

STATES OF JERSEY

Economic Affairs Scrutiny Panel Session 2

MONDAY, 19th NOVEMBER 2012

Panel:

Deputy S.G. Luce of St. Martin (Chairman)
Connétable S.W. Pallett of St. Brelade
Connétable M.J. Paddock of St. Ouen

Witnesses:

Mr R. Shead, Chairman, Chamber of Commerce Tourism Committee
Mr I Barnes, Member, Chamber of Commerce Tourism Committee

In attendance:

Mr. T. Oldham, Scrutiny Officer

[11:31]

Deputy S.G. Luce of St. Martin (Chairman):

... here this morning. A couple of preliminaries: switching off of mobile phones, although we are now allowing people with iPads or quiet electronic devices to use them for the access of data which is relevant to the hearing. If we can just start by going round the table, please, to identify ourselves for the benefit of the tape. My name is Steve Luce, Deputy of St. Martin and Chairman of the Economic Affairs Scrutiny Panel.

Connétable M.J. Paddock of St. Ouen:

Michael Paddock, the Connétable of St. Ouen.

Connétable S.W. Pallett of St. Brelade:

Steve Pallett, Connétable of St. Brelade.

Chairman, Chamber of Commerce:

Ray Shead, Chair of Chamber's Tourism Committee.

Committee Member, Chamber of Commerce:

Ian Barnes, I am both on J.H.A. (Jersey Hospitality Association) Sub-Committee and also Chamber of Commerce and I act as liaison between the 2 associations.

The Deputy of St. Martin:

Thank you very much. Good morning, gentlemen, thank you for coming in this morning. As you know, as a Scrutiny Panel we are reviewing the establishment of a Tourist Shadow Board which is proposed by E.D. (Economic Development) and we are seeking the views of the relevant parts of the industry, as well as Economic Development, as to how this is proposed to be done and we are asking people how they feel about the proposals which we have in front of them. From our point of view I think this morning we are very much more interested in listening to what you have to say rather than you listening to what we have to say. We will definitely have some questions for you as we go along but I think initially if I could just hand over to you for some opening comments on how you view the proposition from E.D. to establish the Shadow Board at this time.

Chairman, Chamber of Commerce:

Sure. Just one area of generality with regard to the States and Tourism, it seems to us that Tourism is not as recognised as it should be as the priority among States Members and States departments; not the priority that it used to have, let us put it like that. That is just the general view. The question of funding, I am trying to establish, but I cannot see it anywhere, apart from what the Shadow Board directors will be paid, how much this is going to cost, the idea of a Shadow Board. I have looked around various documents, I have looked around the proposition, unless I have been a bit dumb and missed it, but I cannot see a figure as to what the yearly cost of the Shadow Board would be. So the question is: how much is that going to be? I think that has a bearing on our view as to whether or not it is a good idea, if you see what I am getting at. We do not even know how much it is going to cost. That is my view. The other thing that I think is also worth mentioning is that every year Tourism's marketing budget seems to be upped by somewhere in the region of £500,000 or so and why does this not happen at the beginning of the financial year and then you can plan properly for the year? Or, as under the current situation now we have a 3-year budget, why is it not added in at the beginning rather than having to go to the States and say: "Can we please have another £500,000 for marketing?" and this sort of thing and I think that is important for planning. I am concerned: what has been agreed with the staff? Is there going to be an issue with the current Tourism staff? How is that going to work? Will those members of staff, if Tourism is hived off as a separate organisation - an incorporatised organisation, let us put it like that - will their terms and conditions be part of the Civil Service Board and will they

come under the States Employment Board? Because if that is the case, that reduces enormously the amount of flexibility that any chief executive may have because I would take a guess that a very large proportion of his budget goes on staff salaries. So therefore if he does not have any control over staff salaries, that obviously affects his ability to manage the amount of funds that he has available for spending. I think that that is important. So, really, in general, we support the idea of a separate tourist organisation because I go back to what I said earlier, when there was the Tourist Department, before it seemed to have got subsumed, every year on since we have had a fairly large decline in visitor numbers, so obviously something is going wrong somewhere in the marketing. It seems to me that the marketing spend is part of the infrastructure costs of the Island. We depend on the sea and air routes, the hotels provide employment, the retail industry benefits from the number of tourists who come to the Island, so all of these factors have to be taken into account. I think that we have to be very sure that what we are doing in bringing in what I would call private sector commerciality and expertise, that is important. That really is important. But we have to be careful that if the existing staff comes under the civil service terms and conditions there might be some issues here. That is a general viewpoint. The other thing I would like to stress is that the Chamber of Commerce Tourism Committee and the Chamber Council is an independent organisation, as you know, Steve, and therefore we discuss with government, we get no government funding. All our funds come from our members and I stress the importance of the independence that that gives us rather than with other organisations that do have funding from various parts of the States and therefore various officials sit on those boards. It is not being critical of it, it is just to make the very valid point, I think, that we represent just not a number of hoteliers; we represent the transport companies, the construction business, and the retailers, the people who are actively involved and whose livelihood often depends on the tourism or the hospitality sector.

The Connétable of St. Brelade:

While you are on that in terms of the makeup of the board and how it would be constituted, how important do you see that it be politically independent or can you see a role within that board for some political involvement?

Chairman, Chamber of Commerce:

I think it needs to be completely politically independent. The Minister, as I have read, will attend every 6 months the meetings anyway. It will operate under his general direction which I can see because where public money is involved there has to be

accountability and I accept that. But I think that the members of the board should be independent. I think that is very important.

The Connétable of St. Brelade:

What would your view be, and there is a draft memorandum of understanding.

Chairman, Chamber of Commerce:

I have seen that, yes.

The Connétable of St. Brelade:

One of the points that is picked up from that is that the Minister for Economic Development ... it says: "The Executive Committee will consult the Shadow Board" but also later on it says: "The Minister for Economic Development will have necessarily and upon consultation amend and then improve this plan for inclusion", in other words saying that the Minister for Economic Development will have the opportunity to amend and cherry-pick whatever that board put forward. What would be required on that?

Chairman, Chamber of Commerce:

Well I think that that is the difficulty. As the paymaster he most definitely has the right to be consulted and advise what he thinks should be done. But in a way I think its independence of political leadership is really important. I think it really needs to be, as it says, an independent board. I think that is very important.

Committee Member, Chamber of Commerce:

We do not agree either, I think, the long-term proposal to incorporate it into the Ports of Jersey. We would rather see it go the more private, commercial route than be incorporated.

The Deputy of St. Martin:

Yes, that is a rumour that is going round. I do not think that is particularly substantiated but it has been discussed that it is possible it could be incorporated with the Ports of Jersey but I do not think that is necessarily on the agenda for us at the moment.

The Connétable of St. Brelade:

Could I just ask a short ... because I asked the J.H.A. when they were here. Obviously the Shadow Board will be acting independently, the Ports of Jersey under the new incorporation would be acting independently. Obviously the Ports of Jersey and how we get to the Island is very important. Do you see any conflict about having 2 separate P.P.P.s (Public-Private Partnership) or 2 separate private bodies that have obviously got - I know that Jersey is the shareholder - different aims and objectives? Do you see a conflict there between the 2?

Chairman, Chamber of Commerce:

There should not be. The Ports of Jersey is concerned with the administration and commercial aspects of running the harbours and airport which we all depend on for our normal lives and business. I declare an interest here because I have an involvement in Condor Ferries. But I think that they should still be able to be independent. That does not mean they must not ... they obviously need to talk to each other and in a way, not as a guarantee of their independence, is the fact that the Minister is involved in both boards. But I think they do both need to be independent but obviously they need to have a close working relationship. They will have and I think that is very important.

The Connétable of St. Ouen:

What is the calibre of these members of the Shadow Board do you think should be made up of?

Chairman, Chamber of Commerce:

I think it needs to be some representatives of the industry itself. I think that is very important. I see that the idea is for the chief executive to come in from outside of the Island and I sort of query that in a way. I think there is enough local expertise in Jersey for somebody local to be the chair of the board. I also think with regard to the board directors it should be from local people. There are a lot of business interests, people who have a lot of background skills, people who are semi-retired, who would be able to give of their experience.

The Connétable of St. Brelade:

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

Committee Member, Chamber of Commerce:

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

Chairman, Chamber of Commerce:

I think there is enough local expertise in the Island for people to be ... the job will be advertised, people would apply for it, and I think there is enough local expertise to do that because you have got to understand it. One maybe outside body or outside person who has involvement in Channel Island tourism and marketing, maybe somebody from the U.K. (United Kingdom) who is involved in the I.T.X. (Independent Tour Excursion), the tour business or whatever who could then put in: "Well this is what we see on the ground in the U.K." if you see what I am getting at. But I would definitely say the majority of the board should be local and I ...

Committee Member, Chamber of Commerce:

As well as the private sector in joint ...

Chairman, Chamber of Commerce:

Yes, I think so, yes.

The Deputy of St. Martin:

You spoke about the cost of this board earlier on. Do you think the remuneration that has been proposed at £12,500 for the chairman and 5 is therefore enough money?

Chairman, Chamber of Commerce:

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

Committee Member, Chamber of Commerce:

That is expenses as well, is it not?

Chairman, Chamber of Commerce:

Yes, I did see that, yes. But I would have thought that that seems quite reasonable to me. We do not want to rack up big bills, let us put it like this. We do not need a high-powered board because you are going to have, from what I can gather, a very high-powered chief executive so therefore ...

Committee Member, Chamber of Commerce:

A chairman. A high-powered chairman.

Chairman, Chamber of Commerce:

Sorry, yes. No, but I am talking about a chief executive for the Tourism Department, in effect, if I have read that correctly, and that will probably come from outside. Therefore, you will be paying him a fair amount of money; he should basically earn his money.

The Connétable of St. Brelade:

In terms of making that appointment, the actual protocol and how we get to that person, do you think that ...

Chairman, Chamber of Commerce:

We are talking about the chief executive?

The Connétable of St. Brelade:

The chair.

Chairman, Chamber of Commerce:

The chair, sorry, yes.

The Connétable of St. Brelade:

How do you see that appointment being ... do you think it is right that that decision should come from the E.D.D. (Economic Development Department) itself?

Chairman, Chamber of Commerce:

I am not quite sure any other way that you would do that. Or through the Appointments Commission.

[11:45]

Chairman, Chamber of Commerce:

But somebody has to be responsible for making sure that it is done in the correct way, let us put it like this.

The Connétable of St. Brelade:

No, I asked the question purely because, going back to the political interference, I think if it is an appointment made by E.D.D. that there is always going to be some question as to the independence of that individual.

Chairman, Chamber of Commerce:

But then surely the Appointments Commission is independent.

The Connétable of St. Brelade:

So that is where you would see the appointment made through?

Chairman, Chamber of Commerce:

Oh yes, most definitely. Yes, it has to be, anyway. Any public position that is paid for has to be made through the Appointments Commission and the Appointments Commission is independent.

The Connétable of St. Brelade:

The scrutiny is through that?

Chairman, Chamber of Commerce:

Yes, exactly. That is the way I would see it and that is my own personal experience of applying for various States positions that are on that basis. Yes, you would do it through the Appointments Commission because I think that is really important.

The Deputy of St. Martin:

Were you aware that the potential candidate for the chairmanship has been through that process?

Chairman, Chamber of Commerce:

I do not know.

Committee Member, Chamber of Commerce:

Yes, he has.

The Deputy of St. Martin:

It has been through the Appointments Commission?

Committee Member, Chamber of Commerce:

Yes.

The Deputy of St. Martin:

A question we asked the J.H.A. an hour ago was: what is your level of confidence within the industry do you see for the marketing of tourism through E.D. at the moment or in recent years?

Committee Member, Chamber of Commerce:

Well they have obviously certainly been constrained by budget previously but I think we need more marketing experience which will come from the board. I think it is important also to allow the new board, and I think it is proposed to have it in place February/March, to allow them to formulate a strategy not inherited from the existing.

The Deputy of St. Martin:

How do you see the strategy at the moment? We had policy passed in 2004/2005? Would you see that strategy as still valid these days or would you like to see that rewritten?

Committee Member, Chamber of Commerce:

I think it needs to be. There have been, as we know, various reports but I think the whole thing needs to be looked at by the new board and then come ... because then hopefully they will be professionals, certainly on the marketing side, which is the most important aspect of Visit Jersey, or whatever you want to call it.

The Deputy of St. Martin:

So to be quite clear then, Chamber would see this new Shadow Board as the main drivers behind changes in formation of strategy?

Committee Member, Chamber of Commerce:

Do you agree with that, Ray?

Chairman, Chamber of Commerce:

Yes. Yes, I would think so, very much so. Because it is important that the States, the Island in general, understands the importance and the value of the tourism and hospitality sector to the Island's economy. Both Ian and I, I think you were there, we attended a number of meetings with Oxera at the end of last year/beginning of this year where they were trying to establish what ... because, you see, under the G.V.A. (Gross Value Added) figures it counts as pretty low, that 2 or 3 per cent. In fact, it must be considerably higher than that when you take into account all the peripheral activities that I have mentioned about retail, about transport and this sort of thing, that it is very important. I think, just as an example of the sort of policy, we seem to have an idea that we should be concentrating on the top-end 4 and 5-star hotels when basically most of the hotel accommodation in the Island is 3-star. There is nothing wrong with 3-star accommodation; you get what you pay for like in anything. That is where the large majority of the tourists come when they come to Jersey. Sure, not so much for long breaks any more; there are a lot of short weekend breaks, winter breaks, this sort of thing, but I also feel that we cannot ignore the 3-star market. I think that is really important because if you go off to the West Country, not that I have been, but what I have heard from other members of our committee when we have discussed it, a lot of families holiday in the West Country at 3-star hotels. We have a fairly good range of 3-star hotels in the Island and that is the sort of market we should be aiming for.

The Connétable of St. Ouen:

But do you think that these 4 ...

Chairman, Chamber of Commerce:

I was trying to get to the marketing spend, Steve, that is all I was saying.

The Deputy of St. Martin:

Yes, I do not want to stray too much on to the ... we are trying to keep it, if we can, fairly tight to the board. I know it is very easy to stray over to strategy but ...

Chairman, Chamber of Commerce:

Yes.

The Connétable of St. Ouen:

No, I was just going to say, do you think the 4 or 5-star hotels have marketed themselves right through because it is quite an achievement to get to that stage. You know, they have to work very hard and tick a lot of boxes, so do you think they promote it themselves?

Committee Member, Chamber of Commerce:

It is being done at the moment, is it not, the luxury hotels?

Chairman, Chamber of Commerce:

Yes, I think it is, yes, and the type of market that they are aiming for, especially in the south-east and the London area. They seem to be doing pretty well on that, anyway because part of all the various hotel ... you know, booking.com and these top-end websites and this sort of thing, this is where the marketing has worked for that sector of the market but there is another sector of the market as well which is by far the largest sector. I include day-trip travel on that as well which I think is very important.

Committee Member, Chamber of Commerce:

The important thing though is not just quantity obviously. In terms of 3-star market I think that represents about 80 per cent of the tourism cake. But we must not forget that we are not just after quantity, we are after yield. There has been a lot of investment in the tourism industry and it is the spend on-Island that is as important as quantities, although we have to look after our 3-star market.

The Connétable of St. Brelade:

Can I go back to a point you made 2 or 3 minutes ago, Mr. Barnes, just regarding in terms of the strategy for Jersey Tourism in terms of the board, in that you very much see them having a clean slate when it comes to seeing where we are going forward.

Committee Member, Chamber of Commerce:

Yes.

The Connétable of St. Brelade:

Would you also include the Visit Jersey branding in that where they seem to be being given the ...

Committee Member, Chamber of Commerce:

Yes. They need to make the decision on the name.

The Connétable of St. Brelade:

Themselves?

Committee Member, Chamber of Commerce:

I quite like "Visit Jersey" but the board must be incumbent to come up with everything that is to do with the strategy going forward and not to inherit anything it currently does.

The Connétable of St. Brelade:

So if that did not suit their needs, they have to be allowed to make the decision?

Committee Member, Chamber of Commerce:

Exactly. They have to make the decision like any board of directors in a company or shareholders would do.

The Connétable of St. Ouen:

But do you think Visit Jersey has had its day? It has been around a long time now, has it not?

Committee Member, Chamber of Commerce:

I think it has been proposed because of Visit Britain and things like that.

The Connétable of St. Ouen:

That is what I mean, yes.

Committee Member, Chamber of Commerce:

I think as a title, it works well because it is simple. It is "Jersey" and it is "Visit" but it is not necessarily ... maybe it needs updating and refreshing. You know, a marketing person will come up and it will be decided by the board whether it is a good or bad name, I am sure.

The Connétable of St. Brelade:

Could I just ask a question in terms of the length of time you see this Shadow Board being in existence? Is it something that you see leading up, for example, to going into a private board? They obviously have a timeframe because they need to put the strategy in play. How long do you see the board in existence?

Chairman, Chamber of Commerce:

As a Shadow Board, I would have thought that, if the right people, the right directors, were on the board and they are independents (as we have discussed earlier) is assured, within about a year or so they should be able to come up with proper concrete proposals of what the idea would be to create a separate - I do not know what you are going to call it - Tourism Department. But I think the idea of a separate Tourism Department is really important, is it not? Because I think it has been subsumed by Economic Development who have lots of other activities as well. Maybe it also needs a Minister or an Assistant Minister for Tourism, somebody whose job is to come and wave the flag politically for the Island, let us put it like that. I think that is really quite important.

The Connétable of St. Brelade:

So you see very much that timescale-wise about a year or 12 months and within that period of time they would have to be making a decision about whether we were going to stay as a public sector body or whether we were moving into a more private ...

Chairman, Chamber of Commerce:

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

Committee Member, Chamber of Commerce:

I think it should be a 3-year business plan, not a yearly plan. They should be looking forward. A year is not enough.

The Connétable of St. Brelade:

Well that is what the States are doing so what should it be here then?

Committee Member, Chamber of Commerce:

Yes. Well it is a 3-year appointment, is it not, and then review potentially for another 3 years. But I think after a year if the right board is in place as reassessed, I think you will see some positive results come out of it. We are talking about industry professionals here, people who know and are well established on the Island and

have been successful businessmen. That is what we want. It needs to be run almost as a commercial operation.

The Connétable of St. Brelade:

Do you think the industry themselves need that security, that they know what is coming over? That sort of medium-term ...

Committee Member, Chamber of Commerce:

That is the point, yes. Otherwise you will not see further investment in the tourism industry because, as has been said before, we have been managing the decline in tourism over the last 10 years. It needs to start going the other way otherwise people will be coming out of the industry and you will not see further investment. We need a balanced economy between finance and tourism.

The Connétable of St. Brelade:

Do you think that has been an issue, though, that there has not been a holistic approach? You have separate hotel groups, separate hotels, different parts of the economy that has worked in its own way but there has not really been a totally holistic approach by the Tourism Department.

Committee Member, Chamber of Commerce:

I suppose so. What do you think, Ray?

Chairman, Chamber of Commerce:

Yes, I think that it is the way that the tourism ... sorry, coming back to what I said earlier. The way the Tourism Department seem to have been subsumed into Economic Development rather than, as it was in the old days of the Committee system, a stand-alone Tourism Department and I think that is it. Obviously with - how can I put it? - the cutbacks and comprehensive spending reviews and what is happening there, it needs a political somebody to fight at Council of Ministers' level to make sure that you do not lop too much off the budget. Because, as I referred earlier, the marketing budget and the spend that the States put is part of the infrastructure of the Island and therefore is ...

The Connétable of St. Brelade:

But to be fair, in fact the Tourism Department is quite a large department, they have quite a lot of staff.

Committee Member, Chamber of Commerce:

Eighteen.

The Connétable of St. Brelade:

Which is a fairly large department. Do you think they would really be focussed on getting the right aim for the work, as it were, with what has been available? The other issue with that as well, sometimes being a bit too reactive rather than proactive and going out looking for ...

Chairman, Chamber of Commerce:

Yes, I think you are right there. They have been trying to ... it is the idea of obviously having the office in London, to have a marketing company they are working with in the U.K. to place the adverts and this sort of thing but then it comes back in a way to the funding. When you want to try to react to issues like a couple of years ago with the Haute de la Garenne saga and all that went on, so they received some extra funding but of course it was quite late funding. It was more difficult to plan. Obviously this year, like many other sectors across the British Isles which is our main market, was they had been affected by the Olympics and the Jubilee. But everybody saw that coming anyway and therefore allowances should have been made for that. But I think it is a question of how you respond. I have noticed, and it could be taken as a certain amount of criticism, far more adverts on TV and in the media for Guernsey than there were Jersey adverts. I have noticed this.

Committee Member, Chamber of Commerce:

Certainly, and I think the point is that more money should be allocated for marketing than on running the department.

The Connétable of St. Brelade:

Just getting the name out to the ...

Committee Member, Chamber of Commerce:

It is the branding. The branding. The other thing they seem to fail at is, we get a lot of inquiries through the website but they do not convert and people must be asking questions: why are they not converting; why are they not making consideration to come to Jersey? There must be some reason: is it cost, is it cost to travel? Nobody seems to ever ask the question. An independent survey should be carried out

among the people that inquire as to why they did not make a decision to come to Jersey.

The Deputy of St. Martin:

The 2 Ports of Jersey must have a huge influence on the question that you have just asked.

Committee Member, Chamber of Commerce:

You would think so, yes.

The Deputy of St. Martin:

In other words, the harbours or the airports. Do you see a seat for a representative of Harbours and Airports on the board or do you see a seat around the table at officer level for a Harbours and Airports' representative on the Shadow Board, or do you think that it is just something we should work with outside of the board?

Committee Member, Chamber of Commerce:

Perhaps they should be part of the sub-committees under the 5 directors.

The Deputy of St. Martin:

Okay. We know that we have at the moment the Tourism Marketing Panel which we expect will continue, especially in the short term. In the proposition there is talk of other panels sitting underneath the Shadow Board.

Committee Member, Chamber of Commerce:

That is one of the sub-committees.

The Deputy of St. Martin:

That is the sort of level that you would see them coming in?

Committee Member, Chamber of Commerce:

Yes.

The Deputy of St. Martin:

Are there any other particular sort of individual subjects where you feel there might be scope for setting up other panels?

Committee Member, Chamber of Commerce:

There obviously must be a marketing one; that is the most important one.

Chairman, Chamber of Commerce:

I also think on the travel links as well. I think it is really important that the airlines and, again, the shipping company, are in a way supported, and we have to support the legacy companies. I see that in the budget there is £120,000 for route support; it mainly seems to be aimed at London City or Blue Islands. I would not have thought that is a major tourist route. That is a very good route for business and I use it myself but I think that we need to make sure that when the planning and the way that new route funding is carried out, the way that we talk with EasyJet as the major low-cost airline that operates into the Island, I think we must not forget the legacy carriers who also have been working in Jersey for many, many years and bringing in a lot of tourists there. Because everybody goes on about the high costs but, when I look at the website, and I am looking at bringing my daughter over at Christmas, coming over for Christmas on British Airways, about £100 return, £70-odd of that is tax. Nobody is making a fortune out of it, that is for sure.

Committee Member, Chamber of Commerce:

But that is on the routes where there is no competition, of course. Southampton is an expensive route because there is no competition.

Chairman, Chamber of Commerce:

Southampton is but I am talking about Gatwick. But there is competition at Southampton because Blue Islands do that as well as Flybe.

[12:00]

The Connétable of St. Brelade:

In terms of putting money into some of these routes in terms of tourism, the Shadow Board, if there are recommendations on various route support, it needs to be driven by them. I think some of the route support is not aimed at tourism; it is aimed at other markets where, if it is going to be a Shadow Board and they are making recommendations, they are the recommendations that need to be upheld by the Minister.

Chairman, Chamber of Commerce:

I should think so, yes. I would agree with you on that. The London City route is more of a business route but I think some of the other routes for Island residents and also for tourists as well.

The Connétable of St. Brelade:

Well maybe those sorts of routes should be subsidised, whatever you want to call it, by Jersey Finance, for example, if they think it is that important to ...

Chairman, Chamber of Commerce:

Perhaps there is something there. One of the points that we made in our submission to the Green Paper was that the Island should not forget that everything should not all be down to finance. There should also be recognition of the value of the tourist industry to the Island as well.

Committee Member, Chamber of Commerce:

Without the tourism industry you would not have the choice of routes that exist for the finance industry and the locals obviously in terms of support for hotels, so the tourism industry is very important to maintain the level of transport carriers that we have at the moment and the investment in the industry.

Chairman, Chamber of Commerce:

We are very lucky to have about a dozen flights a day to Gatwick for a start.

The Deputy of St. Martin:

If I could take us back to the board because we are straying again into the strategy which, as we all know, is hugely difficult to keep off. You have seen a copy of the draft memorandum of understandings.

Chairman, Chamber of Commerce:

Yes.

The Deputy of St. Martin:

Anything else that you would like to pick out of it? We have had discussion ourselves as to at what stage the memorandum needs to be finalised. Does a draft need to be given to the board for ratification? Do you feel that it is going to be important that the Shadow Board are fully behind the memorandum of understandings or is it unfair to give it to them and say: "This is the terms you work under"?

Chairman, Chamber of Commerce:

Well I think in the first instance, when the chairman is appointed, he will be the person signing it and I think it would be him. His idea would be, I think, that the chairman should sign it and then make it clear with any amendments that he thinks are necessary to any board members: "Well this is what I have signed up for. Do you agree with me to be a member of the board?"

The Deputy of St. Martin:

Yes, because the Constable has already referred to one section of the terms and we have discussed this morning the need for separating the political interference away from the independent.

Chairman, Chamber of Commerce:

Yes.

The Deputy of St. Martin:

So it will be important, we feel, (but we would like to hear it from you) the importance of making sure the Terms of Reference are correct.

Chairman, Chamber of Commerce:

I think so, yes.

The Deputy of St. Martin:

In fact, I feel the way the discussion is going, the Terms of Reference are almost more important than the board itself because I am getting from you a feeling that, yes, we do need the Shadow Board in place, we do need the Shadow Board to set the strategy for coming and we do need the Shadow Board to be independent.

Committee Member, Chamber of Commerce:

They do not want to be hamstrung, do they, really? They need to be given the freedom to advise on the planned strategy.

The Deputy of St. Martin:

Yes. So just to reiterate that you see the chairman getting cited his terms and maybe suggesting modifications to them before they are signed up and finalised?

Chairman, Chamber of Commerce:

Oh, yes. If he feels they are necessary, yes, and then to have a ... well, obviously the chairman would, with the Appointments Commission, have a say who become the directors. Obviously the members of the board would have to sign up to the memorandum as well. Yes, I think that is the right way to go.

The Deputy of St. Martin:

We have spoken about the board being somewhat described as a “stepping stone” to the next stage which would happen 2, maybe 3, years down the road. You have indicated your preference for lack of political interference and a lot of independence. I am assuming that you would see with that the existing staff - and we have spoken about it - moving into a private organisation away from the civil service?

Chairman, Chamber of Commerce:

I would think so, yes. I would think that is the way it has to work. Because then it gives the chief executive and the chairman, in effect, a large part of the budget is going to be made up of salaries and pension contributions, this sort of thing, he needs to understand exactly how much money he has at his disposal. Therefore, that is part of what I had referred to earlier, bringing in private sector commerciality into it. You do a good job, you get paid for it.

The Deputy of St. Martin:

At the moment, the budget is £6.6 million, do you ...

Chairman, Chamber of Commerce:

Sorry, Steve, that is the total budget of the Tourism Department ...

Committee Member, Chamber of Commerce:

The cost of running the department.

Chairman, Chamber of Commerce:

The cost of running it, yes.

The Connétable of St. Brelade:

That is not the marketing budget?

Chairman, Chamber of Commerce:

No, the marketing budget is about £2 million, as I recall.

The Deputy of St. Martin:

Do you feel that the industry gets value for money for their £6.6 million?

Chairman, Chamber of Commerce:

I would say the only real way of defining that can only be you have to set a benchmark, and a benchmark for the number of visitors. If the number of visitors is going down and down each year, and the latest figure that I looked at on the States website was down 3.2 per cent at the end of September. Ian tells me it is slightly higher than that.

Committee Member, Chamber of Commerce:

It is 4.6 now.

Chairman, Chamber of Commerce:

So 4.6 per cent in a year. That decline has been going on for a number of years so therefore I would think that if you use that as a benchmark, we are probably not getting the full amount of value for it because there are declining numbers. If you set that as the benchmark, which I am just hypothetically suggesting that as a benchmark of a reduced number of visitors for a £6 million budget, maybe that speaks for itself.

Committee Member, Chamber of Commerce:

It is difficult to answer that question because I think, although we see these costs of running the department here inclusive of the spend on advertising, I think these figures need breaking down more.

The Deputy of St. Martin:

They are not the clearest in the world. They are very ...

Committee Member, Chamber of Commerce:

They are not very clear.

The Connétable of St. Brelade:

To see where the inline costs are within those ...

Committee Member, Chamber of Commerce:

I think the other important thing in the future, all this has got to be performance-related which it is not at the moment.

The Connétable of St. Brelade:

Presumably that is where you see the P.P.P. playing its part in providing that value for money?

Committee Member, Chamber of Commerce:

Yes, exactly. What is product development: £652,000?

The Connétable of St. Brelade:

Do you also see those P.P.P.s, as you do in all private sector, look at their success criteria as well?

Committee Member, Chamber of Commerce:

It should be performance-related, absolutely, yes. Like any board, it will look at it before ...

The Connétable of St. Brelade:

It should be able to mark what your success is and where that success is?

Committee Member, Chamber of Commerce:

Yes, the benchmark.

Chairman, Chamber of Commerce:

To set the benchmark, in effect, which I referred to earlier, yes.

The Deputy of St. Martin:

Do you think that, if it is a 4.6 per cent reduction on last year, this goes with the years previous as well, that we are doing the best we can under difficult circumstances or we are managing decline here?

Committee Member, Chamber of Commerce:

Managing decline and globally the tourism market is increasing; it is on the increase. More people are travelling now, would you believe, so we are managing decline.

Chairman, Chamber of Commerce:

I was in London last weekend. I went to the London Jazz Festival and I have a little bit of family experience. My daughter is a senior marketing official at the National Theatre. It employs 850 people, the National Theatre. I guess the South Bank probably employs a similar amount of people, the Barbican where we also went, so you have very large worldwide venues but you are employing at least 3,000 people plus loads of ancillary people as well. Now, in the past there was a Jersey International Festival that stopped because of lack of funding and we are talking relatively small amounts of money, £30,000 or £40,000, maybe a bit more. We had the Jersey Jazz Festival where people came over. It is those type of events, which we have not really touched on, but that is where I feel that a lot of the expertise from the private sector should be event-led tourism. I think that that is not just in the shoulder months ...

Committee Member, Chamber of Commerce:

As an all year-round destination, that is the important thing.

Chairman, Chamber of Commerce:

Yes. Because we did have it before and it worked. We have very successful people here: we have seen the Liverpool Philharmonic up at the Fort, Jools Holland, he comes as well, but he was here, flamenco dancers at St. Thomas' Church, Paco Peña, that type of thing. I would say for the Jazz Festival. for the older generation like me, they come and travel and they spend 3 days at the Mayfair or the Metropole, spending money, coming to see jazz.

The Connétable of St. Brelade:

But that is very much a role, is it not, for a potentially new dynamic chief executive that is going to drive those type of events?

Chairman, Chamber of Commerce:

Yes, exactly. Yes, and those are the sort of areas that I think it is really important: event-led tourism because we ...

Committee Member, Chamber of Commerce:

They have been talking about it for years, have they not, but nothing has happened?

Chairman, Chamber of Commerce:

Yes. We did have ...

The Connétable of St. Brelade:

I hate the phrase "miss the boat" but there is still scope there ...

Chairman, Chamber of Commerce:

I think so; there always is for something new, yes. Yes, very much so.

Committee Member, Chamber of Commerce:

The trend is for short break now. Some people come over 3 times a year on a short break. It is not your traditional bucket and spade July and August any more. We have to extend the season across the whole 12 months through event-led tourism for people coming here.

The Connétable of St. Brelade:

So you see where we are geographically being quite ...

Committee Member, Chamber of Commerce:

Very easily accessible.

Chairman, Chamber of Commerce:

You are a half hour, you can get your flight. These events are published up to a year in advance. If you want to come, you book your flight, you book your package, and you get your flight here for under £100 from London.

The Deputy of St. Martin:

Talking about looking into the future. Obviously the setting up of this new board and the strategy that is going to flow from that, it is not happening until 2013, but we would be hopeful that the new board will have some major influence on what might happen for 2014. But where, as an industry, would you see the cut-off date for a strategy having to be in place next year to have a serious influence on 2014? If you could give us a timeline next year where you see the board being finalised, their recommendations coming forward for a change in strategy, have we got time to do it to make a difference for 2014?

Chairman, Chamber of Commerce:

I would have thought that it needs to be a bit earlier than that, around October when people are getting ready for the 2014 brochure for those sort of activities, yes.

Committee Member, Chamber of Commerce:

Yes, certainly by October at the latest, so by September, really.

Chairman, Chamber of Commerce:

When we said a year, maybe they will have to work a bit harder and get it done in less time, but you really do not want to miss another year.

The Deputy of St. Martin:

No, absolutely.

Committee Member, Chamber of Commerce:

The board needs to be in place no later than March for them to achieve that. There has been so much procrastination and delays in getting this established.

The Deputy of St. Martin:

Well we are just trying to get a feel for chairman, board, strategy, 2014.

Chairman, Chamber of Commerce:

But, you see, these things need not, they really should not, take that long in setting it up. Then it would be up to the board and especially obviously led by its chair and chief executive to get something in place in time for the ... everybody in the tourist business knows the calendar when you have to have things done for planning for the following year.

The Connétable of St. Brelade:

Do you see a role of the board to appoint that chief executive? Or could it maybe consult on it?

Chairman, Chamber of Commerce:

I think the chairman must have a very, very large input into who the chief executive might be, very much so, because he has got to work with him fairly regularly. I think that is very important. Again, that would be something that would go through the Appointments Commission so I would say that the chairman must have a role in setting up the job description for the chief executive, very much so.

Committee Member, Chamber of Commerce:

Again, bring in performance-related as part of the position.

Chairman, Chamber of Commerce:

I am not sure what other benchmarks there are beside the number of visitors coming to the Island but that, I would say, is the ultimate benchmark, really.

The Deputy of St. Martin:

I am just running through our Terms of Reference and making sure that we have all the points covered which I think we probably have done. Have the Connétables got any further questions?

The Connétable of St. Ouen:

No, I do not think so.

The Deputy of St. Martin:

I think there might be just one I want to clarify. The constitution of the board, I think you said earlier that you just see maybe one political representative, probably the Chief Executive of E.D. or something would sit on the board but apart from that you would like to see ...

Chairman, Chamber of Commerce:

I would not call the chief executive ...

The Deputy of St. Martin:

Chief Officer, sorry.

Chairman, Chamber of Commerce:

The chief officer, no, as the political representative; he would be the official. I would have thought one of the things that would be helpful to show that the States valued the tourist industry is that one of the Economic Affairs Ministers, Deputy Minister, was involved and was in effect a Minister for Tourism.

Committee Member, Chamber of Commerce:

Certainly, J.H.A. support the view of having an Assistant Minister for Tourism. We did a presentation a couple of years ago to politicians and they were not aware of the

value of tourism to the Island and I think we need somebody to champion our cause for the tourism industry and to have an Assistant Minister.

The Connétable of St. Ouen:

Where do you think that has failed currently? At what point does it fail: at Tourism, has it failed politically?

Committee Member, Chamber of Commerce:

Probably working with the industry. This board will work closer to the politicians than perhaps the present department does.

The Connétable of St. Ouen:

But do you think Tourism have failed the industry by not being there to promote the Island?

Committee Member, Chamber of Commerce:

I think what it is, it is being financial support in terms of politicians voting on things like budgets and things like that. I think Jersey Tourism should have had more money at their disposal to spend on marketing and redevelopment and everything else.

The Connétable of St. Brelade:

So in terms of the economic growth strategy, it mentions diversification quite a few times, Tourism should be playing a major role in that diversification?

Chairman, Chamber of Commerce:

Oh yes, very much so, yes. Yes, it is diversifying from one single industry such as finance to ... you will never get tourism the way it used to be before in the old days. When I first came to Jersey you had 4,000 people coming on British Rail every day. You are never going to get those sort of figures any more but I think that for the overall benefit of the Island we have a lot to offer. We have friends who come over and: "Wow, this is fantastic."

[12:15]

You go out and you see the Island, we feature it in lots of TV programmes and it really makes it look very attractive. The thing is now, how do you follow up on that? That is really the important thing, I would say.

Committee Member, Chamber of Commerce:

We need to capitalise on what we have got and the way to do that is to market it.

The Connétable of St. Brelade:

Do you see a role in that strategy for closer working with other Channel Islands? We spoke about it a little bit before with another group about ... obviously Guernsey are in a very fortunate position where they have Herm and Sark virtually right on their doorstep. But do you see a role to play from a pan-Channel Island's view as to how we market ourselves?

Chairman, Chamber of Commerce:

I would think so, yes.

Committee Member, Chamber of Commerce:

It increases the pot of the marketing spend, yes. It makes sense.

Chairman, Chamber of Commerce:

Yes, I think we need co-operation with Guernsey in lots of areas. Tourism marketing is definitely another area that we should be co-operating with, very much so. Even though we are slightly ... Guernsey has always appealed to an older clientele than Jersey. It is that sort of age group, my sort of age group, who are travelling more anyway. So to have joint-Island trips and this sort of thing, I am sure the transport companies will be able to work out reasonable deals along with the flights of both Islands anyway.

Committee Member, Chamber of Commerce:

Two-centre holidays; spend time in both Islands.

Chairman, Chamber of Commerce:

Yes, it is definitely a way to go. I would say that is more of a long term rather than ... that is perhaps a more ...

The Connétable of St. Brelade:

That is more a strategy issue as well.

Chairman, Chamber of Commerce:

More strategy, yes.

Committee Member, Chamber of Commerce:

The board should decide that, yes.

The Deputy of St. Martin:

Gentlemen, thank you again for your time this morning. I am fairly confident we have covered all the questions and issues that we wanted to raise with you.

The Connétable of St. Ouen:

Yes, and it was great; been very helpful.

The Deputy of St. Martin:

Unless you have got anything else you would like to say to us?

Chairman, Chamber of Commerce:

No, I think we have covered everything.

Committee Member, Chamber of Commerce:

Were we concurring with the J.H.A.? Were they saying the same things, out of interest?

The Deputy of St. Martin:

I think you can be assured you are singing from the same sheet.

Committee Member, Chamber of Commerce:

Good, I was going to ask that. We work independently though because obviously ...

Chairman, Chamber of Commerce:

Yes, and I would like to stress from Chamber's point of view, we are independent, and we do have on the Tourism Committee, apart from hoteliers, travel companies, we also have attractions as well and I think that is very important.

Committee Member, Chamber of Commerce:

Retail as well. Most of your membership, they rely on a tourist aspect, yes.

Chairman, Chamber of Commerce:

Well that is in general, I am just talking about our Tourism Committee but, yes, retailing is obviously very important, and obviously the other industries that are affected such as construction and the plumbers ...

Committee Member, Chamber of Commerce:

The money goes around, I think is the expression.

Chairman, Chamber of Commerce:

Circulation. Keep the pound in the Island, yes.

Committee Member, Chamber of Commerce:

Could I just confirm the figure, I think it is £242 million which is the value in 2011, it is far more than that. It has to be understood when you look into it in terms of the hospitality industry, it is far greater than that. So, that message must be put across that the value of the tourism industry is significantly more than what is quantified.

The Connétable of St. Brelade:

I was at a meeting the other night with some traders in St. Brelade and is what you have said today, in terms of who you represent, representative of both larger and smaller businesses alike?

Chairman, Chamber of Commerce:

(Confirmed full membership post-Hearing):

I Barnes	Barnes Publishing Ltd
I Taylor	Flybe Ltd
J Copsey	Durrell Wildlife Conservation Trust – leaving the Committee
K Barker	Durrell Wildlife Conservation Trust – replacing J Copsey
K Le Feuvre	La Hougue Farms (1975) Ltd
M Barette	AC Gallie Ltd
R Shead	Continental Trading Company
R Lapidus	Channel Hotels & Leisure Ltd
S.Morvan	Morvan Hotels
S Bailey	Condor Ferries
T Stene	Radisson Blu Waterfront Hotel

... I tried to make it a wider spectrum. Obviously we do not cover the construction industry and the retail industry but we do liaise with them and we do get the footfall figures and this sort of thing, how many people are coming through town and all that. That is important. Like, coming up for Christmas, the Fête de Noue, they are advertising in Guernsey and bringing people over and that, I think, is important despite the headline in the J.E.P. (Jersey Evening Post) on Saturday.

The Deputy of St. Martin:

Gentlemen, I am going to close our particular hearing there so we can switch off the machine. I thank you again for your attendance and I no doubt will be speaking to you again in the future when we come to look at strategy.

[12:19]