



# **Economic and International Affairs Scrutiny Panel**

## **Quarterly Hearing**

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

Wednesday, 25th October 2023

**Panel:**

Deputy M.R. Scott of St. Brelade (Chair)

Connétable R. Honeycombe of St. Ouen

**Witnesses:**

Deputy K.F. Morel of St. John, St. Lawrence and Trinity, The Minister for Economic Development, Tourism, Sport and Culture

Deputy A. Curtis of St. Clement, Assistant Minister for Economic Development, Tourism, Sport and Culture

Mr. D. Houseago, Group Director, Economy

Mr. T. Holvey, Chief Economic Advisor

Mr. R. Corrigan, Chief Officer, Department for the Economy

[13:05]

**Deputy M.R. Scott of St. Brelade (Chair):**

Welcome to this quarterly hearing of the Economic and International Affairs Scrutiny Panel. The aim of this hearing is to question and gather evidence in relation to upcoming or recently published strategies, delivery plan items including data adequacy and meetings with Guernsey, Sustainability Framework, Strategy for Sustainable Economic Development, and Delivery Framework for Sustainable Economic Development, and barriers to business among them and other things no

doubt. Thank you all for being here. I have to warn you that we have quite a few questions so I will ask answers to be as succinct as possible. This hearing is being filmed and streamed live. The recording and transcript will be published afterwards on the States Assembly website. All electronic devices including mobile phones, please switch them to silent. I do not believe we have any members of the public today, have we?

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

Yes and no, Chair. In the sense of I have 2 members of my team here but they are coming here as audience rather than participants, because they have never seen a scrutiny hearing.

**Deputy M.R. Scott:**

Thank you for attending and welcome to the show. Just if you could please, as we ask all members of the public, not to interfere in the proceedings and as soon as the hearing is closed please leave quietly, which I am sure you would have done anyway. For the purpose of the recording and the transcript, I would be grateful if everyone who speaks could ensure that you state your name and role and we can begin with introductions now. I suggest that panel members introduce ourselves, followed by the ministerial team. So I am Deputy Moz Scott, Chair of the Economic and International Affairs Panel. On screen ...

**Connétable R. Honeycombe of St. Ouen:**

Connétable Richard Honeycombe from St. Ouen.

**Deputy M.R. Scott:**

Who is also a member of the panel. If I allow the ministerial team to ...

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

Deputy Kirsten Morel, currently still Minister for Economic Development, Tourism, Sport and Culture.

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

Deputy Alex Curtis, Assistant Minister for Sustainable Economic Development.

**Group Director, Economy:**

Dan Houseago, Group Director, Economy.

**Chief Economic Advisor:**

Tom Holvey, Chief Economic Advisor.

**Chief Officer, Department for the Economy:**

Richard Corrigan, Chief Officer for the Economy.

**Deputy M.R. Scott:**

Welcome. We are going to start off with questions on Digital Economy Strategy. We understand that you currently are undertaking a public consultation on the Digital Economy Strategy. Could you please update us on how that's progressing?

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

Certainly. We went out for consultation for a 6-week consultation period to a range of stakeholders with a consultation document that has a large preamble about where we see some of the focuses of the Digital Economy Strategy and a range of questions. So I think we did update the panel with a written letter to that effect. So we have a consultation out and we are engaging with many parties. Those we involved in earlier rounds of consultation and we are making sure we are engaging through Chamber, through E.L.T. (Executive Leadership Team), so I am at the Chamber subcommittee for digital last week and updated them. As well as through Jersey Business and Digital Jersey.

**Deputy M.R. Scott:**

How is that progressing in terms of engagement and are there any points of view that have been raised that any particular themes that are coming out at this point that you would wish to share?

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

I have not seen any of the consultation responses. The team will look at that and process afterwards, at which we will then come up with a consultation review and come up with what feedback and summarise that, which we will be happy to share with scrutiny. The feedback kind of one-to-one and directly that I have received has also been a message we knew would be coming out, what is the requirement for the Government to have a Digital Economy Strategy. Officers, myself, and our partners like Digital Jersey, have been really clear in explaining why. It is really useful for Government to be leading on policy and that has been a really consistent and also well-understood message by those who have raised that. We have had feedback from people who say Government digital has many challenges, why should Government be lecturing on the digital economy? Should we be eating our own dogfood? What we have had to do is really articulate the difference between Digital Economy Strategy and that of a digital strategy for Government. But we really do ask for feedback as well. One area we know feedback might come in is on Government procurement because Government is a big enabler for the digital economy and if our procurement strategies are not up to scratch then we are in essence hindering both Government transformation and the economic transformation of the industry. So we are going to take all that feedback on. Some of these are obvious points. Some things are more nuanced about how do we reuse strategies and embed with the future economy programme. That has been raised. Is this part of that? Where

does Future Jersey fall? Why do we keep coming up with things? I think we have explained to those who raise those questions that things like Future Jersey still exist and create great weight within the strategic framework of how Government builds stuff.

**Deputy M.R. Scott:**

You indicated at our last hearing that you were looking at a November or December launch. Is this still the case?

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

We are now looking at the end of January, so a Q.1 (quarter one) launch, and frankly we are looking at end of January/beginning of February.

**Deputy M.R. Scott:**

Thank you. In your view, what is the difference in economic value between modernisation of existing industry through the acquisition of tech and creating value through its manufacture?

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

The difference in value?

**Deputy M.R. Scott:**

The difference in economic value between modernisation of existing industries in the Island through the acquisition of tech and creation of value through the manufacture.

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

Manufacture of technology?

**Deputy M.R. Scott:**

Yes.

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

Did you say the purchase or the ...

**Deputy M.R. Scott:**

Difference in the economic value.

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

Because really the value generated in many of the businesses that must be digitally enabled is through their adoption of technology. Is that the difference, those that are needing to adopt technology and those that are ...

**Deputy M.R. Scott:**

I think we are saying in terms of pushing the needle in economic productivity, do you identify a difference between the modernisation of existing industry through the acquisition and purchase of tech and the potential, if there is creation of value, through manufacture if you did have any tech manufacture companies based here.

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

We have always identified that. The way I look at it, and we describe our digital services and digital businesses and digitally-enabled businesses, there is undoubtedly a difference in value. We have incredibly successful businesses that have proven that export of digital talent and products built on-Island are highly valuable. By having their lead here and a lot of their development here. But we also know that the economic challenge of productivity needs all businesses to up their productivity game. What I would, I do not want to say “challenge”, Chair, is I do not see it as the acquisition of tech. Because buying a product does not necessarily make a business more productive. It is thinking in digitally-enabled ways and you look at how we use technology in Government. We can buy a licence to a large product but it is how we embed change through the use of those components that make the difference. So I see the difference but this is where digitally-enabled businesses, which I do see having that power, that economic power, and I am sure the Chief Economist can talk to some of the numbers, and we have heard from Jersey Business, looking at the statistics, the impact of small businesses not embracing technology. But for me it is the difference between you can acquire something but it does not mean you are productive by having it. Therefore I see a huge value in us seeing businesses adopt and change. As much of that change is about people and it is about process and the technology is an enabler. So I see both being valuable.

**Deputy M.R. Scott:**

But the emphasis does seem to be on existing industry, is that right?

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

Within the Digital Economy Strategy?

**Deputy M.R. Scott:**

Mm-hmm.

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

We recognise as a team the need to create the regulatory landscape, the enabling factors for successful businesses to grow. But from the businesses we have seen grow and be successful, often it has been in spite of what Government does and how Government involves. The success of a digital provider, like some of our successful ones making H.R. (human resources) software on-Island, Jersey needs to have a good climate for that. How we intervene is not the same. Really ...

**Deputy M.R. Scott:**

Then can I just have a yes or no, this Digital Economy Strategy, is it focusing on existing businesses or is it on ...?

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

It focuses on both.

**Deputy M.R. Scott:**

Right. The other being, if not existing businesses, the other businesses being what?

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

Businesses involved in the manufacture of technology or the production of new digital services.

**Deputy M.R. Scott:**

So businesses that would be brought into Island or businesses that do not yet exist that would be created by people who are on-Island?

[13:15]

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

We look at both. We have seen both to great ...

**Deputy M.R. Scott:**

It is difficult because we are talking about a strategy we have not seen so we are just trying to work out what the expectations are.

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

But throughout our economic work, including the Sustainable Economic Strategy, and I have no doubt the Digital Economy Strategy, but all of them, it is always a mix of helping to provide the roadmap and the tools for existing businesses to become more productive, to grow themselves as part of the economy, as well as helping Islanders start up and create their businesses as entrepreneurs, as well as the potential for inward investment through businesses that want to move

to the Island. Those 3 are always in the mix in any strategy, whether it is Visitor Economy, Agriculture, Digital Economy, it is always a mix of those 3.

**Deputy M.R. Scott:**

So we are looking forward to seeing what comes out at the end of January then. Other than in the case of the proposed wind farm mentioned in the Delivery Framework for Sustainable Economic Development, the process for formulating economic policy appears largely to be through consultation with stakeholders present on the Island. Is any analysis to be done of what the leading Nasdaq companies that create the most economic value do and of the barriers in Jersey to achieving similar growth and ways of overcoming them?

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

Is that a question on the digital economy or ...

**Deputy M.R. Scott:**

It is on digital still, so basically the question was the process seems to be largely through consultation with stakeholders present on the Island. Is any analysis to be done of what leading Nasdaq companies obviously outside the Island that create the economic value they do, do to get that value, and of the barriers in Jersey to achieving similar growth and ways of overcoming them?

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

I would not personally focus on where a company is listed as to where we source it. But I would say we do not look at on-Island stakeholders only. We do look off-Island. Arm's-length organisations like Digital Jersey are good at reaching out and have good extensive networks and have brought over a range of individuals. Likewise, Locate Jersey, with the direction of the Minister, are looking to technology and research and development. We have been really lucky and fortunate to involve external, highly-successful entrepreneurs in the digital space in our consultations. These are people who are not even on-Island yet but are excited about contributing to the Island and have businesses of the scale you are talking of.

**Deputy M.R. Scott:**

Good to hear. Right, I am going to move on to Constable Honeycombe who is going to ask some questions about Visitor Economy Strategy.

**The Connétable of St. Ouen:**

Good afternoon. How is the development of the Visitor Economy Strategy progressing?

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

It is progressing very well, thank you, Constable. We are still on schedule for publication in December and so far it has been a really good piece of work that has used the local stakeholders to help guide and form the strategy. So when it lands the hope is, and to some extent the expectation, that it will be a piece of work that is readily accepted by the local visitor economy sector because they have been involved from the beginning in developing it.

**The Connétable of St. Ouen:**

Thank you. In your letter of 12th June, you indicated there was a plan to agree a list of short-term priority issues in relation to the Visitor Economy Strategy and to provide an update on these to the industry by early summer. Did this take place and what were the priority issues highlighted?

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

I am not sure whether we have sat there and decided upon those priority issues purely for that industry at the moment. I would have to check with the officer in charge.

**Group Director, Economy:**

I would suggest it was framed in the context of the working group that we have in operation, which allows us to follow a coproduction model. So these are representative organisations, including the Hospitality Association, Chamber of Commerce, Ports, Visit Jersey, et cetera. They have had those conversations. They have effectively distilled those conversations into a set of 7 priorities that will be the key headings for the strategy. So that has happened through ...

**Deputy M.R. Scott:**

And what are these priorities?

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

That is exactly what I was going to say. It has become part of that priorities ...

**Deputy M.R. Scott:**

Are the 7 priorities please?

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

We can do but that will be giving you a heads-up. But, no, they are connectivity, unlocking investment in products, sustainability, building brand awareness, digitalisation and people, enabling a regulatory framework, and working together.

**Deputy M.R. Scott:**

Right, okay, thank you. Sorry, Constable.



**The Connétable of St. Ouen:**

When is it anticipated that the Visitor Economy Strategy will be published?

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

In December.

**The Connétable of St. Ouen:**

December, okay.

**Deputy M.R. Scott:**

Okay, I think I chip in here with that question we were talking about, Constable, if you do not mind. It has recently been reported, very recently ... oh no, not that recently, sorry ... that French tourists will require an electronic travel authorisation scheme despite the trial where French day-trippers can travel to the Island using a National Identity Card. What impact will this have on visitors ... on Jersey's visitor economy?

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

At the moment we do not know what impact that will have. But my colleague, the Minister for Home Affairs, is already working to understand what impact that could have. Obviously we would like to continue with the *carte d'idenite* situation, it has proven to be really beneficial to the hospitality sector in Jersey, principally retail in this case, but hospitality in terms of restaurants. Because obviously day-trippers do not stay in a hotel. But we know it is of value. All of us in this room have seen with our own eyes the difference between the numbers of French tourists in town every day during the summer compared to what there was in 2022 and 2021 and going forward. So it is too early to say what the impact will be. It is too early to say whether we will be able to maintain the *carte d'idenite* situation. But our aim is to do that and we will do everything we can. When I say "we" I am principally talking about the Minister for Home Affairs. He will do everything he can to maintain the situation we have at the moment.

**Deputy M.R. Scott:**

Right, so it is essentially in her hands for the moment, yes.

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

Absolutely, all those border issues are always Home Affairs ...

**Deputy M.R. Scott:**

Okay. Back to Constable Honeycombe who is going to ask about the arm's-length organisation review.

**The Connétable of St. Ouen:**

In your letter dated 12th June 2023, you stated that the arm's-length organisation review would be completed by Q.4 (quarter 4) and terms of reference would be completed by Q.2 (quarter 2) and shared with the panel for reference. The panel has not received any terms of reference. These please can be forwarded. Or has the review been completed?

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

No, the review has not been completed. I think it has more metamorphosed and so what we have done is we have engaged in a deep-dive review into one particular, in this case, A.L.O. (arm's-length organisation) and we will continue to do that with the other A.L.O.s. But we are also working with A.L.O.s in a forum to try to work together to ensure that they are working as efficiently as possible.

**Deputy M.R. Scott:**

So, have you got terms of reference?

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

The review has metamorphosed, so it is not a single review, so there is no terms of reference for a single review.

**Deputy M.R. Scott:**

Sorry, do go on, Constable Honeycombe.

**The Connétable of St. Ouen:**

Do you consider measurable economic impacts and the review K.P.I.s (key performance indicator) of the A.L.O.s in this respect?

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

We are always looking at the K.P.I.s of the A.L.O.s and that is something which each A.L.O. is being looked at in that way to understand whether the K.P.I.s are those that are suitable and help us understand their economic impact as well.

**The Connétable of St. Ouen:**

What were its findings and what changes can we expect to see and how have any findings been reflected or captured in the Government Plan or supporting funding bids?

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

Could you repeat the last part of that question please?

**The Connétable of St. Ouen:**

Sorry. I will read the whole thing to you. What were its findings and what changes can we expect to see? The second part was, how have any findings been reflected or captured in the Government Plan and supporting funding bids?

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

So, because there is this one overall review is not happening at the moment, then there are no findings from that one review. We have undertaken a deep-dive review into Jersey Sport and we are assessing that at the moment and will be happy to share findings when we are able to do so, which will be in the next couple of months I believe. Next year and the year ahead, we will be working with the A.L.O.s to look at the way they are structured to understand how best that they operate and to ensure that they are operating as efficiently as they can be. That is something that we will definitely be undertaking in the year ahead.

**Deputy M.R. Scott:**

So when do you expect to complete this review?

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

As I said, this one review is broken into a number of separate reviews into individual A.L.O.s as well ...

**Deputy M.R. Scott:**

So are you going to be ...

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

... as looking at the structure of them overall. There is a review going on in Treasury I believe at the moment, through the Government side of things.

**Chief Officer, Department for the Economy:**

Yes, it is looking at bringing commonality to ...

**Deputy M.R. Scott:**

So ...

**Chief Officer, Department for the Economy:**

... governance arrangements where we can. But doing an A.L.O. review when you have A.L.O.s such as Visit Jersey and Digital Jersey and we are trying to develop a Visitor Economy Strategy and a Digital Economy Strategy, there is a risk of putting the cart before the horse. Having a strategy, seeing how those agencies play a part in delivering that strategy, and then setting those agencies up for the future in ...

**Deputy M.R. Scott:**

So far the ...

**Chief Officer, Department for the Economy:**

... in a way that is commensurate with a ...

**Deputy M.R. Scott:**

... the panel has seen strategies that refer to some of these A.L.O.s being delivery arms, which is ...

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

Partners; delivery partners.

**Deputy M.R. Scott:**

I have seen the term "delivery arms".

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

They are partners.

**Deputy M.R. Scott:**

It is up to you, I think it is semantics, but any way delivery arms, partners, whatever you want to call them. Which again seems to be based on an assumption that has taken place while you have not completed these reviews. We also have a Government Plan that we are looking at and there seems to be extra funding being contemplated for A.L.O.s there or at least some of them and there has been no review. Now we hear that there is going to be some more holistic review, which we did believe there was going to be anyway. Can you at least give us some idea of, if you are doing lots of individual reviews, whether you have produced a timetable by which you expect to complete each review and what the end date will be for reviewing all these A.L.O.s?

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

At the moment, no. Quite simply I understand you have suspicion of the A.L.O.s and I understand that you have suspicion of their ...

**Deputy M.R. Scott:**

I am afraid you ...

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

... budgets and so on ...

**Deputy M.R. Scott:**

... are suggesting that I have a suspicion of the A.L.O.s. I do not really feel that is the case.

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

Okay, good.

**Deputy M.R. Scott:**

I am perfectly entitled to inquire into their value, which is I believe one of the ideas or things that have been put in the Government Plan.

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

All I am trying to say is that the work has changed from this one A.L.O. review and that is all that has happened here. We are determined to understand and make sure that the A.L.O.s are structured in a way that means that they deliver the best for their sectors of the economy and that they are operating in a way which is efficient. Now I already have views about some of the inefficiencies in A.L.O.s and that is something that we will be doing in the year ahead and we will keep you updated as we go. But, at the moment, the idea of the review, which I said when I came into office, has had to change just because of the ways that the strategies have come through and also just manpower within the department and how much resource we can provide to that. These are the reasons that review has changed, not because we have any desire not to understand that they are operating efficiently or any desire to not make sure that they are operating productively. Because that is something we are determined to do.

**Deputy M.R. Scott:**

At what point did you change the basis on which you were going to review the A.L.O.s?

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

There was no single point.

**Deputy M.R. Scott:**

So what we also are therefore to understand is that you do not have a plan that you can share with us regarding the review of the A.L.O.s; that we therefore do not even know if it will be completed by the next Government Plan, and in the meantime you are putting in more funding bids for A.L.O.s.

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

The funding bids for the A.L.O.s, there are only one or two which have increased a small amount, the rest of them are maintaining their funding from the previous year. Now, obviously if I was to withdraw that funding that would close down the A.L.O. straight away. So ...

**Deputy M.R. Scott:**

Why is it obvious?

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

Because, if they have no funding, they will not continue to operate as entities.

**Deputy M.R. Scott:**

But the Government Plan is only for growth bids.

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

That is correct, and so the funding is being maintained.

**Deputy M.R. Scott:**

So why would they have to close down if they were not given more?

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

Because all I am trying to say is, if we were to remove their funding, then they would have to close down. So the funding in the main has just been carried forward from last year or the current year into next year. That is the main ...

**Deputy M.R. Scott:**

But there is no suggestion that they ...

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

... thing that is happening. We are not providing growth to many of the A.L.O.s. Where we are providing growth to somewhere like Visit Jersey it is a small amount and it is purely because we know that we do need to market Jersey.

**Deputy M.R. Scott:**

As the Minister, are you not going to make any commitment about the time, the date by which you expect this ...

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

I would hope to have finished it the end of next year.

**Deputy M.R. Scott:**

Right, thank you. We are going to move on to the economy, well what was originally was titled Economy Strategy and Future Economy Programme. But we have since noted that a Strategy for Sustainable Economic Development and a Delivery Framework for Sustainable Economic Development 2023-26 has now been published, which we understand to be part of the Future Economy Programme. We would like to ask a few questions on these documents now that they are public. So the strategy document describes the Future Economy Programme as a long-term strategy that will enable future Governments to explore and make policy choices that will ensure we can pay for the high-quality healthcare, education, and security, that the Island needs.

[13:30]

It also states that the Future Economy Programme will aim to ensure that economic analysis is provided for decision-makers in Government to ensure a holistic economic approach is taken to consider the economic impact of policies, which could include analysis and data to highlight the long-term, holistic, economic impacts over time. So what has prevented past Governments from exploring and making these policy choices and undertaking analysis while collecting relevant data?

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

I think best ask past Governments.

**Deputy M.R. Scott:**

Right, so you are not aware. So what is stopping you at this very point right now then?

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

Until the last year or so, we did not have an economic analysis team. So, to be honest, past Governments did not have the resource available to them to look at the economy and analyse the economy in the way that we are now able to do, thankfully due to Tom and his team.

**Deputy M.R. Scott:**

Okay. So why is economic analysis and data described as a possibility rather than a must, given that most modern and sizable commercial organisations would support decisions in this way?

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

Data is a must. There is no question. In fact I could not put my hand on heart and say every single one of the strategies that we have launched, but pretty much every single one of the strategies that we have launched has data as one of the key priority areas.

**Deputy M.R. Scott:**

What additional funding is anticipated to enable economic impact assessments to be made of all Government decisions?

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

Say that again please?

**Deputy M.R. Scott:**

What additional funding is anticipated to enable economic impact assessments to be made of all Government decisions?

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

There is no funding specifically for economic impact assessments.

**Deputy M.R. Scott:**

Okay. Because we are referring to part of the ... sorry, I think somebody wants to say something but just can I just ... because we are referring to a part of the document refers to this desire to make ... have Government do these things and to ...

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

On the economic impact assessment side we work with Tom's team to provide the analysis when we need that. If we need to do a specific economic analysis, which would require more resources than Tom's team is able to provide, then we would probably go out and buy in that expertise. But there is no specific funding either in the Government Plan or within our department except for Tom's economic analysis team as a whole. That is the only part of economic analysis specific funding.

**Deputy M.R. Scott:**

Given that the document refers to the desirability of economic impact assessments being made of all Government decisions, you are telling me that no additional funding is anticipated?

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

We have Tom's team.



**Deputy M.R. Scott:**

But at the moment Tom's team, as far as I am aware, is not doing all economic assessments of all Government decisions, so what additional funding do you anticipate might need?

**Chief Economic Advisor:**

I am not looking for any additional funding. There is an element of refocusing some of the work that the team has been doing historically. We did have one extra role that was brought into the team last year, so there was a growth bid last year that has enabled that. There is a team of four economic analysts and our economists. It is as much about changing the culture and making sure that people ask for and are aware that there is an ability to deliver impact assessments across a number of policy areas. But what I would stress is those impact assessments need to be proportional and pragmatic. You do not do an impact assessment on every single Government decision. That would not be a good use of Government resources. My team would have to be 10, 20, 50-fold and that is just not a good investment in time for the Government as a whole. What we do need to do is make sure that each Government department and officer within are aware of the help that we can offer and the pragmatic approach that we can offer as part of that impact assessment. That does not always mean a formal cost/benefit analysis or economic impact assessment; it can be just a bit of advice on how to take a different approach for the economy or for economics. So, by just slightly tailoring how our team works, slightly reprioritising the work that we are doing, becoming a bit more productive ourselves, I believe we can meet the needs of the Government as is at the moment.

**Deputy M.R. Scott:**

You just mentioned changing culture. How would you anticipate doing that if there is a culture that has ...

**Chief Economic Advisor:**

So most organisations, many organisations, do not often use data and evidence to the extent that they possibly could do and that needs to be proportional as well. Coming into the Government as is, we just need to be aware that economics does play a slightly different role than some officers maybe think at times. They do not always realise that the resource is there and hopefully that has been corrected over the last few months that they do know that there is a central resource available for economic impact assessments. Feel okay to ask for that help and resource as well. But just understand that an economic impact assessment might add value where they previously had not. It is a very subtle thing, it is not any bad behaviour from the officers in charge of what they are doing, but they just need to be aware that we can add value in these circumstances. That is changing all the time. It has improved massively in ...

**Deputy M.R. Scott:**

So it will not be mandatory. It is something that you desire. Will there be some sort of protocol or something that you are developing to ensure that you do not get people asking you for ... so how will officers know they should be going to you?

**Chief Economic Adviser:**

So there is a couple of subtle things that we have done. For instance, in a Ministerial submission that goes forward now, there is now a space ... along with financial implications, human resource implications, there is now a space in there for economic implications. That is one aspect that will ensure that officers know to ask for what those economic implications are. From another point of view, we want to be as helpful as possible, I do not think that should necessarily have constraint on our resources in offering that help. Because we can prioritise with our own team, of whether or not we think this is worthy of a full economic impact assessment or not. So I would ask officers to come to us and ask, and we can make a judgement call on the size and scale that any advice might go back.

**Deputy M.R. Scott:**

Give me a moment because I am just trying to follow up on this particular aspect. So how is this expected to translate into support of Back-Benchers to consider the economic impact of their propositions?

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

Well I think they are able to come and ask Tom in exactly the same way. Back-Benchers, as ... I do not like the term "Back-Benchers", as States Members are able to with all officers. If they are trying to design a proposition to which eaves are main, then they are able to speak to the relevant officers in the department, and in Tom's team to help them design it.

**Deputy M.R. Scott:**

Okay, thank you. Sorry, I ...

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

I just wanted to pick up on a couple of The Chief Economist's points. One of proportionality and one of culture. So clearly a department that will drive a lot of change that we need measure economic impact from is Modernisation and Digital Department, which I have responsibility over. It is really important to note that economic impact assessment can be anything, just like a financial workforce assessment, can be anything from a one line going this is, you know, we are spending £20,000 and we have considered A and B. All the way through to, we are procuring a strategic item and we want to support, we need to weigh the value of the Island's local economy having these specialists in it.

There is an economic impact of using on-Island v. off-Island. But what I have to stress is that it is proportional, we have a range of really valuable resources across Government, across teams. Modernisation and Digital has a Business Enablement Management. That like The Future Economy Team and The Economics Unit, will work on modernisation. But if we have one system that fits all, I can tell you that will not work. What needs to be is a culture. I know that comes from E.L.T., that comes from The Council of Ministers, it comes from having a strong Economics Unit, but if I see a weighty tome in front of me describing the hypotheticals of an economic assessment on a £15,000 investment in which all of us clearly see it, I think that is where we could go wrong.

**Deputy M.R. Scott:**

I think that point has been made. Thank you. So the Strategy Document, also describes the Future Economy Programme as a platform to rekindle Jersey's entrepreneurial spirit. What is the evidence that it needs to be rekindled? For example, what information do you have on enterprises set up by locals abroad, on the basis that it is easy to find skilled staff and to operate out of the Island?

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

It is really interesting. Obviously our data on people from Jersey who have set up businesses abroad is thin to possibly non-existent. But what I do know is that Jersey's productivity figures and Jersey's economic growth figures have all been in decline over the past 17, 18 years. That, in itself, tells me that we do need to rekindle Jersey's entrepreneurial spirit.

**Deputy M.R. Scott:**

That terminology suggests that the ... that this is a sort of spirit that does not exist. I might ... to what extent might you actually be prepared to accept that there are these barriers, which you are already looking into, that have suppressed it? You know, that it is not that ...

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

That is ... I am of the belief that there are barriers to doing business in Jersey which can be anything from the cost of renting business premises, through to Government bureaucratic barriers, through to staff shortages that are making it difficult to start business in Jersey. I have come to this meeting from a meeting directly with a young, entrepreneur in Jersey, who has been telling me about the difficulties in opening bank accounts in the Island for a business. That, in itself, is a barrier to doing business in Jersey. These barriers are making it much harder to open businesses, and if you are a young person, or any person, but I often think of young people in this frame, and you are thinking about starting up a business but you are unable to find the information to do that. You do not know how to go about making ... getting registered for Social Security for your business, or making the necessary payments. You cannot open a bank account. You cannot hire staff. You find the cost of premises incredibly high. Then the chances are you might think, you know what, I will not bother

starting to open up my business. That is what I really worry about, and that is the entrepreneurial spirit that I really want to support and help keep alive in Jersey. Because I believe throughout our history you will see that it is enterprise which has kept Jersey being successful over centuries.

**Deputy M.R. Scott:**

So it is less about rekindling and more about keeping alive?

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

No, I think it is rekindling because I think it has been difficult for people in Jersey to start businesses in the last 10, 20 years.

**Deputy M.R. Scott:**

Okay. The Delivery Framework refers to Government supporting growth of existing sectors, what is the right level of free market economics to enable growth versus Government intervention?

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

Oh, well, that is a never-ending question which you will not find an answer to. But it is interesting that I think ... and each sector has its own arguments. Today I have come from a meeting, earlier in the day, with the fishing sector, who would like support at least in helping develop the facilities they have in Jersey. Obviously, we have an agriculture sector which is looking for support because they find the things, such as the minimum wage, are taking away any ability for them to actually earn from their products anymore. You could argue that we could make a decision to say let us not support them, in which case there is every chance they will not be around in 10 years' time. They have heritage value. They also have value to the environment in Jersey and value to the way Jersey looks and feels. So in that sense, in those particular areas, as a Government we might say, okay we need to provide support because they deliver certain things of value to the Island, which are not even captured in the economic analysis.

**Deputy M.R. Scott:**

Outside the area of agriculture and fisheries?

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

Well, no, but outside of that you then have things such as the hotel sector, where it is difficult to invest in new hotels, or new hotel's capacity, again because the value of land in Jersey. So it is about trying to find ways to support that industry to invest in themselves. That does not mean financial support. When I use the word, "support", I mean it in its widest term. Which is support, whether it is bureaucratic, reducing bureaucracy, whether it is helping put people in touch with the right people. The hotel sector is one where we know that people would like to invest and are finding

it difficult. So we want to support those people who want to invest in our hotel sector to find a way to do that. There are other areas, each sector has areas in which Government can help support, but that is not necessarily financial support.

**Deputy M.R. Scott:**

So are you indicating that Government has a role in helping private enterprises find financing?

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

It can be, if that is something that they find difficult to do, then yes. I spoke to a hotelier ... I have spoken to hoteliers who find that the banks in Jersey are not providing the financing that they require. That, then, becomes an issue, I think, for Government to enter into a dialogue with banks and say, "Why is it that you are not finding the ... Why is it that you are not able to finance hotels in Jersey?"

**Deputy M.R. Scott:**

Just banks though? Because banks are not ...

**The Connétable of St. Ouen:**

Do you think that there should have been legislation in place in respect of the loss of bed-nights that we have in the Island? Because that, obviously, is the root of a lot of the problems as far as extending the visitor economy over here?

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

What kind of legislation would you be referring to, Connétable?

**The Connétable of St. Ouen:**

Well just in fact that we are seeing all the hotels which have been for visitor accommodation being put into flats, or one recently, a major hotel has been sold and it is now being used by staff accommodation for another hotel. Just a thought, that it is something that has come up quite often that should there have been legislation in place to prevent the loss, because it has basically turned our tourist industry on its head. We also now, The Environment Minister has brought in legislation in respect of the letting houses or flats to non-residents. Which, again, has knocked our tourist industry. So I wondered what you thought.

[13:45]

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

I think it is interesting. I am not convinced, yet, that legislation is needed. One of the reasons I say that is because Jersey suffers from a calendar year of tourism which focusses very much on July

and August, to some extent December. But then, ignores the other 9 to 10 months of the year. One of the things that I believe we need to do is make sure that those 9,000 beds that we still have in Jersey are being used as much as possible throughout the year. That, in itself, would transform the tourism sector in Jersey. At the moment, we have a less productive tourism sector precisely because productivity is centred on 2½ months of the year.

**Deputy M.R. Scott:**

Nevertheless, following on what Connétable Honeycombe is saying, we seem to be directing money towards marketing the Island while bed-nights, actual beds are reducing. So are you actually looking at something more proactive in terms of reversing that situation?

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

I am looking at, and we are speaking to, international hotel investors who would like to move to Jersey. We saw, without wanting to go into the planning side of it, but we did see, and the really good part of the Les Sablon development was that it had a hotel as part of that development. We know that we have seen Premier Inn open more than one hotel in Jersey. These are really good indications that Jersey has a vibrant visitor economy that international chains are really interested in investing in. I think there is value in bringing them to Jersey, and we are in conversations to do that at the moment. The difficulty they have is finding the actual sites and that is one of the problems that they have.

**The Connétable of St. Ouen:**

Does it surprise you, then, that the Le Masurier site which had a, I think, it was a 102-bed art hotel, part of the development has been turned down by the Assistant Minister?

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

You know I genuinely ... I did not look at the planning side of it and I have not read the reasons for turning it down, so I cannot comment on any reasons for turning it down. But purely from a non-planning perspective, from a purely economic perspective, I would like to have seen a hotel being developed in the Islands. That was one that I was hoping would get ... would be able to be developed. But that is not in any way a criticism of the decision that was made, because I have not looked at the decision that was made in any depth.

**The Connétable of St. Ouen:**

Okay, thank you.

**Deputy M.R. Scott:**

So, we also are aware that for many hoteliers it is more lucrative to sell hotel sites to the development of private residences, or they seem to regard it as such, rather than to sell them as hotels as a going concern. So are you looking into that aspect of ...

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

Well, yes, we talked to hoteliers all the time and they are helping us develop The Business Economy Strategy, and part of the reason for that strategy is to help them see a future in tourism in the Island and being a hotelier in the Island. That strategy will help provide them with the reassurance they need that Jersey is a place that they can continue to invest in. That is the existing hoteliers.

**Deputy M.R. Scott:**

For those who wish to retire and have an exit strategy, though, how many of them are going to be willing to tie their hands?

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

I do not know, I have not counted.

**Deputy M.R. Scott:**

Right. So would that not, somehow, have a bearing in terms of the representations that are being made in this respect?

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

I do not understand what you mean.

**Deputy M.R. Scott:**

In terms of the extent to which hoteliers might be willing to have their hands tied so that they carry on investing in a business, rather than cashing in to luxury residential development.

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

As a general rule, I prefer not to tie people's hands. I believe that free enterprise is precisely that. What we need to try to do is to the structural elements of the Island and the way people can invest in it. The fact that I know that there are hotel chains that are genuinely interested in investing in Jersey, tells me that Jersey has a vibrant product that has a really strong future. That, in itself, tells me that for existing hoteliers they have a really strong future. But it is not my nature to try to ... if I was 65 years old and I was told that I have to remain a hotelier, effectively until I die, I think that is a really tough ask to make of anyone. Because I am sure you, as many other people, are looking forward to retirement in this Island.

**Deputy M.R. Scott:**

Nevertheless that is the policy for restaurant owners. There is no kind of let out in the planning policy that says they can sell to residential development.

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

There are plenty of them.

**Deputy M.R. Scott:**

Sorry, that is ...

**The Connétable of St. Ouen:**

They either hate their Minister when you said about the tourist industry relying on just a couple of months a year. The problem is that we have not got the airlines coming to the Island for them to actually promote 12-month trade.

**Deputy M.R. Scott:**

Could we make that a question, please?

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

Well, no, I take it as a question and I think this is where Ports of Jersey are doing a really, really good job in terms of connectivity to the Island. We now, I am pleased to say, Connétable, is that we now have much more year-round connectivity, not to Europe, and that is one of the things that I am asking Ports of Jersey to look at. But from the U.K. (United Kingdom), we do have good year-round connectivity. Only a couple of days ago, I was talking to someone who was talking about connectivity from Scotland, which carries on from Glasgow throughout the year. So, naturally connectivity does weaken in the winter months, but it is something which we now have much better year-round connectivity from the U.K. than we used to. I would like to see ferry connectivity grow to be much stronger to St. Malo in the winter months. I still find it unacceptable, to be honest with you, that come late-January, February, it is basically not possible, or is virtually impossible, to travel to and from St. Malo. So these are the things that I would like to change because I think connectivity provides the infrastructure upon which the visitor economy can flourish.

**Deputy M.R. Scott:**

So changing the ferry service, in terms of St. Malo, does that not require a change to the operating agreements in respect of ferries?

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



I do not think it, particularly in itself, requires a change to the operating agreement. The operating agreement will change precisely because we are in the wind-down period for the current operating agreement.

**Deputy M.R. Scott:**

Okay, let us just ... we were just looking ... talking about the free market economy versus intervention, how are you as Minister be directing prioritisation with ... we are talking about The Sustainable Economy Framework, before we went into visitor economy? Which I suppose is part of it. How will you as Minister be directing prioritisation of where the Government will directly take an active role? Noting that you have previously indicated that in instances, such as provision of a southern freight route that it is best left to the private sector.

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

But as I said, support is not about ... so in that response I was talking about funding. Support is not necessarily about funding, and I am working with people in that sector to try to encourage the development of a southern freight route. That is happening already, and I am pleased to speak with those people and I am pleased that they are, as private-sector people, trying to develop a southern freight route. We have already seen Condor provide an extra day of freight sailings to St. Malo every month, sorry, every week. That, in itself, is therefore the private sector adding an extra freight sailing.

**Deputy M.R. Scott:**

How is that working in terms of any feedback you are getting, in terms of Condor, in terms of interest and use of that route?

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

I have not found out. It is only a recent innovation on that route.

**Deputy M.R. Scott:**

One of the short-term actions identified in the Delivery Framework is to carry out a cost/benefit analysis on enhanced connectivity options with France, and to decide which options to continue developing for this enabler. Why do you regard Government carrying out this cost/benefit as necessary, and to what extent would you look to the private sector to look into and invest in such options?

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

I think this is more in relation to the potential to be working in Jersey, but living in France. That commuting element. So that is where at the level of ferries, you may not need a cost/benefit analysis to the same extent. But if you were to go to a large infrastructure project, such as a fixed link

between here and France, then before you embarked on that you would undertake a full cost/benefit analysis. That, in itself, could cost millions of pounds.

**Deputy M.R. Scott:**

What, the cost/benefit analysis?

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

Yes.

**Deputy M.R. Scott:**

Right.

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

I have been asked ...

**Chief Economic Adviser:**

So, if we are to understand to look through about what the cost and benefits are for larger commuting patterns and expanding the labour market into more regional areas, that can look at a number of different options. All of which will have their own cost. Raising from, perhaps, an investment in some ferries to a full fixed link, and each would have different benefit elements to it, as well. If we think the sharing of a labour pool, or the widening of the labour pool, is of benefit then we would look to seek how that would weigh up against those costs in the short-, medium- and long-term. If we were to do a full, all-singing, all-dancing, fixed link the work would be of a scale and magnitude, such as something a major infrastructure, global infrastructure project that would require a considerable amount of work just on the cost-side, let alone on the benefit side, to ensure you are delivering as effectively as possible, and that was a viable option. So once you start getting into serious pieces of work, they do become quite costly. We are a long way from that. I think we are at the very early days of just ...

**Deputy M.R. Scott:**

It is described as a short-term action.

**Chief Economic Adviser:**

Cost/benefit analysis takes many different forms. A cost/benefit analysis whether or not we should continue going forward, is part of that. Those cost/benefit analysis evolve themselves. Cost/benefit analysis is not one output. It will be many outputs within the same project, getting to where the final outcome of what you want to deliver is. They will inform each decision along the way. It is not just one thing.

**Deputy M.R. Scott:**

So which cost/benefit analysis is going to cost millions of pounds? The one that is mentioned in this document or is that another cost/benefit analysis that is not?

**Chief Economic Adviser:**

No, I think what we are looking at, at the moment, is just from within existing resources, to be very, very clear, within the Government, looking at whether or not there are benefits to be had with extending commuter links to regional partners, and what some of those costs would be. Therefore, if there is actually a net positive value for the economy. As you build that project out and realise there might be better links with regional partners, then you might continue down a further route. But I do not think anyone is talking about a million-pound cost/benefit analysis at the moment, for that fixed link to be very, very clear.

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

No, no, but what I am saying is, but if you then get to the point where you are saying, okay, we need to look at a fixed link. Will a fixed link really work? You engage probably an outside body to do a full cost/benefit analysis of fixed link. That piece of work, having done lots of other cost/benefit pieces of work before then, is likely in itself to be incredibly costly. Which is why you want to understand quickly whether this is going ... if this is worth pursuing. Which is why I am calling it a "fail-fast project". Because if you find out at some point, well, look, our regional partner is not interested, then you say, "Right, it is not going to happen". If you find out that actually there is no way you can have a enough ferries in the short-term to bring a level of workforce to Jersey on a daily basis, then you might say, "Right, that is it, it is not going to work". So we pack it away. So there is the fail-fast element which we are beginning and going through at the moment, which is short term that it would build up to. If all of that worked, and there was positive outcomes across the route and you then wanted to investigate further, whether a fixed link is actually a viable way forward. You would, likely, at that point have to do a full cost/benefit analysis of that fixed link, and that would be a very costly piece of work, in itself, before you have even started talking about the cost of the fixed link.

**Deputy M.R. Scott:**

Presumably at that point you would be involving the private sector anyway? Why do you not have them be considering this already?

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

I imagine to do that piece of work would likely involve the private sector, I imagine, rather than us.

**Chief Officer. Department for the Economy:**

That would be a project that is four or five times the cost of a new hospital, so it is a ...

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

As in the building, the construction of it? Exactly.

**Chief Officer. Department for the Economy:**

If you were to build a bridge to France, or a tunnel to France, you are looking at multiple hospital projects, so of course, there would be extensive involvement with external parties.

**Deputy M.R. Scott:**

Could that be a reason why that is not actually been proposed by the private sector itself?

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

I do not know, ask the private sector.

**Deputy M.R. Scott:**

Okay, well you obviously have not heard from them. Why is best cost/benefit analysis not undertaken for all Government actions?

**Chief Economic Adviser:**

I would probably refer you back to my previous answer. It is pragmatism and proportionality. Also cost/benefit analysis can just be, I think, the Minister said earlier on, "Actually, I have considered this and there is no economic impact using the best judgement that I have at this moment in time". That is at least having an economic view on it. A cost/benefit analysis is used in an awful lot of Government projects, the business cases were before you in the Government Plan for the next year. Those economic benefits and economic costs will be captured in that. But a full cost/benefit analysis for every single policy and every single Government intervention and project might not be proportionally necessary to actually add value.

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

I think I would find it is very unlikely to be proportionally necessary.

**Chief Officer. Department for the Economy:**

It is also fair to say the principles about a cost/benefit analysis are covered in every decision. As an Accountable Officer, you are responsible for economy efficiency effectiveness and decision-making. So you are looking through those same lens that you would be in a much more comprehensive C.B.A. (Cost/Benefit Analysis) if it is a larger project, a larger sum of money at stake.

**Deputy M.R. Scott:**

So, right, okay, because bearing in mind the actual document, Delivery Framework, does actually specifically mention a cost/benefit analysis in respect of a particular option. So you are just determining the extent of which you have cost/benefit analysis in respect of all Government decisions. At least, all Department Of Economy actions, or not?

**Chief Officer. Department for the Economy:**

It is qualified in the context of that particular initiative. What that is not saying is that we do it in every single instance, either in the department or across Government because there is a degree of pragmatism that you have to apply to it.

[14:00]

**Deputy M.R. Scott:**

So what actions by the Department of Economy do not have a cost/benefit analysis?

**Chief Officer. Department for the Economy:**

Well, in the very simplest terms, you look at a commercial strategy for procurement, you have certain thresholds of which you have to cite the reasons why you are adopting a particular procurement strategy. So below a certain threshold, you can make a decision yourself, you document the rationale. Above £25,000 you are then looking to go to three bidders and make a decision from there. So it goes on. In more comprehensive cases, where you develop business cases and submit those into Treasury, as you do through the Government Plan cycle. Major projects, such as a hospital project, they would have that level of assessment that sits behind them. So it is not every single decision you would go through the rigor of a thorough, comprehensive cost/benefit analysis, because that is just simply not ...

**Deputy M.R. Scott:**

Would you not expect an overarching one in the case of procurement, though?

**Chief Officer. Department for the Economy:**

It depends on what you are procuring, how complex it is and how much you are procuring for.

**Deputy M.R. Scott:**

I mean, if you are procuring something, are you not furthering a Government policy that would surely have some cost/benefit?

**Chief Officer. Department for the Economy:**

We do not procure Government policies, we do Government policies within the Department and we consult on them with the public.

**Deputy M.R. Scott:**

So the Department does not procure anything?

**Chief Officer. Department for the Economy:**

That is not what I said. I said we do not procure policies, Government develops policies ...

**Deputy M.R. Scott:**

I was not suggesting you procure policies, I was just asking when you mentioned your example for procurement strategy, and the individual contract you would not perhaps do a cost/benefit analysis. I was saying, would the actual procurement itself not have been in furtherance of a policy as such?

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

I think that is exactly what we are saying, is the scale of the project that you are procuring, or the scale of the items that you are procuring will determine as to whether you then do a full cost/benefit analysis or not. So it is only for the very most expensive elements that you would then consider doing it. For the less expensive elements, the cost/benefit analysis that you will do will be a much more informal piece of work. It will possibly be in your own mind, rather than actually explored on paper. Things like this, should we buy a new desk? I do not know. In the officer's head they will think about the costs, the benefits, the pain of going through the procurement system and decide whether or not they want to buy a new desk. But they are not going do a full cost/benefit analysis to buy a new desk.

**Deputy M.R. Scott:**

Right, okay. Thanks for that clarification. I have got ... I am just going to ask a question, Connétable Honeycombe, did you want to chip in at this point? I have just got one more question before we go back to you.

**The Connétable of St. Ouen:**

No, no, I am fine.

**Deputy M.R. Scott:**

So, how are other elements of the Future Economy Programme progressing? For example, the Economic Handbook?

**Chief Economic Adviser:**

So the Economic Handbook has purposely been stepped backwards, away from these documents, to allow us to have another element of economic information during a different period. So we are looking to deliver it in the early part of next year, which will allow us to put a framework, sorry, a monitoring framework around this document and see how we are starting to progress against it. While also keeping economics, the economy in the mind of the population, The Assembly and Government as a whole. So that was a purposeful decision to decouple it from these documents. It was never actually fully, solidly part of these documents, anyway, and have it released at a different time. That will also be an annual document, which we have discussed before, and getting the timing right in terms of an annual period is really important. We feel that that comes better in spring, because of the other work that goes on through the Economy Department with the Fiscal Policy Panel and other organisations.

**Deputy M.R. Scott:**

What ...

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

Could I just come in, sorry, as well, I'm really pleased you've picked up on the Economic Handbook because I think it is one of the most exciting parts of the Future Economy Programme as a whole. Not because, in itself, it is going to reshape the economy in a particular way, but because one of the points of that Economic Handbook, well, perhaps, in my view, and I hope ... I think Tom's view as well, the principle point is about encouraging the conversation of economics in Jersey. To encourage the establishment in the Island of people thinking economically. Whether it is in their own businesses, their own households, about the Island itself. It is about trying to encourage that way of thinking of the economy in Jersey, and that is something that is really interesting to me. It is something that I am really passionate about and I am really pleased that I have learnt over the last few months that Tom is also passionate about. I was just speaking with someone who is a young person in Jersey, who was just telling me how in school they felt that business studies and even understanding finances were not elements that were done properly within school in Jersey. So I think we have a role to play there in encouraging people, students, but people of all ages to be honest with you, to actually think about the economics of this Island.

**Deputy M.R. Scott:**

So what additional information will the Economic Handbook provide that we do not already have in the Sustainable Economy Strategy and the delivery?

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

The Economic Handbook is going to have some really interesting pieces of just essays by people, from ... Islanders. It is not necessarily going to be a complete rundown of everything economically in the Island, but I am sure it will have a summary element to it as well. But I think it is something which will become, as much as anything, it will spark the discussion about Jersey's economy and maintain that.

**Deputy M.R. Scott:**

So which Islanders do you expect to be contributing essays?

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

All and every, as they so wish.

**Chief Economic Adviser:**

We are actually about to launch an essay competition in schools in the not too distant future. So that will be a young Islander contributing their thinking on what the future of the economy will be. We will look to that and see if that is one of the documents that we include in the handbook, as well. As well as some commissioned pieces from all the experts in the field and what they think the future of Jersey's economy will look like, as well. Some global pieces as well. What the global economy is looking like and how that might shape our future.

**Deputy M.R. Scott:**

In the context of your Common Strategic Policy, the overall policy that is being put by the ... quite a few policies and strategies being mentioned here. In that context where you are saying you are looking to increase productivity; how does that slot in, this economic handbook?

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

The Economic Handbook slots in, in many different ways. It will give people a better picture of the Island, it will get people thinking about the Island, and it will get people also sharing information I believe as well. So I think it works in many different ways but the Economic Handbook is going to be I think a publication of great interest to Islanders and it will be a publication that can recur and will help people reengage in the economics of Jersey, which is something I believe has not been happening overall. One of the things that I stood as Deputy for was that I do not believe there is a real engagement in thinking about the economy of this Island as a whole. I think we tend to silo it quite a lot and think about particular elements of it, but this will give us a much better overall picture of it.

**Deputy M.R. Scott:**



It could be said that the issues and challenges of reduced productivity, population growth and ageing population and cost of housing and living to the Island are well established. What direction are you giving to reduce resources being undertaken to establish and explore your problem statements, as such, and diverting that resource to identifying tangible actions to produce economic growth?

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

I do not understand what you are asking, sorry.

**Deputy M.R. Scott:**

So basically it can be said that the issues of establishing the problem statement, the challenges in terms of reduced productivity, population growth, ageing population, cost of ... all that; what direction are you giving to reduce the resources being undertaken to establish and explore this as a problem statement, and diverting that resource to identifying tangible actions to produce economic growth?

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

The work we are doing now is all about identifying and undertaking those tangible actions. So each strategy that we have launched, whether it is the rural economy strategy through to the art strategy to the digital economy strategy, et cetera; all of them have actions which come out of them which are about economic growth. The sustainable economic strategy itself has the delivery framework which clearly points to tangible actions that come out of it, which will enable economic growth. But obviously again, and this is one of the things I love about this department, is that we are reliant on all those wonderful businesses out there undertaking those actions themselves. So what we do is we help point the direction, we help provide the support, whether that is information support all the way through to the potential for financial support if that is necessary, to help them become more productive and help the Island's economy grow.

**Deputy M.R. Scott:**

So you are pointing the direction to businesses to ...

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

I cannot run their businesses for them.

**Deputy M.R. Scott:**

No. Might they think that pointing the direction is similar to that though?

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

No, because one of the things that has been told to me time and again from different sections is: "We would like you to point the direction for us" because they want to know where Government is

going to help support. So that is one reason that we have not had perhaps as much hotel investment as we would like to see; is because Government over the years has not outlined a clear way forward for how the sector should develop. It has been the same in the agriculture sector, it has been the same to be honest in the digital sector as well. They have all been asking for the Government to point the direction; the North Star is often the phrase that is used: "Please give us the North Star. What is the direction we are meant to head in?" These strategies - including the sustainable economic strategy - deliver on just that. They give those businesses direction that they have been asking for.

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

To be tangible, I mean, I was at the Scoop A.G.M. (annual general meeting) last night and the energy around the positive input from the team of civil servants, from the general Assembly mood, that they can see a collective vision. They talked about critical mass, and they see Government pivotal in helping that direction, so ...

**Deputy M.R. Scott:**

What do you mean by "tangible"?

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

I did not say the word "tangible".

**Deputy M.R. Scott:**

You did.

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

It was only repeating you saying it. Tangible means something effectively, using a metaphor, that you can touch and feel.

**Deputy M.R. Scott:**

Okay, and so how solid are these actions that you have identified in the delivery framework?

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

Some of them are very solid, some of them are aspirational. There is a range.

**Deputy M.R. Scott:**

Could you give an example of a solid action?

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

Well, I think the growth enablers element of it is pointing toward solid action. That is about trying to empower things like Jersey Business to provide the support that companies need.

**Deputy M.R. Scott:**

So giving money to Jersey Business?

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

That is one element, yes.

**Deputy M.R. Scott:**

Okay, have regular ...

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

Reducing Government bureaucracy is another.

**Deputy M.R. Scott:**

Right, reducing Government bureaucracy, and what are you going to do about that?

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

That is a very big project and we are starting on it.

**Deputy M.R. Scott:**

So it is not solid yet. So have regular tracking questions been agreed with Statistics Jersey for inclusion in their business tendency survey?

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

I have not spoken to them recently about it. I have done that in the past and asked them to provide ... I cannot remember what it was I did but it was about a year or 18 months ago, asked questions on particular nature, but it is not something I have done recently.

**Deputy M.R. Scott:**

Can you give examples?

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

Tom is in regular dialogue with them ...

**Deputy M.R. Scott:**

Do these include export questions?

**Chief Economist:**

I cannot remember off the top of my head - we can revert back in writing - but we did have those conversations and we continue to have them about the B.T.S. (Business Tendency Survey).

**Deputy M.R. Scott:**

Thank you, because I think we will be following up, sparing you from going through all these questions and writing. Constable Honeycombe, I think you have got some questions now to ask?

**The Connétable of St. Ouen:**

Yes. Minister, in your letter of 4th April the ease of doing business workstream was identified as a pilot to ensure that the programme's approach could be delivered across Government. Has this been successful and have there been any learnings?

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

Have there been any what, sorry?

**The Connétable of St. Ouen:**

Learnings. Has anything been learned from it so far?

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

I mean, the ease of doing business I call as well the barriers to business. The report has not been published, it is currently in draft form, and I believe it will have a number of learnings for us all in that report which will be, I believe, published in the next month.

**The Connétable of St. Ouen:**

Are you targeting economy growth of more than 3 per cent to avoid stasis and recession?

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

I think ... sorry, I thought you had finished.

**Deputy M.R. Scott:**

Maybe ask one question at a time because I think it is unfair on the Minister to process 2 at the same time, so if you perhaps answer that one about targeting growth.

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

It is interesting; if we are to achieve the likely necessary economic growth that we do need to achieve by 2040 then I think we are going to have to be achieving 2 to 3 per cent economic growth a year.

**The Connétable of St. Ouen:**

What direction are you giving Jersey Business regarding the application of its own resources in this respect?

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

Well, Jersey Business provide us with their business plan and each year we go through that business plan and ensure that it kind of links up with the policy direction that we are giving them.

**Deputy M.R. Scott:**

So the are you giving any direction in terms of targeting economic growth?

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

Yes, we have given them direction in terms of helping businesses increase their productivity. That is the direction we have given them.

**Deputy M.R. Scott:**

To 3 per cent?

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

I have not given them a figure.

**Deputy M.R. Scott:**

You have not given them a figure, right.

**The Connétable of St. Ouen:**

What is the nature of the modelling that has taken place to ascertain sector and small business ability to absorb additional business consumer costs such as energy, cybersecurity, A.I. (artificial intelligence), or other technology investment?

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

I think it is probably fair to say that there has been no modelling in that respect. I do not believe you need to model. What I would say though is I think it would be helpful for Government to understand that when they add what is in isolation a small increase in cost, or in isolation a small increase in regulation, that this has a compounding effect and that the costs are not one single increasing cost, they are lots of single small increases in cost which add up to one big, large increase in cost. The same with regulation as well; those small little additions to regulation become one very large addition to lots of regulations. It is interesting, I do not know if financial modelling is necessarily the way, and

I do not know if we could do this piece of work, I would not know where to begin, but it would be really useful to be able to show let us say over the last 10 years how much cost and how much regulation has been added to the burden of doing business in Jersey. I think that would be interesting to see but I would not even know how to start to begin that piece of work.

[14:15]

**Chief Officer, Department for the Economy:**

I think it is also important to say, you know, cybersecurity related defences, that is not cost that is being applied by Government, that is something that businesses have to be aware of, the risk environment in the areas in which they operate and consider carefully the cost of investing to protect themselves versus the longer term cost of not getting it right and suffering a breach by having inadequate defences.

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

Just quickly to add to that as well, things like Moneyval or this telecom security work that is going on as well, they are costs imposed on us by other Governments which is not even the Jersey Government, that is the U.K. Government and the E.U. (European Union) that are adding those costs.

**Deputy M.R. Scott:**

It might not be fair to say though that some of these costs such as upgrading software, investing in improved technology and these things did not exist 20 years ago, and so in terms of putting a target for economic growth one has to have a target that encompasses those increased costs, that it may not just be a matter of saying, "Right, okay, 2 to 3 per cent will do it" that somehow you need to bring into this kind of equation the additional costs that seem to be recurring and which ...

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

I think the 2 to 3 per cent is a net anyway.

**Deputy M.R. Scott:**

A net?

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

Well, it is net. You would always look at your growth after the lack of growth, so the growth is going to happen with or without those costs.

**Deputy M.R. Scott:**

So for an individual business they have got to basically be looking at if it is going to be 2 to 3 per cent growth net of all these costs, and you are perhaps looking at a growth that could be 5 per cent year on ...

**Chief Economist:**

Sorry, there is a miscommunication between what economic growth is and what business profitability is.

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

Exactly, yes, and I apologise if I brought them together.

**Chief Economist:**

Business profitability is a factor of costs over revenue. Economic growth encompasses all of that and much more as well.

**Deputy M.R. Scott:**

There is a link though. If we are going to break it down into separate components of businesses you would be looking at their individual growth and averaging that.

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

But that is the point; what is the economy if we do not look at the individual components of businesses?

**Chief Officer, Department for the Economy:**

One person's cost is someone else's revenue.

**Chief Economist:**

That is right.

**Chief Officer, Department for the Economy:**

So if you have got supplier relationships on-Island what you are spending in one business is revenue to another business which contributes towards growth.

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

Which is one reason why we have an issue with costs imposed by Government because that is Government revenue as opposed to another business revenue which will then be multiplying that out in its own ...

**Deputy M.R. Scott:**

And some of those costs are incurred locally and some non-locally, so software could be an example of that.

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

I think it is worth recognising the Connétable's question, it was on my manifesto about the standing costs of a business, how much will a business have to spend before it can ... without even putting a single item out the door. I am sure it is something that I would like to think ... my ask to the Minister will be that we take that on in some future ...

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

Well, we do, but it is one of those as I said I think there is huge difficulty in modelling that, and I look at Tom for that. I think there is huge difficulty modelling that but it is something again where I ... I often think in terms of principle and I think the principle that we have as a Government increased costs and we have as a Government increased regulation is a simple principle to accept. Therefore, it would be great to reduce the growth in those costs or reduce the amount of regulation, and that is what we work to. But it is very difficult because, again, a business which employs people has a very different cost base to a business which does not employ people. A business which can be run without particularly specific premises will have very a very different cost base to a business which needs specific premises, and so on and so forth. So it is really hard to model but the fundamental underpinning thinking behind the Constable's question I think is absolutely right, and it is something that both Alex and I ...

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

Productive money versus non-productive money spent by business, yes.

**Deputy M.R. Scott:**

So in your kind of evolving work will that have a place then?

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

Would what have a place?

**Deputy M.R. Scott:**

You were talking about the actual non-productive or less productive costs and the different types of costs in terms of ...

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



As I say, on an ongoing basis it is something that I am always challenging and I am always concerned about. It is very difficult; I am pleased that in the main things like energy price increases have been kept to a minimum. We are seeing a 12 per cent energy price increase as opposed to much larger pricing that we have seen in other jurisdictions. But at the same time a 12 per cent price increase in energy is costing businesses in Jersey a large amount.

**Deputy M.R. Scott:**

I think we probably could move on to the subject of the contract that is going to be renewed there but let us try and stick to our questions.

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

Well, I had nothing to do with that contract so ...

**Deputy M.R. Scott:**

Yes, exactly. Sorry, back to you, Constable Honeycombe.

**The Connétable of St. Ouen:**

The delivery framework identified Jersey Business and Digital Jersey as delivery arms; what will they be delivering in terms of specific economic value and how will the contribution to economic growth from the Government funded activities be assessed moving forward?

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

Well, I think again this comes down to their business plans and the business plans that we agree with them, and in terms of Jersey Business a lot of that business plan is focussed on helping businesses themselves increase their productivity. They have their productivity, it is not a roadshow, I forget what the name of it is, but they have events which are entirely focussed on productivity. I was at one recently where they had been working with I think 5 Jersey businesses and they believe that over the course of the time they were there those Jersey businesses had saved something like £150,000 to £200,000 from themselves. So they are at the coalface working with Jersey businesses to help improve their productivity. I do think it is difficult to say: "Jersey Business, we want you to improve the productivity of Jersey by X amount of per cent" because Jersey Business cannot pay that kind of role. Jersey Business can work with individual businesses to help them increase their individual productivity.

**Deputy M.R. Scott:**

You, nevertheless, describe it as a delivery arm so is it unfair to describe them as a delivery arm if you are not going to take that ...

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

They are a delivery partner. We work with them very closely all the time. They help us with inward investment, they help us take our productivity improvement policy out to the world of businesses in Jersey. They are very much a delivery partner of the Government of Jersey.

**Deputy M.R. Scott:**

These 5 businesses; it is £250,000 all together or individual ...

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

No, this was an event, they had worked on this course for a number of weeks, understanding how to break down their processes in such a way as to identify the areas where their processes were not being as productive as they could be. By doing that those businesses had made savings. Do not quote me on the amount of savings because it was an event that I was at and I was just trying to remember the figure that they came up with.

**Deputy M.R. Scott:**

So we do not know ...

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

I encourage you to go to these events.

**Deputy M.R. Scott:**

When I have got time, Minister, myself. In fact I do not believe I received an invitation when I think about it.

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

They are just open events.

**Deputy M.R. Scott:**

Right, okay, but we do not have a specific economic value identified in that respect.

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

If you could identify for me what that value should be then maybe it would help.

**Deputy M.R. Scott:**

I think most businesses that you have a relationship, particularly one where you are supporting people using taxpayers' money you perhaps can enquire a bit more about the actual specific economic value.

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

So how would you measure that economic value, because you keep asking me ...

**Deputy M.R. Scott:**

In terms of tax take.

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

How would you measure that?

**Chief Officer, Department for the Economy:**

Businesses do not pay tax.

**Deputy M.R. Scott:**

Businesses do not pay tax so you would have to be saying: "Right, what are you putting back into the economy?" But in terms of businesses not paying tax ...

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

How would we do that for every individual ...

**Deputy M.R. Scott:**

Is that not a problem in itself when you are trying to increase productivity if businesses are not paying tax? Is there any more thought going in terms of that?

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

Yes, I always question the lack of a corporation tax in the Island.

**Deputy M.R. Scott:**

For quite a while businesses have not been paying tax and that is on the basis you are going to increase their productivity. Where is the evidence that that is working?

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

That is incorrect. The reason businesses do not pay tax in Jersey was all about the Zero/Ten financial changes that were made in 2005 to 2008. It was not about them increasing productivity, it is about making sure that our financial services industry could still be available to the wider world without infringing on O.E.C.D. (Organisation for Economic Co-operation and Development) or E.U., I forget which, principles.

**Deputy M.R. Scott:**

Not all businesses need pay zero, surely.

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

No, not all businesses pay zero tax but the vast majority of businesses do. The only businesses which pay tax in Jersey are financial services businesses paying 10 per cent, utilities paying 20 per cent, and large retailers paying 20 per cent.

**Deputy M.R. Scott:**

So what is the actual justification if you are having businesses that do not pay tax using the taxpayers' money to support them further?

**Chief Officer, Department for the Economy:**

So it creates employment for Islanders, it creates ...

**Deputy M.R. Scott:**

How have you measured that?

**Chief Officer, Department for the Economy:**

We have figures on the size of the labour market and the contribution of the labour market, we have G.V.A. (gross value added) figures which covers also the cost of ...

**Deputy M.R. Scott:**

So how much does that relate to businesses that pay tax and do not?

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

For the vast majority of businesses in Jersey we do not provide any direct financial support. For Jersey Business we provide them with financial support so that they can work with businesses in Jersey to help them set up. Now, having an enabler of business in Jersey I think is a genuinely good thing, and if you think it is a bad thing to have an enabler of businesses in Jersey that is fine, you are welcome to have that view. But for me, knowing that it can be difficult to start a business, having spoken literally 2 hours ago to an entrepreneur in Jersey who has said that she found it difficult to understand how to set up a business in Jersey and when she went to Jersey Business and they told her how to set up a business in Jersey, how to deal with Social Security, and that then enabled her to do it; I am quite satisfied that that kind of work is very useful work for Jersey's economy. But you are welcome to have the alternative view.

**Deputy M.R. Scott:**

In terms of justifying the growth of Jersey Business from what was essentially a one person unit ...

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

It was called Jersey Business Venture then; it was not a one person unit, it was Jersey Business Venture and it was not supported by the Government of Jersey in that way.

**Deputy M.R. Scott:**

In terms of the increased funding, because we are aware that you are still doing this A.L.O. review, and I thought you would have a sort of open mind there, but in terms of ...

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

I have an open mind on the A.L.O. review.

**Deputy M.R. Scott:**

Fine. So you have seen an increase of funding of whatever kind of outfit has been helping businesses establish to quite ...

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

They have not had an increase in funding; their funding is reducing, if I am not wrong.

**Deputy M.R. Scott:**

Well, I would say from the last 20 years ...

**Chief Officer, Department for the Economy:**

There was some additional money set aside for Jersey Business which previously related to premises moves, but irrespective of that there is a rising cost base in providing services in the Island, an inflation figure that is stubbornly high for the time being despite best efforts of policymakers elsewhere in terms of the Bank of England and so on. That rising cost base, we either choose to carry on with those services and accept there is a higher cost in the provision of those services, or we dial back some of those services. I think what the Minister is saying, he believes in the merits of Jersey Business as an organisation and the benefit it has in driving local business growth and local business startups and, therefore, wants to ensure they are continually supported so that they can provide services at that level.

**Deputy M.R. Scott:**

I think the actual question was about the measurement; it was not saying that there should be no kind of service to advise businesses on how to setup, so ...

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

We measure them via their business plans and their K.P.I.s that we help set them and that is how the Government measures them.

**Deputy M.R. Scott:**

Which do not translate, as you said.

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

Well, because it is incredibly difficult to do that ...

**Deputy M.R. Scott:**

Okay, we can accept, but what you are basically saying ...

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

... I would say it would not be pragmatic or good use of Government resources to spend possibly hundreds of thousands of pounds on trying to find a way to measure the overall economic growth that Jersey Business provides to the Island.

**Deputy M.R. Scott:**

And we are still waiting the results of review to establish the value in terms of the way in which A.L.O.s are currently resourced at the moment. This I understand.

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

We will continue to look at our A.L.O.s.

**Deputy M.R. Scott:**

I think we have got that far. Sorry, Constable Honeycombe, we are back to your question.

**The Connétable of St. Ouen:**

What resources are used to provide the Young Enterprise Programme on page 8 of the delivery framework, and what is being considered in the alternative?

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

The Young Enterprise Programme at the moment I think is funded through Education.

**Chief Economist:**

It is. The young enterprise schemes are quite well established schemes across many different jurisdictions. I think my understanding is the one in Jersey has fallen back a little bit in more recent

years and it is just looking at how we can use that again to try and get entrepreneurial thought and thinking into schools. That does not necessarily mean ... I think the entrepreneurial thinking is an interesting point in terms of everyone should be thinking like that, Government officials should be thinking like that, businesses should be thinking like that, and just trying to get that skillset, financial skillset, monetary skillset into schools at an early possible stage through quite an exciting way is a really good idea.

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

Exactly, and I have got to say, having spoken to someone significantly younger than me this morning who left school a lot more recently than I did, they were quite damning about the level of financial education in schools that they received in the last 10 years, and economic and business education in schools. So that for me says we do need to work with the Education Department to help put a much stronger level of financial literacy and business literacy into the school curriculum, and young enterprise at the moment is the main tool that we have for that.

**Chief Economist:**

I would just say as well, just as a slight aside because you asked about other options, we are going to speak to the college and all the schools about economics at sixth form level general. We have got this essay competition that we are launching as well. Just trying to get economic thinking into the education system and help the teachers who are doing a very good job in trying to get that economic thinking across at A level, but trying to get that embedded across the schools to try and help raise the economic thoughts across the Island.

**Deputy M.R. Scott:**

Okay, I think we will just ask the next question. We may run over, we had a bit of a late start, but ...

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

I think 4 minutes.

**Deputy M.R. Scott:**

Yes, okay, so we will sort of like have that 5 minutes if you do not mind. We will probably have to ask you the remaining questions in writing if we may, thank you. Sorry, Constable Honeycombe, back to you.

**The Connétable of St. Ouen:**

Why has the delivery framework placed emphasis on delivering a wind farm rather than other renewable energy sources such as tidal?

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

The main reason for that, Connétable, is that tidal is not at a commercially available stage yet. I think we all know that Jersey's tides could one day potentially provide renewable energy but at this stage there is no commercially viable route for tidal energy, whereas we know that there is commercial viability around wind energy and that very much has driven the thinking on that.

[14:30]

**Deputy M.R. Scott:**

We know that there are some tidal barrages, whatever, but ...

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

Yes, barrage I think is the key word there.

**Deputy M.R. Scott:**

... but are you saying that they do not make money?

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

No, they require large subsidies in order to make money, like very large subsidies in order to make money.

**The Connétable of St. Ouen:**

It seems that tidal means that it is available 365 days of the year, whereas obviously wind farms are not.

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

No, that is absolutely correct.

**The Connétable of St. Ouen:**

Especially with our winter months with most of our wind coming from southwest, and that is where the intended place is going to be for this windfarm.

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

I think though, Connétable, it does come down to what I said which is in order to have tidal energy in Jersey at the moment we would have to provide such significant subsidies that it would not be economically viable for this Island. The Chair just mentioned barrages; I think there is a vast difference between building a barrage for argument's sake across St. Aubin's Bay which would have enormous impacts both environmentally and to the nature of the Island itself, compared to a wind



farm 10 miles offshore which can be deconstructed in 40 years' time and taken away. So I think if we want to get into renewable energy at the moment the main or principally the only commercially viable option we have really is wind energy. Tidal energy is not at the point where it is commercially viable. There are lots of experiments going on around the world about smaller modular tidal energy or wave energy pieces, but none of them are at that stage where Jersey could adopt them as commercially viable.

**Chief Officer, Department for the Economy:**

Also energy security as well. If you have to wait 10 years for technology you have a further 10 years of insecurity.

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

We could always wait for the day that tidal energy does work but that could be 50 years away.

**Deputy M.R. Scott:**

And it will not grow an economy. Next question, Constable Honeycombe?

**The Connétable of St. Ouen:**

In the delivery framework page 13 it states that Andium Homes and States of Jersey Development Company would play important roles in our construction sector in moving to construction innovation and provide resilience. Why is this intervention in the free market being supported by the Government and how are these companies identified to lead construction innovation rather than private companies in the construction sector?

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

Well, I think Andium Homes particularly ... was it the States of Jersey Development Company, the other one? Andium Homes I think is, to be fair, when it comes to housing is the main party there. The thinking there is quite simply they have the scale but they also have the ability to provide accommodation at a lower ... it is social housing at the end of the day. It can come at a lower rent or a lower purchase price to others. If we were to leave house building to the private sector I think we would have a lot fewer properties coming on to the market and we would almost certainly have far fewer affordable houses.

**Chief Officer, Department for the Economy:**

We also have to make the distinction of Andium and S.o.J.D.C. (States of Jersey Development Company) being the developer, not the contractor. They contract down to the private sector for delivery of these services.

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

Yes, Andium does not have a building arm. It uses private contractors to do that.

**Chief Officer, Department for the Economy:**

Exactly that. So they are the investor, they are putting the capital into these projects that are then delivered by private contractors, so it is developing practices within the private sector if Andium and S.o.J.D.C. are looking for modern methods of construction to be utilised in the delivery of those public projects.

**Deputy M.R. Scott:**

So the question was about they will play important roles in leading construction innovation, so can you just explain that a bit more?

**Chief Officer, Department for the Economy:**

I think the question was actually about getting in the way of the private sector doing this. I think that was the way the question was phrased.

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

That is what I understood the question to be.

**Chief Officer, Department for the Economy:**

They are not getting in the way of the private sector; they are commissioning the private sector.

**Deputy M.R. Scott:**

It says how are these companies identified to lead construction innovation rather than private companies.

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

Well, I would say one of the reasons is because we can direct them. I cannot direct a private company to do anything, whereas we can as a Government direct Andium Homes to try to innovate and use different methods of construction. I cannot ask that of any private company in the Island.

**Deputy M.R. Scott:**

So you do not accept that ...

**The Connétable of St. Ouen:**

Is S.o.J.D.C. in that?

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

No, we can direct S.o.J.D.C. to act in that way as well because they are wholly owned by the Government. In that last response I was talking about Andium and S.o.J.D.C., why do we ask them to innovate, because we can. I cannot ask - and it is not even me doing the asking in this case, it is other Ministers - but other Ministers cannot ask private companies to innovate, or direct. They can ask but they cannot direct.

**Deputy M.R. Scott:**

Right, but you have identified these companies and, therefore, are discounting ...

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

Because they are wholly owned by the Government of Jersey.

**Deputy M.R. Scott:**

... the private sector.

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

No, because they engage the private sector. So we say to them: "Please can you use modern methods of construction to build The Limes" let us say, and we say that to them: "We would like you to use modern methods of construction" they come up with a plan which does that and then they engage the private sector to build those homes in this more innovative manner. But if we were just to say: "We want all private sector companies to build in this way" we have no control over them doing that.

**Deputy M.R. Scott:**

Well, I very much hope you would not be asking them to use wattle and mud. On that note we are going to draw an end to this fun session. I really want to thank everybody for attending our hearing today, Minister, Assistant Minister, and officers too, and for addressing our questions. Some interesting debates going on there. We will be sending you some more written questions too and asking a response there. Thank you as well to the support Government officers have contributed today and to members of the public who have watched this hearing which now comes to a close, thank you.

[14:36]