



# **Economic and International Affairs Scrutiny Panel**

## **Quarterly Hearing**

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

Friday, 14th February 2020

**Panel:**

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

Deputy D. Johnson of St. Mary (Vice-Chair)

Deputy J.H. Perchard of St. Saviour

**Witnesses:**

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

Mr. D. Scott, Director, Growth, Housing and Environment

Mr. R. Corrigan, Group Director, Financial Services and Digital Economy

Mr. D. Houseago, Group Director, Economy and Partnerships

[11:33]

**Deputy K.F. Morel of St. Lawrence (Chairman):**

Welcome, Minister.

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

Thank you.

**Deputy K.F. Morel:**

I am sure you know the drill, you have read the notice on Scrutiny meetings. Before we get started, we will just start by introducing ourselves.

**Deputy J.H. Perchard of St. Saviour:**

Deputy Jess Perchard, member of the Economic Affairs panel.

**Deputy K.F. Morel:**

Deputy Kirsten Morel, chair of the panel.

**Deputy D. Johnson of St. Mary (Vice-Chair):**

Deputy David Johnson, vice-chair of the panel.

**Group Director, Financial Services and Digital Economy:**

Richard Corrigan, Group Director.

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

Senator Lyndon Farnham, Minister.

**Director, Growth, Housing and Environment:**

Darren Scott, Director.

**Group Director, Growth, Economy and Partnerships:**

Dan Houseago, Group Director.

**Deputy K.F. Morel:**

Brilliant. We will start with a very easy, very wide open question, which is what areas of work are the department concentrating on at the moment as we move into the New Year?

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

We have a large amount of business as usual, which takes up a lot of time at the beginning of the year, because some of our arm's length organisations are getting embroiled in their business plans for the year, for example, Jersey Business and Visit Jersey, Digital Jersey, those sort of organisations. Outside of business as usual, which is unusually busy, we have our future economy programme and economic framework and productivity work, which is probably our highest priority, although I am always cautious of saying something is our highest priority because everything has a habit of becoming a very high priority on the day that there is demand from it. Retail strategy is another piece of work that is nearing completion. Given the States decision to significantly increase the funding to arts and culture and heritage, the 2 strategies in those areas have been elevated to high priority. Our sports facilities strategy, which is being managed for the department by Senator Pallett, is also a high priority and is approaching its final stages of completion. Then we have work around cyber security. There are some other digital issues which I know we are not due to discuss today but we can perhaps discuss those on another time. Following the discovery of the coin horde

and the possibility or the likelihood that further treasures are likely to be found in Jersey in the years and decades ahead, we are working on antiquities legislation, which we have elevated into a priority space.

**Deputy K.F. Morel:**

Yes, that is interesting.

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

We now have a proposed way forward on liquor licensing, which is following a meeting with Senator Pallett, the Chief Minister, myself, the Bailiff and the Solicitor General last week. That work is now going to begin again.

**Deputy K.F. Morel:**

We will be asking you more about that as we go through, so thank you for that. There are a number of areas - retail strategy, the economic framework, the liquor licensing issue - we will certainly be asking you a bit about through the morning. Before we go any further, another piece of work that you did mention, which is the kind of reorganisation of Economic Development as a department and extracting it from Growth, Housing and Environment. Would you be able to tell me, what is the rationale for moving Economic Development or creating this Economic Department and moving it out of G.H.E. (Growth, Housing and Environment)?

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

I think we have to go back some years. When we look at the beginning of ministerial government, when the committee system transformed into the ministerial system, we saw the coming together of a number of committees, inter-department and ministerial responsibilities. The Industries Committee went to the Economic Development Committee and then went to the Economic Development Department in 2014. The department was split up and some aspects of that were taken out and placed in the Chief Minister's Department and shared out among different ministerial responsibilities.

**Deputy K.F. Morel:**

Financial services.

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

Financial services, digital competition and other bits and pieces. I felt that fragmented the work a little bit. Still, we worked fairly successfully between 2014 and 2018 with that system. Economic Development took on board arts, culture and sport. Then following the decision of the United Kingdom to leave the European Union, that presented us with a new set of economic challenges

potentially for the future. So the political thinking, which is aligned with the thinking of the Chief Executive and his department, is that combining these workstreams again and these departmental responsibilities in light of the economic challenges and opportunities we are facing would be a sensible idea and make for a more aligned and collegiate department. When you just look at it, I think sitting in G.H.E., that is a huge spread of departmental responsibilities. The aspiration is that a new department under the interim leadership of Richard Corrigan, sitting here on my right, will be able to consolidate all of that work and produce a more productive and effective department.

**Deputy K.F. Morel:**

One potential disadvantage of moving it out of G.H.E. is on the issue of sustainability. One thing we have talked a lot about is ... whether it is the need to manage population, needing to improve the environment in Jersey and some are saying to have a different economic outlook and perhaps bring the environment and economy closer together. Do you think by moving it out of G.H.E. you could be missing a trick there?

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

I have thought about that and I am a proponent of encouraging business to prioritise environmental good practice because I think the future of our economy will depend largely on embracing the opportunities we have there.

[11:45]

In answer to your question, I do not think moving it out into a separate department from G.H.E. at this stage is a bad thing because I think that while they are in a different department there is still the opportunity to work very closely together, but I think there is probably the next stream of work - and there has nothing been agreed here - but I think there is probably going to be some further work to look at where the environment, at the planning responsibilities, the environmental responsibilities will sit. Once the new Department for the Economy is established, I think that is probably the next piece of work. I have not spoken in any detail to other politicians or the Chief Executive about this, but the way the States are prioritising their aspirations, for example, in carbon neutrality and so on will lead to a much more aligned approach with economy and environment.

**Deputy K.F. Morel:**

That is exactly what I mean, carbon neutrality will have an effect on the economy, but within G.H.E. potentially you could have a more joined-up approach, whereas you are kind of separating yourself.

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

Perhaps environment at some stage in the future could come across, because I think the infrastructure aspect of G.H.E. is so huge and so important, about maintaining the Island's infrastructure. That is possibly a department within itself, and when the work on how the planning responsibilities and the environment responsibilities, whether they stay together or they are separated, that might be an opportune time to decide where we put environment from a departmental point of view.

**Deputy K.F. Morel:**

So with financial services, will External Relations still have a large role to play in that area?

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

Yes, they will, but the External Relations political responsibility and departmental ... sorry, the departmental responsibility stays in the Office of the Chief Executive so it is really just the financial services side. There are discussions around international taxation and other challenges we face in the future.

**Deputy K.F. Morel:**

I was going to ask, we see a lot of legislation crossing our desks which comes currently from the External Relations Department. Would that be coming from your department instead in the future, whether it is ... we have looked at things about disclosure, mandatory disclosure rules, Common Reporting Standards, O.E.C.D. (Organisation for Economic Co-operation and Development) issues on digital taxation. Would that be moving into your department?

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

I think it depends on the issue. Some possibly would; some would stay in the Chief Minister's Department. Perhaps Richard could answer that.

**Group Director, Financial Services and Digital Economy:**

This is about departments working together, so that is back to your point, Chair, of how we work together on environmental issues in the same way the financial services team works closely with External Relations as counterparts and with the Taxes Office and the tax policy team on common issues as well. Tax is part of the Island's proposition about tax neutrality, so we have to work with the Taxes Office around ensuring that we can maintain compliance with international standards and External Relations to help to represent the Island in some of those international fora where international standards are discussed. We collaborate across 3 separate functions of government to ensure that we deliver the right proposition for the Island and I think that would be true whether it is tax or whether it is environment issues going forwards.

**Deputy K.F. Morel:**

And will be maintained even within this Economic Department?

**Group Director, Financial Services and Digital Economy:**

The Economic Department brings together financial services and digital, along with other sectors of agriculture, tourism, retail and so on. Then it looks at the infrastructure needs, so we will be a customer of Infrastructure in some ways, we will be a customer of S.P.3 in terms of environmental policy, sustainable transport, carbon neutrality and provide input to those in terms of our stakeholder base in the economic sectors as to what the opportunities might be and also what some of their concerns might be as we transition to being carbon neutral in due course.

**Deputy K.F. Morel:**

Obviously you guys chip in if you have any questions at any time. I wanted to ask, what is the timeline for moving E.D.D. (Economic Development Department) from G.H.E.?

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

The process has begun now and the departmental structure has now formally moved into the Office of the Chief Executive. Now the process and the consultation with staff begins in earnest and it is anticipated the department will be standalone by the middle of the year and hopefully sooner, but it is around that time.

**Deputy K.F. Morel:**

You are currently within the Office of the Chief Executive?

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

Yes.

**Deputy K.F. Morel:**

But you are moving out?

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

Yes. It was, if you like, a stepping stone from G.H.E. to the Office of the Chief Executive and then into its own department.

**Group Director, Financial Services and Digital Economy:**

I should say there will be a full briefing to Scrutiny in due course. The Council of Ministers have approved the principle of making this lift and shift, which is the temporary state. There will then be a formal approval sought from the Council of Ministers and the States Employment Board and then

we will come and brief Scrutiny and brief the unions before going out to a staff consultation. Our view is that we will have all of this completed by around the middle of the year, so we are aiming for pre-summer to have the new department created and largely staff appointed into roles.

**The Deputy of St. Mary:**

As you are aware, R.10 was published yesterday detailing the responsibilities of Ministers and including yours, of course, Minister. The lead department on those is the Office of the Chief Executive. I am just slightly confused as to the staffing of your areas of responsibility as opposed to others. Is it defined in any way? I know we are trying to get away from silos, but I am just concerned that the amount of responsibilities you have might get shaded by the demands on the Chief Executive Department's time. Do you have dedicated staff is what I am saying?

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

Yes, we do. We absolutely have our dedicated staff. Richard is the interim Director General. I am not sure what the correct title is.

**The Deputy of St. Mary:**

That will continue under the new arrangements?

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

Yes, and one of the jobs is to make sure the new department is properly resourced. I think one of the advantages is we have become more productive by combining some of the workstreams that were in different departments. In some areas we have been under-resourced, because since the first Medium Term Financial Plan, our department has made considerable reductions in its manpower in line with what was requested and we have been working under those restraints. We have been putting a lot of work on quite few people, so I am very much looking to this restructure to make sure that the resource is adequate and evenly distributed among all the economic functions.

**Deputy K.F. Morel:**

You mentioned the Director General. Will this create a new Director General, this move?

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

It will create a new head.

**Deputy K.F. Morel:**

So we will have a ninth Director General as a result of this move?

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

Yes, but not an extra ...

**Deputy K.F. Morel:**

Senior management grows in opposition to - in contradiction to - what we were promised would be the case.

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

It depends. At the moment Richard has taken on that role and there will be a process to formalise that. If Richard applies for that and is successful, then it makes absolutely no difference, but if it does, then there could potentially be an additional Director General. But I think in the overall scheme of things in terms of pounds, shillings and pence, I cannot imagine that increasing because we will be far more, I think, cost effective as our own department.

**Group Director, Financial Services and Digital Economy:**

There will be a formal appointment process that the Chief Executive will undertake, but if that was me that was appointed at the end of that process, I already sit around the executive leadership team anyway as part of that with the other Directors General, as does Kate Nutt, as the Group Director for External Relations.

**Deputy K.F. Morel:**

Yes. It is just interesting, because we were promised leaner senior management and what we are seeing is growing senior management, not just in E.D.D. but elsewhere. We seem to have more higher level staff than we did at the beginning of this process when the Chief Executive joined. Is that something you have given any ...

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

I would have to look at the figures. My understanding is it was on a par and the aspiration is to reduce that, going from - I forget how many departments we had - down to now 9 has definitely led to less chief officers, if you like. I would need to look at the figures when the restructuring is finished, but I think we should be slightly better off.

**Group Director, Financial Services and Digital Economy:**

Yes.

**Deputy J.H. Perchard:**

You said the reduction in the number of departments has been a positive thing, but we are talking currently about the Economic Department breaking out of that new restructure of G.H.E. and going



into a department of its own. Does that not suggest that the putting together of departments has not worked or is not effective?

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

No, it does not, but I understand the question. It is a very logical question. This is tidying up, I believe, a mistake that was made previously that split up the economic functions and put them in different departments. This is rectifying that and it is my firm belief that, having worked as a Minister for now almost 6 years across those departments, I am certainly seeing far more administrative support, officer support, departmental support. I am feeling far more confident and comfortable with that as it becomes consolidated. It is far more productive and effective than it was before.

**Deputy J.H. Perchard:**

But the consolidation of the things that were previously split does not necessarily mean that you could not have stayed under G.H.E., so what was the rationale for ... I understand the rationale for consolidating the split functions because that makes a lot of sense, but in terms of the subsequent break-away, that is not the same rationale. You could have put them all together under G.H.E.

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

No, I understand. I think my own view is that - and this is not meant to be taken personally by any Director General - the Director General of G.H.E., with such a huge portfolio, I think it is almost impossible for one Director General to have a full handle of all the departmental expertise that is required. Consequently, I will feel much more comfortable with, for example, somebody with Richard's expertise working with my team leading the economic function and allowing somebody with the expertise of the D.G. (Director General) of G.H.E. focusing on the huge infrastructure work of the Island. We all know there is a huge amount of regeneration required in our infrastructure and I think that both departments will benefit from being able to focus on their core responsibilities.

**Deputy J.H. Perchard:**

I think that makes a lot of sense. Do you think that there are any other departments or Ministers who may feel the same way about their own portfolios who may follow suit?

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

I know that the Minister for Planning and Environment, Deputy Young, has some ideas about his department, Environment and Planning. I am not quite sure, he has not elaborated too much on those ideas, but I think ...

**Deputy K.F. Morel:**

He is concerned about the regulatory conflicts of interest. I think that is a large part of what he is talking about.

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

There are issues about policy and regulatory issues sitting so closely together. I alluded to that earlier. When that is addressed - and it has to be addressed - then there might be an opportunity at that stage to decide what we do with environment. But either way, environment, it is essential for our infrastructure, it is also essential to our economic aspirations as well.

**Deputy J.H. Perchard:**

But do you see the breaking away of the economic function to be subsequently followed by other portfolios? For example, in C.Y.P.E.S. (Children, Young People, Education and Skills) you have got education and children and skills and we have already heard from the Education Panel that a lot of attention is being given, rightly, to the care of children but education therefore has not had as much of a look in. Do you see this trend following through?

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

I do not, because on having discussions with Ministers, and we do discuss the structures in our departments quite regularly, and I am certainly not aware of any other ministerial ambition to sort of ...

**Deputy K.F. Morel:**

Break away.

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

... break away. But it is not really a break-away. As Richard said, it is an opportunity for us just to be focused on the economic function with a dedicated team.

**Deputy K.F. Morel:**

Just not going rogue per se.

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

No, not at the moment.

**Group Director, Financial Services and Digital Economy:**

If I might add, at the time the Chief Executive published the Target Operating Model in 2018, it was always intended that an economic function would be established. The delay in establishing that was due to the uncertainties caused by Brexit, and also at the time we were in a delicate position in terms

of progressing matters with the European Union Code of Conduct Group (Business Taxation), as you may recall. We wanted to get those done and dusted and have nothing that would get in the way of those important issues being dealt with. Brexit is giving a degree of clarity, albeit still some way to run, and on the Code of Conduct Group, we have satisfactorily passed the required standard and that has now given a little bit of space for us to move on and do this work that was always intended in bring the economic functions together. So it is not new thinking, it is the implementation of something that was always intended from 2018 in the design of the Target Operating Model.

**Deputy K.F. Morel:**

A couple more things, but after that I do need to wrap it up fairly quickly. I mentioned what I think is the concern the Minister for the Environment has for regulation being so close to policy-making within his department. You mentioned that competition will be a part of your department and obviously that is a regulatory aspect. Would you be concerned that you will have the regulation and policy-making too closely together within your own department?

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

Not overly so, given the complete independent nature of the regulator. I think it is important, policy on competition, because competition is at the heart of improving productivity. That is one of the 5 key areas of improving productivity, competition. As long as we ensure that the independence of the regulator is maintained, and we are looking at that at the moment carefully, and Richard and I are going to a meeting in Guernsey to discuss some future direction.

[12:00]

At the moment we have a Jersey, a Guernsey and a combined Channel Island competition regulatory authority. I want to look at that. I am not entirely sure that that is working as well as it should be when we look at competitiveness in some of our market sectors, so that is something we are going to consider. But perhaps we might be looking more towards a Jersey Competition Authority to focus on our ...

**The Deputy of St. Mary:**

Which exists, of course.

**Deputy K.F. Morel:**

I was going to say, which does exist, exactly.

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

Well, yes, it does, but the C.I.C.R.A. (Channel Islands Competition and Regulatory Authorities) tend to be fully focused on telecoms issues at the moment, and while that is an important thing to be focused on because it does raise a lot of money for C.I.C.R.A., the cost to the telecom sector of this regulation is very high at the moment, we must not lose sight that we have the Competition Authority to benefit consumers and regulate business to make sure they are acting properly and providing competition. You cannot really look at Jersey and Guernsey as one market. We are different islands ...

**Deputy K.F. Morel:**

No one is asking ...

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

... we are different countries and we have completely different laws, markets, economies and sometimes I think that we need to be more focused on our Island with our competition.

**Deputy K.F. Morel:**

It is just interesting. This is going down an aside I did not expect to be going towards, but it is within your power to direct the regulator to look at various issues and to undertake market reviews, so if you are concerned that it is too focused on telecoms, why do you not use your power to direct them to look at something else?

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

Yes. Well, I am fully aware of that, and hopefully we will be able to ... once the full policy of competition ... because I can only direct in certain areas at the moment.

**Deputy K.F. Morel:**

But you choose not to exercise your powers, though you have this concern?

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

No, no, but at this stage I have chosen not to, but the work we have done on the anti-inflation strategy has highlighted where we need to be more proactive in driving out competition, for example, in our food market, in building supplies, household and the cost of housing, that kind of thing.

**Deputy K.F. Morel:**

Did you say driving out competition?

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

I mean driving competition, sorry, yes. Improving competition.

**Deputy K.F. Morel:**

Yes, as opposed to reducing competition.

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

Yes, improving competition to hopefully reduce the cost of living in those sectors where we can.

**The Deputy of St. Mary:**

Sorry, just finishing off on C.I.C.R.A., is it not the ...

**Deputy K.F. Morel:**

I will be coming back to it, so ...

**The Deputy of St. Mary:**

I will leave it until then, shall I?

**Deputy K.F. Morel:**

No, go for it.

**The Deputy of St. Mary:**

It is simply that is it not really a question of resources? I hear what you say about a lot of resource geared towards telecoms. There are lots of other things out there, but they cannot do everything with the resources they have got. Is that not the main problem?

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

No, I do not believe it is, because, for example, the work they do on telecoms is financed by the telecoms sector and they have been looking at certain sectors to finance work in that area, so that a piece of work we need to do on ...

**Group Director, Financial Services and Digital Economy:**

But also there is additional money for C.I.C.R.A. in the Government Plan from 2020 onwards, so that is something we are working on with C.I.C.R.A. to build greater capability. That was one of the reasons we had sought that extra funding for them. So telecoms and certain other regulated economic activities are self-financing for C.I.C.R.A. The competition and market study path is funded by the Government grant and that Government grant has the potential to grow if we are satisfied that they have a sufficiently investable programme to undertake that they can go and staff up accordingly, whether that is permanent staffing or whether that is contingent resource to do specific market reviews from time to time. If I just come back to the point about environment and

regulation as well, just to clear that up. The core issue there is statutory functions are being performed from within the civil service - for example, planning - as distinct from regulatory bodies that are properly arm's length of government, have a statutory existence under the law and have their own board with decision-making powers. That is not part of the civil service and then does not give rise to the potential perceived conflict of interest.

**Deputy K.F. Morel:**

I have to jump ahead then to where I was, because it is just coming up too much. We will move to M.O.U.s (memorandum of understanding) and partnerships, just so you know, for my panel. One of the questions I had in that area was precisely about the J.C.R.A. (Jersey Competition Regulatory Authority). As you just mentioned, it is arm's length and it is independent. I understand that there is some sort of agreement. Is it an M.O.U. or what is it that ties you to J.C.R.A.?

**Group Director, Financial Services and Digital Economy:**

There is a partnership agreement with the J.C.R.A.

**Deputy K.F. Morel:**

It is a partnership agreement?

**Group Director, Financial Services and Digital Economy:**

Yes. It covers the responsibilities that we would expect them to fulfil in return for the grants. That covers the competition-related aspects. There is a partnership meeting, where there is a review with the Minister on a 6-monthly basis.

**Deputy K.F. Morel:**

Is that not governed by the law? Is your agreement not second-guessing the law?

**Group Director, Financial Services and Digital Economy:**

No, they have responsibilities under the law for promoting and ensuring competition and markets. They also have additional responsibilities under telecoms law, the Ports of Jersey incorporation and so on for economic regulation activities. There is a basis of a grant that they get from the Government to execute a programme of work. Government will have a view on the kinds of markets they would like C.I.C.R.A. to take a closer look at. For example, the Minister on the anti-inflation strategy may wish to have C.I.C.R.A. look at the groceries market or the construction market or something else. That is ensuring C.I.C.R.A. is reflecting the priorities that Government has, which in turn reflects the priority of the citizens of the Island.

**Deputy K.F. Morel:**

That does seem to impact on the independence of the regulator.

**Group Director, Financial Services and Digital Economy:**

No, it does not stop them, because they are independent of decision-making. This is about market studies and obtaining intelligence that helps them determine at a future point whether there is any need to intervene in markets or whether markets are working effectively. If you look at how competition authorities are working elsewhere, like the C.M.A. (Competition and Markets Authority), for example, you will see that that market study power is used quite extensively.

**Deputy K.F. Morel:**

The C.M.A. being a financial regulator, so have a very different ...

**Group Director, Financial Services and Digital Economy:**

No, C.M.A. is the Competition and Markets Authority in the U.K. (United Kingdom).

**Deputy K.F. Morel:**

Sorry, I apologise.

**Group Director, Financial Services and Digital Economy:**

They look at market studies as a means of ensure that markets are working effectively for the best interests of consumers. We would like to see C.I.C.R.A. adopt a similar stance in ensuring that markets are working for our citizens and the Island as well.

**Deputy K.F. Morel:**

At the end of the day you are making - perhaps I should address this to the Minister rather than yourself - their activities contingent on the grant that you give them. Basically you are making the grant you give them contingent on the activity they undertake, which has to be in line with your expectations. That therefore is an erosion of independence. I cannot see it any other way.

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

As Richard said, there is the area where we want to look into markets. We study research, understand markets and look at policies that we can use to make those markets more competitive. Then they have investigatory powers to look at anti-competitive behaviour and other aspects. That is something we would not get involved in.

**Group Director, Financial Services and Digital Economy:**

If C.I.C.R.A. has a complaint made to them, a whistle-blower or a complaint about markets not working effectively, they would take the powers forwards to investigate and to take action

accordingly. If that means they need additional resources from Government, then it is for Government to provide that to the regulator to ensure they can prosecute those cases. You may recall the ATF Fuels case a couple of years ago. Government provided additional funding to C.I.C.R.A. to allow them to take that case forwards. It does not compromise their independence at decision-making. This is about sources of intelligence, around where the markets are working effectively in the interests of consumers or not.

**Deputy K.F. Morel:**

Of course, C.I.C.R.A. or the J.C.R.A. has no power when undertaking market review. It has no power to demand information from any company. So would that be something, while you are setting up this partnership agreement ... can I confirm it is called a partnership agreement?

**Group Director, Financial Services and Digital Economy:**

We have a partnership agreement, yes.

**Deputy K.F. Morel:**

That is what it is called?

**Group Director, Financial Services and Digital Economy:**

Yes.

**Deputy K.F. Morel:**

It does not have the power to demand information and so would that be something you would have? At the moment you could say: "Let us have a groceries review" and all the grocers turn up and say: "We are not giving you any information" and J.R.C.A. can do nothing about that.

**Group Director, Financial Services and Digital Economy:**

At the market study level, there are no powers to compel, but if they have specific concerns or if in the process of doing a market study people come out and say: "We have concerns that this is not working effectively" that may provide intelligence that C.I.C.R.A. choses to act on and starts to compel information at a later stage.

**Deputy K.F. Morel:**

Would you be seeking to give them the power to compel in order to undertake market reviews?

**Group Director, Financial Services and Digital Economy:**

Not at this stage. I think it is up to C.I.C.R.A. to come forward and ask and make sure that they believe they have the powers necessary. So if there are powers they require over and above what



are already in the competition law, then that will be considered in the usual way by the Minister and by the States Assembly in due course.

**Deputy K.F. Morel:**

Any more questions?

**The Deputy of St. Mary:**

On that theme, I remember asking a question of the Minister for Treasury and Resources on this. She said a review of M.O.U.s generally was in train. Can you elaborate on it, as to which affect you, this department - or Economic Development in particular - and what input you have on that? Merging 2 questions into one, this panel was previously very much involved in the M.O.U. on the incorporation of Ports. The Minister for Treasury and Resources did say in the Assembly that she would get this panel's input on any redraft, so I am just trying to get a flavour of where you are on the redrafting of all these M.O.U.s.

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

In the restructuring of G.H.E. and the Economy Department, Darren Scott now reports to the Chief Executive Officer and has been given responsibility for building a new relationship with States-owned entities. Darren is also looking after the relationship with the arm's length organisations. Under the new arrangement, the arm's length organisations will stay with the Department for the Economy for the time being. Relationships with the States-owned entities, Ports of Jersey, Jersey Post, Jersey Telecom, Jersey Water - those sorts of things - will go with them, so we have 2 areas. Can I ask Darren to respond to that, because he has been doing a lot of the work with the M.O.U.s? We have M.O.U.s with all of our arm's length organisations that come under my remit currently and any company relationship and the M.O.U.s are managed through the Treasury and Resources Department at the moment.

**Director, Growth, Housing and Environment:**

The work is at the final stages. The last time we updated the panel ... this is work in partnership with Treasury, where the responsibility sits. The intention is to get consistency across the M.O.U. with all the States-owned entities. The next phase of that work, once we have an agreed draft, is to share those drafts with the panel. The priorities that we advised you of last time are Jersey Telecom and Jersey Post. Those are the oldest and are the less aligned to where we want them to be. We are probably a matter of weeks away from sharing through your officer the drafts of those.

**The Deputy of St. Mary:**

Are you saying they will come back to Scrutiny before they are finalised?

**Director, Growth, Housing and Environment:**

Absolutely. They are finalised from an officer perspective. We are happy with where they have got to. Once the Ministers are happy then they are in a position that they can be shared with yourselves, obviously before they are implemented.

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

Just to reiterate, it has always been my policy to share everything with Scrutiny and take on board your comments and amendments, most of which we adopt.

**The Deputy of St. Mary:**

Thank you for that. Sorry, do go on.

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

I take, for example, the anti-inflation strategy which we have looked at and have taken on board all of your comments. Our policy is to share that with you, which I think was what you were asking. The answer to your question is yes.

**The Deputy of St. Mary:**

I appreciate the point you make about standardisation. Each entity will have its own requirements. Andium Homes, the M.O.U. there does not use the word "environment" at all and some people might think that is a mistake.

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

It is the standardisation of the governance framework. Your point is absolutely correct, obviously there are differences and each document ... but the governance framework, the starting principle, is that should be commonly applied across all. You will see when you get the drafts that there is a commonality and also a bespoke element to it.

**Deputy J.H. Perchard:**

There are some officers currently working on the regulation integrity principles from the O.E.C.D. Governance of Regulators document. Have you been feeding into their work? Have they been collaborating with you? Is this related to the work that they are currently doing?

**Director, Growth, Housing and Environment:**

Specifically, in relation to the M.O.U.s with the States ...

**Deputy J.H. Perchard:**

No, just regulation in general, because obviously it is relevant to you to some degree.

**Group Director, Financial Services and Digital Economy:**

I think that is principally looking at where the civil service is fulfilling a statutory function of regulation, rather than where we have arm's length regulators. It would not apply in the context of the M.O.U. with States-owned companies, like J.T. (Jersey Telecom) and Andium or the arm's length regulatory relationships, like the Financial Services Commission, C.I.C.R.A. or the Office of Information ...

**Deputy J.H. Perchard:**

Because they are market regulators.

**Group Director, Financial Services and Digital Economy:**

They are separate, have their own board and so on. The function is not being performed by Government, it is being performed by a separate authority under law. Before we move away, I should just self-correct, it is a service level agreement we have with the J.C.R.A, not a partnership agreement.

**Deputy K.F. Morel:**

That is what I understood.

**Group Director, Financial Services and Digital Economy:**

The partnership agreement is with the arm's length bodies.

**Deputy K.F. Morel:**

That is why I find it interesting, because I cannot understand why you should be demanding a level of service from J.C.R.A., given that they are meant to be an independent body. That is why I was checking, because I thought it was a service level agreement.

**Group Director, Financial Services and Digital Economy:**

Yes, it respects and it typically refers to their responsibilities under the law and indeed Government's responsibilities under the law as well, because Government is regulated by the J.C.R.A. as well in many of its activities. It respects all of that, but it is saying that in return for a grant of public funds then there is an agreement that a work programme will be executed. That fulfils the requirement to ensure good governance around the use of public money.

[12:15]

**Deputy K.F. Morel:**

What is the timeline on drawing this up?

**Group Director, Financial Services and Digital Economy:**

It is an annual agreement typically. We review that at the beginning each year. They have to provide you with a copy of that separately.

**Deputy K.F. Morel:**

Has a new one been signed?

**Group Director, Financial Services and Digital Economy:**

Just about. We are just about to sign it with the J.C.R.A. Once it is signed I will get a copy to you.

**Deputy K.F. Morel:**

Once it is signed, not beforehand?

**Group Director, Financial Services and Digital Economy:**

I can give you an advance draft, yes.

**Deputy K.F. Morel:**

Thank you. Minister, the same question: you mentioned that you would be happy to share all the M.O.U.s with us, but will that be in advance of them being signed?

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

Yes, absolutely.

**Deputy K.F. Morel:**

Fantastic, thanks. In terms of travel disruption in general, and this could be caused by an airline ceasing to function, as we have seen being the possibility recently, it could be weather and so on, how prepared is Jersey to support Islanders, in your view, in the event of air disruption?

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

Jersey is very well prepared. Jersey, as we have shown in the last couple of days with the appalling weather, always rises to the occasion to deal with these sorts of things. How prepared are some of the airlines? That is another question. We have seen examples where airlines have cancelled flights for whatever reason. On occasion they have acted brilliantly and on occasion have not. That is sometimes out of our hands and those are situations that we have to try and deal with. In answer to your question, Jersey is as prepared as it can be. With the proposed investment in the new airport facilities, that will provide an enhanced level of customer and traveller facilities, which will help.

**Deputy K.F. Morel:**

Do you work closely with Ports of Jersey to ensure that? Do you play a scrutiny role in that respect, asking them for their disruption plans, that sort of thing?

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

Reasonably closely. We do have an S.L.A. (Service Level Agreement) with Ports of Jersey and work closely with them. I have full confidence in their board - especially their new chief executive and executive team, who over the last 6 months have really put the accelerator on a lot of the projects that were perhaps treading water - to have a good, appropriate, working relationship with Ports of Jersey, considering they are an independent company with their own board.

**Deputy K.F. Morel:**

Are you at all concerned about recent news about Aurigny stopping its inter-island flights?

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

Disappointed, but not altogether surprised, because Aurigny came back on to the route in 2016. They were off it before and it was Blue Island. They came back on in 2016. Now that route has grown by some 15,000 passengers a year, but it was not financially viable for Aurigny. I do not understand or I do not have access to the Aurigny business model. They are owned by the States of Guernsey. I do know they are quite a large loss-making organisation, heavily subsidised by the Guernsey taxpayer. While it is disappointing, if anything positive does come of it, it will mean that the route with one operator should be more viable. So for Blue Islands, I think it will be more sustainable with one operator.

**Deputy K.F. Morel:**

Therein lies the question. Flybe has hardly been the most solid ... the questions around flybe show that it is not solid in itself at the moment. Are you concerned about that? Aurigny at least is underwritten by the States of Guernsey. It is not going anywhere, but flybe could go somewhere tomorrow.

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

I am not sure you can say that about Aurigny. The next States of Guernsey States deliberation might take a different view and go for an open skies policy. That is up to them. Yes, I am concerned about flybe and the future of flybe, because they are such an important transport provider for the Channel Islands. The very nature of the fact that we are an archipelago island in the middle of the English Channel means for everything we do socially, economically, environmentally, we rely on our transport link. It is concerning. Commercial reality has to kick in and there is a view by some - not necessarily me - that free market forces should prevail and if flybe cannot make it work, they should

come out of the market and other operators will fill in. That is probably economically the most sustainable model, but we are trying to make sure that Islanders have the strongest possible transport link. There are no guarantees on the future of flybe, as there is not with Aurigny or Blue Islands.

**Deputy K.F. Morel:**

Your description there with the importance of the links suggests that it is strategically important. Would your view be that in the absence of an operator willing to do it commercially that it should be either government-subsidised, government-run or with some government intervention to ensure the maintenance of those links?

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

No, I would not favour that route at the moment.

**Deputy K.F. Morel:**

Not now, but in the event ...

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

Possibly. If we got to a position in the future where it was ... for example, I know Guernsey have found it necessary to finance Aurigny to maintain a link to the capital, because without it they might have lost their Gatwick link, which is essential to their Island's wellbeing. If we were ever in that position, we might have to make a similar decision. I do not anticipate that happening, because we have a really strong, robust and successful network of air links at the moment.

**Deputy K.F. Morel:**

Do you have any further questions?

**The Deputy of St. Mary:**

Not on that, no.

**Deputy K.F. Morel:**

You mentioned the redevelopment of the airport, Minister. How is progress going?

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

We all had the same presentations from the Ports of Jersey. The work has started. I am looking forward to seeing that completed in 2022. It looks very exciting.

**The Deputy of St. Mary:**

On that, before I raise my question, can I just quote again from R.10? It is a footnote to the response to the Minister for Treasury and Resources which says: "Ministers share the Ports of Jersey, but she is not responsible for the Ports policy. This is the responsibility of the Minister for Economic Development, Tourism, Sport and Culture" which I do not think you contest. Now, the M.O.U. does refer to a dividend policy. From the presentations we have had by Ports of Jersey, I am not sure they ever see the prospect of paying a dividend. Is there some expectation at a certain time? In crude terms, the more they spend on development, the less chance there is of the States getting a dividend.

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

I have to disagree. That is probably a question for the Minister for Treasury and Resources. They are speculating to accumulate, so there would be a large chunk of capital used to make the improvements, but then there are significant income opportunities further down the road. Certainly if we do not invest ... we have seen how tired our current facilities are. I am not at all proud at what our airport looks like to arriving passengers. As we are trying to rejuvenate our economy, rejuvenate our visitor economy, we need to do much better. The model they are proposing ... given the airlines' aspirations as well, we are seeing airlines investing in larger, lighter, more fuel-efficient, more environmentally friendly aircraft and new technologies in the driver towards carbon neutrality, what we have to do is make sure that we provide the facilities and infrastructure for those new types of ships and aircraft to be able to use our ports.

**The Deputy of St. Mary:**

You said you are not proud of our airports, but are you proud of our harbour?

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

Not particularly. I am proud of the people that work there. I am proud of the pilots and the crews of the ships that bring our goods in and out. They deserve better. Our new team at Ports of Jersey have realised that and are moving quickly to rectify that.

**Deputy K.F. Morel:**

Are you happy with their prioritisation of the airport over the harbour?

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

That is the natural order of things at the moment. The vast majority of our economy and passengers are driven through the airport in terms of visitor numbers. The shipping ...

**Deputy K.F. Morel:**

Not our goods, of course.

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

That is not really the big issue with the goods and services. Transportation of goods and services is working reasonably well at the harbour. The passenger experience is not brilliant and that is what they need to work upon. There are some exciting plans, which I have seen recently. I am not sure if you have seen them yet, as Scrutiny, but I know they are going to be shared imminently. They are not final plans, they are still in draft, they are a direction of travel, but they really are very positive and very exciting. There is far more potential on the estate around the harbour in terms of development, economic potential and environmental potential.

**The Deputy of St. Mary:**

That is what I am getting at, extending it from just air travel. Ports were gifted a large chunk of Jersey real estate and they have not yet made the best use of it. I go back to the question of the dividend policy. I may have misunderstood certain presentations, but I get the feeling the executive of Ports believe that the dividend they produce is that of public benefit and so on. They do not necessarily see it in monetary terms.

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

I know I do not look old enough, but I remember serving on the Harbours and Airports Committee for 6 years, when we were discussing incorporation of the Ports of Jersey. At that stage, there was potentially a huge responsibility on the taxpayer to find tens of millions of pounds for capital investment in airport technology. One of the ideas behind incorporation, as we did originally going back with the Jersey Electricity Company, is to better commercialise the activities of the Ports of Jersey, then take away that liability from the taxpayer of the massive potential infrastructure costs. First and foremost, if they can run the ports effectively without any cost to the taxpayer while developing the infrastructure, that is far better than the position we were facing 20 years ago, when that could have been a big liability for the taxpayer. With their investment and their foresight, once they have started investing and growing their business and commercialising the areas that are under-commercialised at the moment, we start to see dividends in the future.

**The Deputy of St. Mary:**

On that, Ports have been in existence for 4 years now. Would you not hope for better investment in the real estate opportunities around the port?

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

They have been slow off the blocks in some areas, but they are rectifying that now. I am particularly pleased with the reinvigorated efforts of the Ports of Jersey with the new chief executive.



**Deputy K.F. Morel:**

How do you see the airport and Jersey Airways - you mentioned this - fitting into the carbon neutral strategy?

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

What the States agreed is to look at the feasibility study into being carbon neutral by 2030. I believe that has to be steeped in financial reality.

**Deputy K.F. Morel:**

Yes.

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

Having said that, I would rather have a target to get to neutrality in 2030, although that is probably impossible, with the best will in the world, and achieve it by 2035 than not have a policy and not try to achieve it. The juxtaposition we find ourselves in in trying to develop our visitor economy and increase air and sea transport ...

**Deputy K.F. Morel:**

Tourism is not known for its carbon neutrality.

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

If we look from a Jersey point of view and our carbon emissions, it is not good, but perhaps by encouraging people to fly to us instead of flying across the Atlantic and back is better from a global point of view.

**Deputy K.F. Morel:**

I like your thinking.

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

I want to get those carbon credits that they are saving from not going to Disneyland in Florida and bank them, because they come to Jersey and use one tenth of the ...

**Deputy K.F. Morel:**

Whether we can compete with Disneyland in Florida, I do not know, but I like the idea.

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

We will have to see. We are looking at a coastal national park and the idea of a marine park, an emerald ring around Jersey.

**Deputy K.F. Morel:**

You are keen on that yourself, but is the department looking at that as well?

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

The department is looking at that. We are working with the Marine Foundation, we are working closely with the Environment Department and we will be coming to you and other stakeholders with some firm proposals. We are also dovetailing this into the Island Plan process. The point I am making is that we do understand the importance of creating a marine national park, and that means more sustainable fishing, increasing the economic value of our Island. There is also huge scientific research we are getting now saying there are huge carbon benefits from developing a marine park that perhaps we have not thought about yet.

**Deputy K.F. Morel:**

Especially if you protect sea grasses and things like that.

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

Exactly, there is a huge carbon benefit that I do not think we understand and that could play a significant part in the feasibility study that we are going to be carrying out.

**Deputy K.F. Morel:**

Good. Last one on the airports. Have you been in touch with Ports of Jersey to ensure that they are set up for any kind of coronavirus or escalating any need to protect the Island against coronavirus?

[12:30]

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

Yes, that is work that is being carried out by all of the relevant officers at the moment. We have had a number of meetings. We have not convened an emergency council as yet, but we have met on a number of occasions, the Chief Minister, myself and the Minister for Health and Social Services with senior officers to discuss the infrastructure we have in place for such an eventuality.

**Deputy K.F. Morel:**

Sticking with the coronavirus, have you been in touch with Island businesses to help them, especially financial services businesses, where you may have people coming back from Singapore and places like this?

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

No, not directly. My key concern with my economic development hat on is to minimise the economic impact of any outbreak in the Channel Islands, working closely with the U.K. to avoid that. We are generally following the same rules as the U.K., in terms ...

**Deputy K.F. Morel:**

Are you content that local businesses know how to handle this or are you just leaving that to the Department of Health and Social Services?

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

The Health Department and the Communications Department are putting out regular updates on all the best practices and engaging with community as best they possibly can.

**Deputy K.F. Morel:**

Turning now to the retail strategy, in relation to the retail strategy, you let us know in your letter dated 28th January that an officer working group advised that more detailed work was needed before the proposed strategy could be finalised. Can you explain more about that advice? Why was more detailed work needed?

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

A draft strategy was prepared in May 2019. I, with other stakeholders, deemed it needed further work on scope and depth. We need to produce a strategy that can help deliver some tangible benefit to the sector. I was not content that we were quite there with it. We re-evaluated the procedure and the evidence. We have had further in-depth consultation with industry representatives and a revised draft strategy is being prepared now, as we speak. I am promised a draft by the end of this month, which I am quite happy to share and work collegially with Scrutiny on that. There have been some changes since the work was done last May. It is fair to say that officers got deeply involved with the Government Plan process. Of course some of the heat was taken off the retail strategy, because of the States decision to allow further relaxation on Sunday trading regulation, which is quite helpful for some retailers. That was certainly a part of the new proposed strategy. Of course we have the sustainable transport policy and town plan and it is important that the retail strategy feeds into that. We have a sustainable transport policy coming up for debate in March and so I am trying to understand the best way now to align that with certain ambitions or of requirements of the retail sector in the town centre to ensure its voice is heard.

**Deputy K.F. Morel:**

Do you think you need to adjust or amend the sustainable transport policy in any way to make that happen or is it a case of adjusting the retail plan?

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

I think it is almost definitely, yes, the sustainable transport policy will have to evolve and I am looking to pieces like the retail strategy to help that evolution.

**Deputy K.F. Morel:**

I see, yes.

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

So while we might agree to a sustainable transport policy, that has to evolve because I do not think it is going to tick every box in the first go.

**Deputy K.F. Morel:**

Interesting. We look forward to seeing that work as well. You have also mentioned town development plans in that past. How do these tie in with the retail strategy?

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

They have not in the past. That is one of the challenges we have made, planning decisions and decisions. The States Assembly may tend not to consider the needs of the retailers and I cite the latest move to impose a 20 per cent tax on retailers. That was done, in my opinion, without fully understanding the impact.

**Deputy K.F. Morel:**

I think we share that opinion. Have you had any feedback from retailers on that impact, just out of interest?

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

Yes, I have. Yes, some have been desperately unhappy about that and it has made a significant change to their policy and strategy decisions for the future of their business. But I have also discussed it with the Minister for Treasury and Resources. We had further discussions but I am hoping that upon publication of a retail strategy and a better understanding of that sector, not just to protect it, but to help it, it will continue to thrive because it still is prosperous.

**Deputy K.F. Morel:**

Yes, absolutely.

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

I know it is difficult, but if we look around the world, we have still got a good and prosperous retail section and we need to keep that. So I am hoping that we might be able to persuade the Assembly or Minister for Treasury and Resources to revisit that for the next budget.

**Deputy K.F. Morel:**

Absolutely. Any questions for retail?

**The Deputy of St. Mary:**

Looking at climate change, you mentioned carbon neutral strategy. What work is your department doing to tackle climate change given the economy obviously is one of the ... whether it is people flying here or whether it is trucks moving around the Island?

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

I think that is a real sort of cross-governmental, cross-party, cross-Assembly piece of work. I mentioned before where I think my department can be proactive in that outside of the development of the infrastructure that we talked about, the Ports of Jersey, that will ensure we can maintain new technology in planes and ships. I think the development of a coastal national park, a marine park, which we are looking at, working in partnership with the Environment Department, will provide a significant opportunity to reduce our carbon output. For example, at this moment in time, I have put on equal footing the importance of developing our visitor economy and our economy. I put that on a similar par with our carbon neutral strategy, that we have to build those together. I certainly would not like to say: "We will have half the number of flights coming in" and damage our economy before we have looked at understanding the feasibility of what we are trying to do with carbon neutrality. So it is a case of holding those 2 positions in alignment while we are looking at other opportunities. That is why a marine national park I think is so important for us.

**Deputy K.F. Morel:**

Are you concerned though about the potential inflationary effects of a carbon neutral strategy and also potential extra costs on businesses about conflicting ...

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

I note your amendment in relation to making sure that any carbon neutral policy does not unduly impact on income inequality. I agree with the principle and I think the Council of Ministers agree with the principle but we perhaps need to broaden the definition. It is one of the reasons why an anti-inflation strategy is so important.

**Deputy K.F. Morel:**

Well, that is what I am thinking. We have got an anti-inflation strategy but we could be elsewhere driving inflation.

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

Yes, the timing I think of the anti-inflation strategy could be quite good because that will I think force States departments to think about the inflationary impact of the decisions they make. For example, the duty we apply on goods with the best intentions, but often not with the best thought process.

**Deputy K.F. Morel:**

There are many other areas that we could drive up just by ensuring goods are a certain cost and this sort of thing.

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

I agree with the principle, but we are still in the early stages of understanding how we can best do that and I think that is something we can work together on.

**Deputy K.F. Morel:**

That is fair enough. Sports facilities: it was announced on 22nd January that a new skate park will be created at Les Quennevais sports centre. It is good news for skaters. I have a conflict of interest. Just before this meeting started, my daughter walked past there with her skateboard under her arm so I have a personal interest in this. What are the next steps for this project?

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

In Senator Pallett's absence, can I defer to Darren to answer that?

**Deputy K.F. Morel:**

Of course, absolutely.

**Director, Growth, Housing and Environment:**

So we are in a planning phase effectively, so the consultation went well. I think the announcement broadly was well received. There is scoping and planning about the building works and procurement in the background that is working so the Assistant Minister set a timetable. There is no reason to at this stage understand that that timetable will not be met so I think that project is progressing quite well, but it is now going to be effectively handed over from those who made the case for it to those who are experts in building things and scoping out and pulling together the procurement process.

**Deputy K.F. Morel:**

When do we have delivery expected?

**Director, Growth, Housing and Environment:**

I think the delivery is early next year. I think March/April was the published deadline. I am not a builder but these things are not a complex build. It is also on Government-owned land so there is a planning process and there is a scoping process which is all effectively in train at the same time.

**Deputy K.F. Morel:**

As well as the main skate park, there is a satellite park mentioned. Is that still part of the plan?

**Director, Growth, Housing and Environment:**

It is still part of the plan. There were meetings held earlier this year in January with the Constable of St. Helier with the Skateparks Association. I think one of them at least was a public meeting, so that I think was about the identification of potential areas for - it is referred to not as skate parks but skate-friendly areas - in and around St. Helier. Again, I think those conversations went well and I think there is a small working group, including officers from G.H.E., officers from sport and members of the J.S.A. (Jersey Skateparks Association). Who have I missed?

**Deputy J.H. Perchard:**

The parish.

**Director, Growth, Housing and Environment:**

The parish, yes, thank you.

**Deputy K.F. Morel:**

Yes, of course, absolutely.

**Director, Growth, Housing and Environment:**

A working group.

**Deputy K.F. Morel:**

With regard to netball facilities, Minister, you have said in the States in the short term Les Ormes will continue to house them, but what is the long-term plan?

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

The long-term plan is for purpose-built facilities and a stadium for the key Island sports and we are seeing Jersey Reds, Jersey Balls and Jets. That is the important key driving force of the strategy. The reality is that is some years away to build that, so in relation to netball, Senator Pallett and myself have made this a high priority because we cannot give our top netball team the right facilities

at performing. So plans are afoot to build a temporary structure for them to operate in between leaving Les Ormes and the new facilities being available. I am not able to give you too much detail at this stage because Senator Pallett has asked that he is allowed to finalise the plans for those before making any public announcement, but I just want to reassure the panel and the netball community that that is being dealt with.

**Deputy K.F. Morel:**

Can I just ask, you mentioned the stadium and so on. Will that be from the Island Plan, that sort of project?

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

Yes. Darren, can you elaborate?

**Director, Growth, Housing and Environment:**

Yes, so the Sports Facilities Policy Development Board have the first sight of K.K.P.'s (Knight Kavanagh Page) latest report a fortnight ago. There is another meeting planned I think in early March. The report was broadly well received. It is a big report with lots of detail but I think the direction of travel was supported politically. As the Minister just confirmed, netball was one of the things that was brought forward, so I think, as the Minister says, the long-term plan is obviously not going to solve the relatively short-term issue so netball was one of the things that was brought forward. The key sports, the sports with the housing facilities, now I think are well covered in the K.K.P. The plan is I think once the Policy Development Board have effectively approved the direction of travel of that document, obviously it will be shared with yourselves in full detail.

**Deputy K.F. Morel:**

Will it be made public?

**Director, Growth, Housing and Environment:**

At some point it will be published and it will be shared with yourselves first, it will be shared with key stakeholders who have obviously contributed a lot of time in terms of meetings to inform the document but, yes, of course it will be published.

**Deputy J.H. Perchard:**

Why not keep them at Les Ormes in the interim? Is there a reason why?

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

Well, Les Ormes are planning to completely redevelop their facilities. Les Ormes are happy to have them there at no cost until that work starts.



**Deputy J.H. Perchard:**

Sure.

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

They were due to leave this year but the planning application was refused so they are now appealing that process and depending on the status of that it will dictate as to how long netball can stay at Les Ormes.

**Deputy K.F. Morel:**

Will the J.N.A. (Jersey Netball Association) be involved in discussions around the temporary structure in terms of what their needs are?

**Director, Growth, Housing and Environment:**

Myself, Katrina from Jersey Sports and Senator Pallett met with Linda Andrews from the J.N.A. a fortnight ago to update her, so Linda herself is aware of some of the recommendation. Well, she has not seen the report. We talked her through the recommendations for netball. I think Linda is content with the direction of travel and the commitments given by the Minister and the Assistant Minister.

[12:45]

**Deputy J.H. Perchard:**

Thank you.

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

Can we get the K.K.P. report to Scrutiny fairly soon?

**Director, Growth, Housing and Environment:**

Yes, absolutely.

**Deputy J.H. Perchard:**

Thank you.

**The Deputy of St. Mary:**

Yes, switching sports to rugby, if I may, I declare an interest here.

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

You do not have a spare £280,000?

**The Deputy of St. Mary:**

You are anticipating my questions. A few weeks ago you responded to a written question by giving details of grants issued to sports bodies and that was concluded by a comment that the above balance did not include funds to Jersey Rugby and you acknowledged the value that rugby had to the general economics of the Island. I was going to ask a question purely on what funds are committed for next year but, as you know, in the last few days, the R.F.U. (Rugby Football Union) have declared that they are halving their commitment. Does this affect your stance? What is your commitment to rugby?

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

Our stance remains the same. We are fully supportive of the Jersey Reds and all that it brings socially and economically to the Island. Our commitment is strong, providing of course Jersey Reds are able - and many other rugby union teams are able - to maintain their league status following that announcement.

**The Deputy of St. Mary:**

Yes.

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

So currently I think the league and the clubs are meeting and they are discussing the ramifications of what has been announced and at some stage we will be discussing the future and what it means with the Jersey Reds. So the financial commitment we had agreed in principle over the next 2 to 3 years - we made the financial commitment for this year, which has kept them going through this league - we will have to wait and see. I would like to see, and I think Jersey and not just the taxpayer, continue to invest in that sport but I think there is a great opportunity for the Jersey Reds to continue and thrive, but it will mean greater involvement. It might mean we have to consider increasing any funds, providing we get a good return on that. I do not see that being a problem but I think commercial aspects and Islanders ... and I know there has been great support from some of our high-net worth community who will have considered stepping up. But if we can, we will find a way to continue to support Jersey Reds as long as it is viable and provides a return for the taxpayer. Darren, do you want to add anything?

**Director, Growth, Housing and Environment:**

No, thanks.

**The Deputy of St. Mary:**

It has only just broken. It is too early for Jersey Reds to have come to you for any proposals, yes, okay.

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

Yes, so at this stage, I think the rugby union clubs are in urgent talks with the league.

**The Deputy of St. Mary:**

The R.F.U. itself do not seem to listen, that is why.

**Deputy K.F. Morel:**

What are your thoughts on the news that the union was cutting its support for the clubs?

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

I was completely taken by surprise. I had no ...

**Deputy K.F. Morel:**

No sense of what was going on?

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

No. It took us all by surprise, did it not?

**The Deputy of St. Mary:**

Yes, I think the chairman of the Reds used the word "immoral at such short notice" and he may have a point, anyway.

**Deputy K.F. Morel:**

Moving on to licensing. In your letter dated 28th January, you let us know that a meeting was due to take place with the Bailiff and the Attorney General.

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

Yes.

**Deputy K.F. Morel:**

Has that meeting taken place?

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

Yes, that meeting has taken place with the Chief Minister, myself, Senator Pallett, the Bailiff and the Attorney General.

**Deputy K.F. Morel:**

Are you able to tell?

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

Yes, so it was agreed that Senator Pallett would chair a group consisting of himself, the Minister for Home Affairs and the Minister for Health and Social Services, members of the Licensing Assembly, I think the 2 jurats and the Solicitor General with a view to proceeding in a collegiate way with the new policy direction. So that work is now starting now. Senator Pallett is chairing that and that is where we are, so ...

**Deputy K.F. Morel:**

Early days.

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

It is early days and you might want to have a separate Scrutiny hearing with Senator Pallett in due course on that.

**The Deputy of St. Mary:**

You will be aware that this panel in its previous form was very much involved in that and it fell away at the 11th hour.

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

Yes.

**The Deputy of St. Mary:**

Your dialogue with the law officers, is that purely on the composition of the Licensing Assembly itself, which is one of the major factors?

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

I think the Bailiff and the Licensing Assembly completely understand that ultimately this is a political decision. The licensing law, the powers which were delegated to the Licensing Assembly, are at the will of the Assembly and they have made it clear that they are very prepared to work within the scope that we give them. I think I share a view with a number of other States Members that it is important that we review this policy because it does need modernising and updating. I do not think there is a huge reform of the licensing law necessary. It needs tidying up and modernising and it needs to be more practical and efficient, but I think the Island has benefited from the Licensing Assembly working outside of the political sphere. I think what we need to do is perhaps provide a

statement of policy that they work to that could be amended from time to time. I think that is the direction we are heading in but I do not want to pre-empt the work, but that is the line of the discussion. I think good, sensible and pragmatic discussions have taken place.

**The Deputy of St. Mary:**

Sorry, just to follow that through, it fell down last time because there were problems on 2 or 3 issues, I think. The composition of the Licensing Assembly was one. I know that from other quarters most of that draft law was basically agreed by a panel, the very good things about the police powers and so on.

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

Yes.

**The Deputy of St. Mary:**

Are you saying that you might contemplate a short and truncated version to get the contested parts through?

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

No, I do not think so. I think a lot of work has been done. It is not intended to waste that work so I think a lot of what has already been suggested will be there and I think there was discussion about transferring the decision-making from the Licensing Assembly to a political group. I think that was one of the issues.

**The Deputy of St. Mary:**

That was. I know it was, yes.

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

I was not closely involved with the previous discussions. I do not want to pre-empt anything but I think politicians should make policy, but I do not think they should be deciding on licence applications.

**The Deputy of St. Mary:**

That was the view of the last panel and I think we have enough to do without ...

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

Yes, so I think we have agreed that principle now and I think we are heading off in an appropriate direction.

**Deputy K.F. Morel:**

As a general question, obviously you have got questions of licensing, but when it came to the Government Plan from a budget perspective, the hospitality industry were very concerned about continued increases in duty on alcoholic drinks. What is your feeling towards the strength of the hospitality sector at the moment? Are you happy that Jersey is supporting and welcoming that?

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

I declare an interest.

**Deputy K.F. Morel:**

I appreciate that.

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

I mean not a direct and pecuniary interest, but because we are talking about duties, but I am involved with a business in the sector, albeit quite remotely at the moment. I am sorry, what was your question?

**Deputy K.F. Morel:**

As a general sense, are you happy with the way the Government supports the hospitality industry?

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

I think the hospitality sector and the licence trade are concerned about the continued high duty rises. I personally think that we need to put a lot more effort into education and support for people with problems with alcohol.

**Deputy K.F. Morel:**

Yes, with health.

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

What we tend to do by increasing duties without proper due consideration on the impact on society to the cost of living is open up possibilities for abuse of alcohol, increased abuse of duty free or smuggling.

**Deputy K.F. Morel:**

Off premises.

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

Which, touch wood, is a problem we do not have at the moment. We are not really big enough, but they have a huge problem in the U.K. with illegal production of wines and spirits, sort of bootleg wines and spirits. By putting the prices up, the people that are addicted to it, you do not deter them. You just make it harder for them.

**Deputy K.F. Morel:**

That is interesting, yes.

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

My position is we need to focus more on education and support, as we do with other issues, for example, gaming and smoking and that sort of thing. By simply trying to out-price it, these people that depend on it will just find ways of paying it and that can lead to bigger problems.

**Deputy K.F. Morel:**

Interesting, thank you. Just a few quick questions. You have mentioned the new current framework. When do you expect that to be delivered?

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

Can I ask Dan to update you on that?

**Deputy K.F. Morel:**

Absolutely.

**Group Director, Economy and Partnerships:**

Yes, we previously discussed informally I think it is essentially at least a 2 year to 3-year programme. The principle obviously is this consolidation of thinking across the economy in a way that we have not done before. Phase 1 of that is due to report to the Fiscal Oversight Group in March with basically a diagnostic of the current state of the economy and, interestingly, in relation to some of the previous points around the breakup of G.H.E. and maintaining the functional relationships and some of the carbon neutral stuff as well. Certainly the approach that the Minister is wanting to take is around this concept of 5 capitals so looking at economic development in the context of environment, social issues and manufacturing issues as well. So while there may be some structural changes in government, the kind of overarching economic policy will take account of some of those issues that you raised earlier on. The next phase, and it is running sort of concurrently, is effectively research in looking at where our policy and evidence gaps are. This is very important mainly in the context of the clarity that Richard talked about earlier in the post-Brexit world, so we now know that we are aiming at a free trade agreement, but even now some of the assumptions that you might think that would come with that ... for instance, Australia, if you are looking at an agreement, it is

not necessarily the case with this idea that there will not be regulatory alignment and it is not there might not be, there might be, and that is the U.K. Government's position. So it is what the impact of that on Jersey business is and what are we looking to kind of work towards in terms of business readiness and so on and so forth. We do need to do some work. We are about to start making impact assessments and risk assessments for businesses in more detail than we have done to date because we now know that it is a F.T.A. (free trade agreement) that we are looking at and it mirrors some of the work that we did in agriculture and fishery sectors as well prior to this to make sure that we understood some of the issues around protected milk markets and so on and so forth, which was well worthwhile and led to a good arrangement with the U.K. in the context of its internal market, so that is all good. The phase after that will obviously be to develop our economic policy and then looking at ...

**Deputy K.F. Morel:**

It is quite a long way off though, is it not?

**Group Director, Economy and Partnerships:**

I think we have got to do ...

**Deputy K.F. Morel:**

Will it be this side of the next election?

**Group Director, Economy and Partnerships:**

I think we have to wait and see what the process delivers. I think it is important to make sure that we fill our policy gaps. We are very much looking at a moving target in the context of the F.T.A.s agreements so any work that we would have done prior to this would have had to have been reviewed. Personally I think we are in a good place with the pace of the work that we are doing. We are bringing in resources, as was talked about earlier, to bring the team up to speed to allow us the necessary capability and capacity to deliver that and we have got a process and a timeline to deliver that which we would be happy to share.

**Deputy K.F. Morel:**

Yes, that would be good if you could.

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

Can I just add that we share everything, but there is one strand we have pulled out which is a high priority and that is the productivity work?

**Deputy K.F. Morel:**



Yes, other questions to be ... yes.

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

Around the living wage and direction that we are heading in and that is, speaking bluntly, providing financial and other types of support to agriculture and possibly other sectors to help bridge that gap. So that is something that we need to have, as I have mentioned to the Assembly previously, something in place by the beginning of 2021 for that, so that is work that we are bringing forward.

**Deputy K.F. Morel:**

Yes, the productivity plan or strategy will be available by the end of the year.

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

The economic framework will be aimed at driving productivity over a short, medium and long-term plan. This is a separate piece of work aimed at improving the productivity in those sectors, but financial support will be needed over a short-term period to help businesses and their sectors reach those aspirations and the Royal Initiative Scheme allows for investment in technology that helps farming, for example, become much better reliant on manual labour.

**Group Director, Economy and Partnerships:**

I think there is some work that has previously been done on this so we know the types of intervention that might help boost productivity performance, particularly in the low-paid sectors, which perhaps are the most vulnerable to things like increases to the minimum wage and so on and so forth. We kind of understand what those interventions look like working in close partnership with Jersey Business with their business efficiencies programme.

[13:00]

I think the good news around that programme is that we have identified some lower hanging initiatives that would be implemented quite quickly to bring some productivity improvement. I think it has been accepted that the productivity piece is a bit of a slow burn in this complex problem, so to deliver at the pace that was required to kind of offset any minimum wage increase was a little bit ambitious, I suspect.

**Deputy K.F. Morel:**

That is fine and just ...

**The Deputy of St. Mary:**

So that leads neatly into your next question at the same time.

**Deputy K.F. Morel:**

Yes. No, I was going to ask a final one which was about lottery proceeds, which is what is the position regarding the appointment of the administrator for lottery proceeds?

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

Darren, do you want to take the panel?

**Director, Growth, Housing and Environment:**

Yes. We have set about working on effectively a local solution and a working group has been formed effectively of experienced volunteers who are working with us to scope out and pull together that solution, so they are making good process. Again, there is no reason to believe that we will not hit the Minister's deadlines to deliver that piece of work.

**Deputy K.F. Morel:**

What are the Minister's deadlines?

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

They are to make sure we have something in place to distribute the 2019 profits.

**Deputy K.F. Morel:**

By when?

**Director, Growth, Housing and Environment:**

So the profits will be announced by 15th March. I think the intention is to have something in place and distribute those by June of this year.

**The Deputy of St. Mary:**

Which I suggest is probably earlier than previous years. There has always been a lag, has there not?

**Director, Growth, Housing and Environment:**

It has always differed. I think it is when the proceeds are distributed has not changed.

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

It does not necessarily align with when they are announced. We have distributed them sometimes 6 months later than that when the A.J.C. (Association of Jersey Charities) have needed them.

**Deputy K.F. Morel:**

I can understand that.

**Deputy K.F. Morel:**

That is all for now.

**Deputy K.F. Morel:**

That is it from us.

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

Thank you very much.

**Deputy K.F. Morel:**

Thank you very much indeed.

[13:02]