minister for Treasury and Resources tomorrow. I think, being realistic, that might have to be delayed into the early part of next week. We have a little bit of time because the phase 2 scheme is for April, so businesses will not be able to really claim until the end of April, but we do want to get the process open as quickly as possible, so it is an urgent piece of work that I am asking Ministers’ and possibly fellow States Members’ forbearance on while we just consider these last changes.

Deputy J.H. Perchard:

Thank you. Just some hopefully quicker questions: are childcare businesses offered financial support as part of the payroll scheme? Obviously, we have heard already of one private nursery closure.

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

I believe they are. Richard, could you clarify?

Chief Officer, Financial Services, Digital and Enterprise:

Yes, nurseries are part of the payroll funding scheme, unless it is a nursery that is being kept open for essential workers who are continuing to pay their normal nursery fees, in which case a more proportional approach will be taken to that specific nursery based on its continued income generation. But yes, any nursery that has experienced a 30 per cent drop in turnover or greater is eligible for the payroll support scheme.

Deputy J.H. Perchard:

Sure, okay, thank you. What has been the take-up of the business disruption loan guarantee scheme? How many loans have been issued?

Chief Officer, Financial Services, Digital and Enterprise:

So, it is a slow start at the moment. We are expecting the first lot of figures in from the banking sector at close of play tomorrow. We are asking for a weekly update and we will be happy to share that update with scrutiny as it comes through. Approximately 50 businesses are in discussions with their banks already about using the scheme. Most of those are relatively small credit facilities of up to £100,000. Very few are for larger loans, and that is pretty much what we had expected the scheme to be. But also in designing the scheme we avoided some of the pitfalls that the equivalent U.K. scheme has fallen into, for example, around some very high rates of interest proposing to be charged by the banks. We kept interest rates at 4.5 per cent above base rate. So, in our design of the scheme I think we put together something that is very compelling, and those accessing the guarantee scheme will generally find that the cost of borrowing is substantially less than if they were to borrow on a genuinely commercial basis from the banks.

Deputy J.H. Perchard:

Thank you. Do you know which sectors are benefitting most from the scheme?

Chief Officer, Financial Services, Digital and Enterprise:

I do not have a sector breakdown. There are some criteria. For example, we were not supporting asset finance through the guarantee scheme and we were not supporting, for example, property developers to go and speculate on property under the safety net of a Government guarantee. This is very much about working capital for trading businesses at a very acute point in time.

Deputy J.H. Perchard:

Thank you. Moving on now to the construction industry.

Deputy K.F. Morel:

Minister, thank you. I have asked this question a few times, both of your department and the Infrastructure Department. The Minister for Infrastructure is currently issuing permits to enable construction sites to re-open, and I am just intrigued as to what the legal basis for those permits is. I have not been able to receive an answer yet, and I was just wondering if maybe, as I have asked this plenty of times, you may have an answer now. What is the legal basis for the re-opening of construction sites?

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

So, what is being put in place now to clarify this position about an appropriate legal framework for the construction scheme, officer work has started on the development of a set of companion regulations to the restricted trading regulations, which is controlled by the Minister for Health and Social Services, and that will provide the necessary vires to close some of the construction sites and the delegation of issuing a permit in line with the health and safety guidance. So, the Minister for Health and Social Services and I signed off on that this morning so a proposition can be brought to the States on Tuesday. But that does not answer and I am afraid I cannot answer what has gone on before, other than to say that I am sure that my colleague, the Minister for Infrastructure, has acted in the best interests of what was required at the time, but I cannot comment on the vires of those decisions.

Deputy K.F. Morel:

I appreciate he may have acted in the best interests. The question is did he act within the law, and I am not convinced that he is or has acted within the law. This is an issue which needs to be looked at. With regard to construction sites, where can the industry find the guidelines that sites have to comply with to be granted such a permit?

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

The guidelines, the aim is to publish those guidelines tomorrow, take the proposition which provides the vires to the States on Tuesday, and then, as I understand it, the permits could be issued in line with those strict guidelines from Tuesday or Wednesday of next week.

Deputy K.F. Morel:

The thing that is slightly confusing is that permits are already being issued. In fact, permits were issued before the guidelines were signed off by the Council of Ministers. How is that possible? We do not have a legal basis and we do not have guidelines, and yet permits were being issued.

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

I am afraid I cannot answer that question. You would have to direct that to the Minister for Infrastructure. I just do not have that information.

Deputy K.F. Morel:

I was hoping you may be able to give better answers, but thank you, I appreciate it is not ...

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

I cannot, but other than to just reassure you and the panel that the proper framework is now being put in place.

Deputy K.F. Morel:

Thank you. From your perspective, are you satisfied that there is appropriate monitoring of sites to ensure they comply throughout with social distancing? For instance, as Deputy of St. Lawrence, I have already taken calls about social distancing on the site down at Millbrook, people concerned that it is not being followed all the time. Are you happy that there is sufficient monitoring of sites?

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

Look, all I can say is that sites will be closed down if they do not adhere to the rules. I cannot stress that enough. It is impossible to monitor every human being at every minute of the day, but my strong advice to the construction sector, who want to continue to work and who need to continue to work on certain key projects, is they can only do so if they follow the health guidelines.

Deputy K.F. Morel:

Thank you. Minister, I understand we may be cut off at 1.00 p.m. so I am going to wind up there. We do have further questions to ask you, but we will submit them in written format if possible to get answers promptly from your department. But thank you so much for joining us for this hearing this morning.

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

Thank you, Chair, and can I just say thank you to you and your panel? We are in regular contact and I appreciate the support and guidance and the strong scrutiny that is being provided. That is very helpful. Can I also thank my team of officers, Richard, Dan and everybody else, for the extraordinary amount of work that they have got through over the past few weeks? I have a feeling there are a few sleepless nights ahead, but can I just thank everybody for their support? Thank you.

Deputy K.F. Morel:

Thank you.

[13:00]