

STATES OF JERSEY

Economic Affairs Scrutiny Panel Quarterly Update Meeting

MONDAY, 25th JANUARY 2010

Panel:

Deputy C.F. Labey of Grouville (Vice Chairman)

Deputy S. Pitman of St. Helier

Deputy D.J.A. Wimberley of St. Mary

Witnesses:

Senator A.J.H. Maclean (Minister for Economic Development)

Senator P.F. Routier (Assistant Minister for Economic Development)

Mr. M. King (Chief Executive Officer for Economic Development)

Mr. K. Lemasney (Strategy Development Manager for Economic Development)

Mr. D. Houseago (Assistant Director for Environmental Management and Rural Economy)

Mr. A. Sugden (Director of Enterprise and Business Development Economic Development)

Also in Attendance

Mr. D. Scott

Ms. S. Power

[11:02]

Deputy C.F. Labey of Grouville (Vice Chairman):

There are a few formalities for the proceedings. There are a couple of notices in front of you about parliamentary privilege and some of you will be familiar with them. I am going to be leading this particular hearing as the Chairman is out of the Island for the moment. For the purposes of the recording, if we go around the table and just introduce ourselves and that is for the transcript. I am Carolyn Labey. I am chairing this panel today and I am the Deputy of Grouville, which is my official title.

Deputy D.J.A. Wimberley of St. Mary:

Daniel Wimberley, Deputy of St. Mary.

Deputy S. Pitman of St. Helier:

Deputy Pitman of St. Helier.

Ms. S. Power:

Sam Power, Scrutiny Officer.

Mr. D. Scott:

Darren Scott, Scrutiny Officer.

The Strategic Development Manager, Economic Development:

Kevin Lemasney, Economic Development.

Director of Enterprise and Business Development:

Andrew Sugden, Economic Development.

The Assistant Minister for Economic Development:

Senator Paul Routier, Assistant Minister.

The Minister for Economic Development:

Senator Alan Maclean, Minister for Economic Development.

The Assistant Director for Environmental Management and Rural Economy:

Dan Houseago, Economic Development.

The Chief Officer, Economic Development:

Mike King, Chief Executive, Economic Development.

The Deputy of Grouville:

Thank you for coming. This is a quarterly update meeting. We did not have one in December, I believe. There was one scheduled, so we are quite a bit behind. I do not think we have had a quarterly update since September now, so there are a few bits I am sure that we can catch up on. I believe you want to be away by 1.00 p.m. Is it 2 hours?

The Minister for Economic Development:

I think we are scheduled in for 2 hours. Is that right, Kevin?

The Strategic Development Manager, Economic Development:

We were asked to come for 2 hours. That is what is scheduled in.

The Deputy of Grouville:

As long as we are aware of that. So, I will kick off in general terms about your priorities really.

What are your policy and legislature priorities for the coming year?

The Minister for Economic Development:

Just before I start with that, Madam Chairman, I just want to make a couple of comments. I mean, clearly it is disappointing that your chairman could not be here today because obviously it is the beginning of the year and it would have been useful to have the full team there. I just wanted to also say that you made a comment about our quarterly updates. I think last year we had 2 of the updates. We seem to have missed out on 2 of the other ones and it would be useful if we can try and get a structure in place working together between both our side and yourself so we do meet more regularly. You are right, there was a meeting arranged in December which was cancelled for different reasons.

The Deputy of Grouville:

I thought it was you that cancelled it the day before.

The Minister for Economic Development:

Well, I think it was relatively short notice, but if we can plan in advance it would be quite constructive to get more meetings, I think, from both your side and from our side so that we have a greater understanding.

The Deputy of Grouville:

Well, we would most certainly welcome that and it was a great disappointment to us that the

December meeting was cancelled at short notice, and seeing as you mention about our working arrangements, we would welcome quarterly updates to keep us abreast of things but also there are a few other issues, possibly before we go on to priorities, in that we have been slightly thwarted or disappointed and maybe if I start with the bag limits. We, as you know, had been working on that for about 3 months and we were on the verge of releasing our report and then we found out in the States Chamber that you were pulling it. So, would you like to give us your reasons for withdrawing that report and the regulations?

The Minister for Economic Development:

I think some additional information came to light with regards to that and I think there were some changes late on which Constable Norman, my Assistant Minister, was working on with the industry and on that basis it seemed more pragmatic to withdraw it because many of the objections were overcome. You raise that as a point and you are right to do so because the purpose of quarterly meetings is so that we can lay out where we are doing from a legislative point of view, what our priorities are, and obviously that would then help you plan your work programme in terms of the areas that you want to review. I think today if we can get across some of the priorities that we have. For example, you asked right at the beginning what the priorities were. The P.P.P. (Public Private Partnership) is one of our top priorities at the moment. The draft version 6 of the Tourism Public Private Partnership proposals have been, I believe, with your panel since ... in fact they were passed to the previous panel before yourselves in November of 2007. Is that right?

The Chief Officer, Economic Development:

2008.

The Minister for Economic Development:

Sorry, 2008.

The Deputy of Grouville:

But you have now released version 7.

The Minister for Economic Development:

Well, version 6 was with you from January of last year.

The Deputy of Grouville:

Yes, and we were working on it.

The Minister for Economic Development:

Yes, well, that is fine. I am just making the point that for us it is a priority because we had intended to be able to lodge it for debate with the States so that it could influence this tourism season. We are now desperately keen to be able to get version 7, which frankly there are few changes between 6 and 7. We would like to get this particular version lodged and that is from our point of view a priority. It is something I am going to have to consider lodging in March, but I would hope that you can include it within your programme to review it, if that is what you wish to do. There was an indication from your chairman that that was the case.

The Deputy of Grouville:

Yes, we will most certainly be reviewing it and you are right, we did do a lot of work on version 6 and then we were informed you were working on version 7. Version 7 is dated 31st December and I think the Scrutiny Department received it on 15th January, so we have only had it a week. You say there are not many changes; it would be very useful to us if we could have a tracked version. As you are aware, we did a lot of work on version 6, so it would probably save us an awful lot of time if we could see what changes there are between version 6 and version 7. Is that possible?

The Minister for Economic Development:

Well, I am delighted that a lot of work has been done because it should mean that there is very little left to do. Kevin, I think tracked changes are a problem but you can give a summary of the ...

The Strategic Development Manager, Economic Development:

We do not have tracked changes but we have fed back already to your officers 2 weeks ago as to what the fundamental changes are. We have removed the phasing over 3 years and just gone for an

immediate launch of the P.P.P. We have added the detail to the concerns about staff being migrated into the P.P.P. We have looked at the premises and the I.T. (Information Technology) infrastructure and added detail to those. Those are the 3 main areas of difference. The fundamentals of moving to a P.P.P. are exactly the same; it is the underpinning detail that has changed.

The Deputy of Grouville:

Would we be able to have something in writing as to what specifically has changed between the 2 versions?

The Strategic Development Manager, Economic Development:

Absolutely.

The Minister for Economic Development:

It is not difficult to summarise what Kevin has just said and let you have that. There is very little difference between the 2, but that can certainly be summarised.

The Strategic Development Manager, Economic Development:

Absolutely.

The Deputy of Grouville:

Well, that would be very useful to us. One thing that did concern us when we were investigating this before was the funding issue. Is it the intention that government will be putting funding in at the same time as the industry?

The Chief Officer, Economic Development:

Yes.

The Deputy of Grouville:

What percentage?

The Chief Officer, Economic Development:

The target percentage to achieve is 75 per cent public, 25 per cent private sector.

The Deputy of Grouville:

Is there any reason for that split?

The Chief Officer, Economic Development:

Well, there are 2 reasons for it. One is that we looked at other P.P.P.s in the U.K. (United Kingdom) in particular and that type of split is not Atypical. Certainly the split that for instance applies in London where 75 per cent of funding is provided by the public sector in various forms and 25 per cent by the industry. I think the other thing was that you have to remember that the paper was written, and has been written, with the full knowledge and co-operation of the Hospitality Association and the Hospitality Association and its members believe that that level of funding, which is an increase over and above what they currently supplement our budget with, is achievable. So, it is deliverable within a reasonable timeframe.

The Deputy of Grouville:

What advantage is there for government by going down this partnership route?

The Chief Officer, Economic Development:

Well, I think the advantage is that we get some additional private sector funding to leverage the government grant that will be given, and should be given, to promote the Island, but I think also the fact that in marketing and promoting the Island in the past we have not properly hooked up the opinions and indeed very good advice from the private sector with the public sector that has been operated as a part of the civil service. I think we have seen with Jersey Finance and other similar bodies, and a similar picture has been seen in other jurisdictions, that the marketing proves to be far more effective when you have much, much closer engagement between the public and the private sector through a P.P.P. So, we believe that there are material advantages, both financial advantages, but also ... nobody in marketing and promotion has a monopoly on being right; certainly not the public sector and there are some very, very good marketers, some very successful businesses in the

private sector, in Jersey, whose knowledge could be much better harnessed through a P.P.P. because they would be members of boards and actively engaged with the organisation in a way that they are not today, although I think we have moved a long way in that direction over the course of the last 2 to 3 years.

The Minister for Economic Development:

You should remember that interestingly in this proposal the industry themselves are fully supportive of the move. They have said that privately and they have also said it publicly. They are very keen that this moves forward because they can see the benefits that Mike has just highlighted.

The Deputy of Grouville:

When you say the industry, do you mean the Jersey Hospitality Association?

The Minister for Economic Development:

Well, the Hospitality Association are obviously the representative trade body and, yes, they are supportive of this, but also other members within the industry have stated quite publicly that they would like this to progress because they believe it is going to be of benefit to the industry and in particular the way in which the Island is marketed and promoted. As an interim step, because we were not able to introduce it for this particular coming season, you may well be aware that I announced the introduction of a private sector marketing panel. We have been advertising for post holders for that particular panel, 6 of which are from the private sector. It has been going through the interview process and announcements hopefully will be made at the beginning of February, which I believe will be a very strong marketing panel including 4 people locally and 2 from the U.K. who will help direct and advise on the marketing of the Island from a tourism point of view. I think that is a very positive first step.

[11:15]

The Deputy of Grouville:

Are the 4 local people all from hotels, or are they from the industry in general?

The Minister for Economic Development:

No, across the industry and that is an important point to make, that you have to have a balance and remember always that the tourism industry in the Island is not just about hotels, it is across many other areas.

The Chief Officer, Economic Development:

I think it is fair to say that it was absolutely key when we looked at selecting the panel that there was a mixture of hoteliers, tour operators - because 50 per cent of our business still is derived through tour operators - transportation of air and sea and activities, so we have representation from all of those groups and we were very fortunate; we had a very significant and very strong series of applications and it really was where did we draw the line on quality rather than looking for people to make up numbers. It was a very strong application from people. I think it will add real value from a market perspective.

The Deputy of Grouville:

So, in general terms, you mentioned that you wanted to be lodging this in March with a view to debating when?

The Minister for Economic Development:

Well, debating it by the summer at the latest.

The Deputy of Grouville:

By the summer at the latest?

The Minister for Economic Development:

Pre the summer recess, yes, because if we cannot hit that target quite simply the opportunity for the P.P.P. being able to come into effect and influence 2011 is going to be virtually non-existent. So, we are going to miss another year in reality.

The Deputy of Grouville:

So, when do you propose scrutiny to scrutinise this?

The Minister for Economic Development:

I understood that because you have had version 6 since January of last year and you just mentioned that you have done a lot of the work on it, so I would be hopeful that the process should be relatively quick from your point of view. You have had version 7 over the last couple of weeks.

The Deputy of Grouville:

No, we have had it a week.

The Minister for Economic Development:

A week. Okay. So, I just wanted to give notice at this hearing of our intention to lodge in March and would hope that you can go through your process to meet that timetable, bearing in mind a debate by pre-summer.

Deputy S. Pitman:

What date in March?

The Minister for Economic Development:

I do not have a specific date, but the idea would be a debate would come before the States ...

The Deputy of Grouville:

Beginning of March?

The Minister for Economic Development:

Well, we would work backwards to ensure that the debate happens before the summer recess. So, I think there is only 2 States sittings in March. Kevin, working backwards from July ...

The Strategic Development Manager, Economic Development:

Yes, I think, as the Minister said, that would be the hope is that we could work together to have the debate before the summer recess. Whenever it suits the panel to have its work done is whenever we could take it to be lodged, but if we miss the window you are talking about quite a busy and quite a short autumn schedule in the States which could compromise the whole of the planning of the 2011 season.

The Deputy of Grouville:

Well, if there is such time pressure on this, why was version 7 not produced in November?

The Minister for Economic Development:

Well, version 6, which is the bulk of it, which you have done most of the work on apparently, you should be almost completely there with the work you have done.

The Deputy of Grouville:

Well, we know how far we are. I am asking you that if there is such a pressure ...

The Chief Officer, Economic Development:

Is it worth me answering that question specifically? There were a number of issues that we had to resolve after we published version 6 which included the issue of pension and pension liabilities and should the P.P.P. be an admitted body to the States Pension scheme or not? There was the issue of how staff would be treated if they joined the P.P.P. Would they continue to be employed by the States Employment Board or not? Then there was a very significant financial issue because the initial estimates of providing I.T., finance, H.R. (Human Resources), the sort of things that benefit from the economies of scale that the States bring, the financial burden on that was very significant and I asked for a very detailed study to be done from an I.T. finance, H.R. property perspective to minimise the costs of doing that. That took a considerable period of time which is why once we had been through that process and then gone back to the J.H.A. (Jersey Hospitality Association) with version 7, and the J.H.A. were very good they reacted very quickly to it, but that is what pushed it beyond the end of the year. But what we did not want to present either the Minister or the States or Scrutiny with was something that would, from a financial perspective, need to be reworked and did

address the issues around the employment of Jersey tourism staff because we have made a commitment that Jersey tourism staff who wish to transfer to the P.P.P. will be allowed to do so, and in doing so preserve their terms and conditions of employment and that is now written into version 7.

The Deputy of Grouville:

All right. That was an area that concerned us, I have to say, but I think you can realise that you are again giving us a couple of weeks in which to perform the scrutiny process. So, we are back into the realms of the Depositor Compensation Scheme here.

The Deputy of St. Mary:

I can see where that process comes from in the timescale. That seems perfectly sensible. It is also sensible from our point of view if we invest all our time on version 6, knowing that version 7 is coming, knowing there are concerns that you are going to address, then it gets a bit silly. In the end we have to hold back until we get version 7, so there are issues around time.

Deputy S. Pitman:

I mean, if you are talking about the beginning of March that gives us 5 weeks. Please bear in mind that we have not finished all the work that we were doing on it. We will be having hearings with members of the industry. We also have other reviews on and we also, before the report is finalised, are obliged to give a certain amount of time to people who contributed to read it. So, we cannot work within 5 weeks. We do need that time.

The Minister for Economic Development:

No, that is understood and that is fine. All I am trying to do is flag up the importance of P.P.P. We want to get it lodged as quickly as we can. We would like to do it March, or thereabouts. Working backwards from the time that you will need to do your reviews, hopefully that will give you a couple of months. Is that long enough?

Deputy S. Pitman:

I think we need to look at it.

The Deputy of Grouville:

We will have to see.

The Chief Officer, Economic Development:

Perhaps the most appropriate way forward is that we take this and discuss it between officers and your scrutiny officers because I think what we need to do is come up with a timetable that we are both comfortable with. I think from my perspective, from an officer's perspective, providing it is debated before the recess, if possible, then that does allow us to move into implementation should it be approved.

The Deputy of Grouville:

Well, can I just put on record I see completely and utterly what you are trying to do, that it should be debated before the summer recess because I know from the tourism perspective that the marketing strategies are agreed in November and some would argue even that is a bit late for the following year. In fact it is very late. So, I can see exactly what you are doing but by the same token you have to appreciate that scrutiny has a part to play. Scrutiny has a part to play in ministerial government and to be given a sort of 2-week slot, as you almost did with the Depositor Compensation Scheme, and saying: "This is when you will be scrutinising it" is not necessarily very fair and then we are accused of delay tactics. So, I think if it is lodged at the beginning of March then we will do our best to play our part before the summer recess.

The Minister for Economic Development:

That is understood. I do not want to revisit the Depositor Compensation Scheme and I am not going to go down that particular route. It was not 2 weeks, for the record, it was a lot longer but that is not ...

The Deputy of Grouville:

Well, I know. We received 4 lever arch files at the beginning of June for debate on 14th July.

The Minister for Economic Development:

I understand, appreciate, recognise the importance of scrutiny and the importance of the work that you do. We want to work with you. I am hopeful, as I said right at the opening point, that we can have our regular quarterly updates and hopefully by doing that that will help to alleviate or flag up where our priorities are and helpfully give you enough time to do your scrutiny work, your scrutinising of legislation. I think the officers deal offline with the P.P.P. timetable, working backwards. That is a constructive way forward.

The Deputy of Grouville:

Yes, okay.

Deputy S. Pitman:

But also, I think if there could be more communication. If you are going to pull ... we found this with the bag limits and the P.P.P. last year they were pulled without any notice to us, so in future if you could give us as early notice as possible if you are going to do that to something we are reviewing.

The Minister for Economic Development:

Unfortunately with the bag limits there was no early notice. It came very late on, so at the time it was pulled it was just prior to that when we realised there were some changes but the P.P.P. was not pulled. The P.P.P. has been on the table for some time, it has just been evolving over the period of time since version 6 was lodged with you. Anyway, should we move on from that? I think the officers are going to deal with the timeline.

The Deputy of Grouville:

Yes, absolutely. As long as you know we will do our utmost to do our work, as scrutineers, but as much co-operation as we can have from you in furnishing us with the documents would be appreciated. Just one more mention of bag limits. Is there any intention of bringing it back?

The Minister for Economic Development:

No intention that I am aware of at the moment. Mike, do you have any knowledge?

The Chief Officer, Economic Development:

No.

The Minister for Economic Development:

Not as far as I am aware, no.

The Deputy of Grouville:

Or regulations in another form?

The Minister for Economic Development:

Not directly.

The Chief Officer, Economic Development:

No, not that I am aware of. We will revert to you, I have not had the chance to talk to Connétable Norman about this.

The Deputy of Grouville:

All right. If we can just go back generally. The financial pressures. Are there any ... **[Laughter]**
Are there any financial pressures in your department? That is a stupid question!

The Minister for Economic Development:

I was interested in the way you were looking directly at me. I take your point.

The Deputy of Grouville:

What particular areas are under financial constraint, or pressure?

The Minister for Economic Development:

Just before I answer that, if I may, just legislative pressures if you like in terms of what we are

bringing forward, I mentioned the P.P.P. which we have had a lengthy discussion on which has been useful. The other one that we will be lodging is the gambling, the e-gaming legislation proposal in March. Sorry, we will be lodging in February for debate in March. That is an in principle ... well, it is an in principle decision, so in that respect it does not, I would suspect, directly involve you. It is purely asking the States as to whether we should progress, but I just wanted to notify that so you are clear about the plans. Leading on from that dependent upon the success of that particular debate, which we hope will be ... there are 2 States sittings, I believe, in March. We anticipate being able to debate that in the second one, which is 23rd March. Kevin, would that be right?

The Strategic Development Manager, Economic Development:

Yes, 23rd March.

The Minister for Economic Development:

Yes, 23rd March. Following on from that if it is a successful debate and we get the guidance from the States to progress the e-gaming element we will be looking to bring the modernisation of gambling and legislation forward for debate, again, hopefully if not for the summer, just prior to the summer recess, it will be in the third quarter of this year.

The Deputy of Grouville:

So, you want an in principle debate so that will set the wheels in motion to have the actual debate, when, September, or before the summer recess?

The Minister for Economic Development:

Well, it will depend on the ability of the law officers to finalise the legislation. It is not just about e-gaming it is about the modernisation of the gambling legislation as a whole which we have been working on for some time. Part of that modernisation includes e-gaming. I gave an undertaking when we were debating the Gambling Commission, because there was great deal of confusion among some Members that we were in fact trying to do e-gaming at the same time as the Gambling Commission which was not the intention but in order to clarify the position I said that we would bring a proposition to the States by March of this year for debate about that specific issue so the

States could give their guidance as to whether they were happy for us to include that as part of the modernisation of the overall legislation for gambling. But I just wanted to flag that up as, again, in terms of our priorities, the modernisation of the gambling legislation is an important priority for us. It is something that has been on the agenda for a long time but it is reaching fruition and hopefully we will be able to lodge that for debate either by the summer or the third quarter of 2010.

The Deputy of St. Mary:

On e-gaming, can I ask you whether you will be attempting to justify the inclusion of e-gaming in the gambling legislation on the basis of its benefits per se, or will you be using the bandwidth argument?

The Minister for Economic Development:

We will be using all arguments.

The Deputy of St. Mary:

The argument that if we were to have e-gaming then we might catch up with Guernsey's wonderful facilities in terms of telecommunication.

The Minister for Economic Development:

You are right that there are some significant issues there with regard to bandwidth. I mean, first of all, e-gaming has a value to the Guernsey economy; to Alderney it produces around about £4 million, I believe, currently, so clearly we believe there are still significant opportunities for Jersey for additional revenue to be generated directly from hosting e-gaming companies in the Island but outside of that, and this is probably even more significant than e-gaming itself, is the benefits for telecommunications and the communications industry generally and the importance that has for our finance industry. Guernsey, I think I mentioned it in the States, used to have a similar bandwidth to Jersey back in 2005, in fact we were slightly ahead of them. They are now 5 times faster than we are and it is driven by the success of Alderney's e-gaming regime. That is something we cannot allow, I do not believe, to continue because it would put us at a competitive disadvantage. To just put it into context, one large e-gaming company has the same volume going down the wires as the entire Jersey

packing system, so there is a lot of volume. So, in summary, there is far more to e-gaming than just the e-gaming hosting and gambling aspects to it.

[11:30]

The Deputy of Grouville:

Going back to funding pressures in the business plan, did you transfer some monies or cut the tourism marketing and the rural countryside initiative? Were they transferred to finance? So, monies were cut, were they, from countryside and tourism marketing?

The Chief Officer, Economic Development:

Can I just say renewal is in the P. and E. (Planning and Environment) budget, not the E.D.D. (Economic Development Department) budget.

The Deputy of Grouville:

Is it?

The Chief Officer, Economic Development:

Yes.

The Minister for Economic Development:

Planning and Environment.

The Chief Officer, Economic Development:

The rural initiative scheme is in the E.D.D. budget. Countryside and Rural Industry is in the P. and E. budget.

The Deputy of Grouville:

I know I have read it.

The Chief Officer, Economic Development:

What we do every year, as you know, and I think we had to address this in response to an inquiry from P.A.C. (Public Accounts Committee) is we go through the budget and business planning process which starts from the ground up and as a consequence of that there was a reallocation between the various budget areas. One of the things that resulted in lower level support for tourism as indicated in the budget was that there was a significantly less amount of money required for airline support than there was in 2009. But all of our budgets have been squeezed because I think our cash limit was squeezed overall but we did reallocate additional funds to financial services; we allocated, I think, additional funds to our regulatory services area which deals with all of the issues around J.C.R.A. (Jersey Competition Regulatory Authority) regulation of telecoms, postal, as well as e-gaming and now we have started working on the development of the ombudsman service. So, yes, there was some reallocation within the portfolio. It is done in a very structured way that it evaluates the relative merits of the various bids. Just so you know we had a cash limit, I think, this year of just under £16 million. We had bids from the various parts of the department of well over £20 million so there is a lot of scrutiny - with a small 's' - in terms of allocating that budget and I can assure you that from a financial services perspective the requests for bid was much, much greater than the eventual amount of money that were allocated.

The Minister for Economic Development:

So I think that answers the first question that you asked. Are there any pressures, yes, there are.

Deputy S. Pitman:

Can I just be clear then, the money that was taken from Tourism, was it about £250,000-odd?

The Chief Officer, Economic Development:

In net terms, yes.

Deputy S. Pitman:

Yes, so you are saying that was taken from the airlines budget?

The Chief Officer, Economic Development:

Well, we had a much lower amount of money that is required in 2010 for airline route developments forecast, because we had made full provision in 2009, for instance, with a full year of support in terms of BMI to Heathrow, some elements of support for easyJet and others, and of course some of those services are no longer flying so that is, of course, not required.

The Minister for Economic Development:

A lot of it ... it should be not just focused on the headline figure, though, it is the return on the investment that you make. In many respects we have been able to invest the money particularly in terms of marketing and advertising for tourism in a far more productive way over the last 12 months. A lot of that has been driven by the state of ... or the ability, I should say, to buy media a lot cheaper. For example, full page adverts in national media can be bought at the price of a third of a page or half of a page. It is a very competitive market so we are buying a lot more for less so we are getting a bigger bang for our buck, which is very positive.

The Assistant Minister of Economic Development:

With regards to funding pressures perhaps I should just mention about the pressures that are on the airport and harbours. Obviously we have seen a downturn in the people arriving in the Island and that is obviously ... at the airport we are 8.3 per cent down on last year on arrivals and the sea arrivals are 1.5 per cent down. Although we did see a real good increase from the U.K. of 10.2 per cent which was really pleasing to see that in sea arrivals, but overall it is causing a great deal of pressure on our trading accounts and so we are having to look at different ways of trying to make sure that we can balance books to ensure that we keep within our budgets.

The Deputy of Grouville:

For what reason are there less arrivals, because there are less flights to Jersey or because there are less people coming to ...?

The Assistant Minister of Economic Development:

There is just a general downturn in travelling really. Compared to other U.K. airports we are doing

reasonably well but it is across the piece people are generally travelling less.

The Deputy of Grouville:

Compared to the same time last year or the year before, are there more or less flights to the Island?

The Assistant Minister of Economic Development:

We have probably got a really wide selection now compared to what we used to have, and we have improved our selection of airports that we operate to, in fact for this coming year we are seeing some real good new areas which people are flying from.

The Minister for Economic Development:

One of the biggest impacts is on business travel which is down about 18 per cent and that makes a significant impact on the airlines because, of course, they get quite a lot of profit out of the business sector. So what tends to happen, or happened there last year, as businesses saw the onset of the recession they started travelling less and they started doing conferencing and that type of stuff. That was certainly having an impact on the airport profitability and the airlines as well?

The Deputy of St. Mary:

Do you see this as a temporary trend? Temporary blip or more of a trend?

The Minister for Economic Development:

It is difficult to predict. Clearly businesses are looking at their bottom line and where there is a degree of uncertainty that is an obvious move. They look to cut costs and some of the easiest ones to cut would be unnecessary travel. The other great move, of course, is insisting that employees do not travel, for example, business class but travel in a more economic way. All of these things impact upon the airlines profitability. A lot of the money they make is upfront in the business side.

The Deputy of Grouville:

But when you say it is down 18 per cent, that is numbers, is it, not profit?

The Minister for Economic Development:

No, no, it is 18 per cent in terms of the volume of traffic, numbers of people coming. But it is high spend, both to the airlines and the profitability of the airlines but also the business visitors that come to the Island are higher spend per individual.

The Chief Officer, Economic Development:

What we are asking specifically for businesses is that people who would travel either from Jersey to the U.K. or vice versa for a meeting for a day are not travelling, they are video conferencing, they are doing it by phone. If there was a visit that would involve an overnight stay they are now doing it in a day. So we are seeing a hit on both sides but the level of business visitors compared to staying leisure visitors ... which actually the performance of staying leisure visitors in the last half of 2009 was comparable to that in 2008, which was quite good but business visitors were way down and that is where we have seen a bit hit on the air arrivals which is primarily the market that they use.

The Assistant Minister of Economic Development:

In saying that, though, there is quite a bit of optimism about airlines who want to introduce new routes for this coming year, so there are going to be some announcements made in the next few weeks which will show that there is a bit of an interest in providing new services.

The Deputy of Grouville:

From the U.K. or Europe?

The Assistant Minister of Economic Development:

Both.

The Deputy of St. Mary:

So presumably they are doing that because they are expecting more visitors, sorry leisure visitors as opposed to business.

The Chief Officer, Economic Development:

I think Air Berlin had a very good ... introduced a service last year which has done very well and I think that there is a distinct likelihood that they will expand that service during 2010, which is good from the perspective of us tapping into the German market where we do spend some of our marketing expense to support.

The Minister for Economic Development:

I think you will see the opportunity from Europe increase, certainly over the coming year, with the currency differential between the euro and the sterling it makes Jersey even more attractive and that is probably why Air Berlin have done so well and there are opportunities for other routes in that respect. The other point worth making, the forward bookings for airlines for the first quarter is actually much more positive and if those transmit into actual travel then we could have a much more encouraging first quarter of this year.

The Deputy of Grouville:

Just one point on the funding, Chief Officer, you mentioned the ombudsman and the funding for that. When is that likely to be in place?

The Chief Officer, Economic Development:

We are hoping to bring a proposition to the States, it certainly will have to be within this year because that is what we are obliged so to do, and we are hoping to lodge it sometime in June or July. There is a lot of work to be done on putting together a proposal for an ombudsman service.

The Deputy of Grouville:

This is really that has been on the table for as long as I can remember.

The Minister for Economic Development:

It has, and it was obviously something that was not in our forward plan and is not in our 2010 budget because it was the consequence of a vote on the law drafting time allocation. But that route was very clear and we are not in the process of doing the work to launch a proposition on delivering the ombudsman service.

The Deputy of Grouville:

Just a financial ombudsman or general?

The Chief Officer, Economic Development:

That is one of the things that we are looking at. That is one of the options we are looking at, should it be purely a financial services ombudsman, which is what the States vote calls for, or should it have a broader remit? There are significant cost implications of that and that is one of the things that we are looking at, what exactly is the nature of the ombudsman's service, should it address just Jersey residents, should it address external investors and people who do business in the Island. There has certainly been experience of it in the Isle of Man where the majority of their ombudsman service is accessed by people who are not resident in the Island but are investors in the Island. Whether that is the right way to go, or whether we should have something which I think is where the intent is which will address issues for the resident population in terms of financial services, mis-selling and things like that, then those are the options that are being looked at.

The Minister for Economic Development:

I should also mention that in this regard I have had discussions with my opposite number in Guernsey. There is a possibility of looking at a pan-Channel Island ombudsman. It does seem sensible in many areas of regulation that we look across our islands at, you know, mitigating some of the costs and delivering an overarching service that would deliver results for both islands.

The Deputy of Grouville:

So when was that States decision?

The Strategic Development Manager, Economic Development:

It was an amendment to the business plan debate.

The Deputy of Grouville:

So that is likely to be before the summer recess?

The Chief Officer, Economic Development:

Hopefully, yes. As I said there is a great deal of work to be done which we have got to compress into a relatively short period but that puts us in the same camp as you are. [Laughter]

Deputy S. Pitman:

Yes, can I just ask you to expand on the money that was taken from the rural strategy?

The Chief Officer, Economic Development:

The rural initiative. Do you want to comment on the rural initiative, gentlemen?

The Assistant Director, Environmental Management and Rural Economy:

The rural initiative ... the money that actually came out that I think you are talking about was the Countryside Renewal Scheme and that was, as Mike said, the Planning and Environment budget under Freddie Cohen and there were cuts there of £150,000. There were not equivalent cuts in the R.I.S. (Rural Initiative Scheme), which is the Economic Development scheme.

Deputy S. Pitman:

Sorry, the Countryside Renewal Scheme was set up by?

The Assistant Director, Environmental Management and Rural Economy:

It comes out of the Planning and Environment budget. I think the confusion probably lies in the fact that it is part of the Rural Economy Strategy which is a 2 department strategy with Economic Development and Planning and Environment.

Deputy S. Pitman:

Right, so that was £150,000?

The Assistant Director, Environmental Management and Rural Economy:

It was, yes.

The Deputy of St. Mary:

You are saying R.I.S. did not have an equivalent cut, did it suffer any cut?

The Assistant Director, Environmental Management and Rural Economy:

No.

The Chief Officer, Economic Development:

Dan got what he bid for.

The Minister for Economic Development:

Very persuasive chap.

Deputy S. Pitman:

Right, so there was no cut from the rural strategy? I believe ... I thought there was a £250,000 cut last year in the business plan. No? Okay.

The Deputy of Grouville:

Okay, if we move on to Tourism.

The Deputy of St. Mary:

Yes, the first question is a general sort of question to see what is going on, what are the current trends being experienced within the tourism industry because I have been out of it for a while. So what is going on at the moment in broad terms?

[11:45]

The Minister for Economic Development:

Okay, I will give a brief oversight. As you can imagine, last year was challenging, to say the least, Senator Routier has already alluded to the air arrivals and sea arrivals, that gives a fair indication as

to the reduction in the numbers of people coming to the Island, driven by the global financial crisis undoubtedly. Because of that businesses locally within the tourism sector have found it a very difficult year in 2009. There have been less people so consequently there have been lower levels of spend. We see that ... we were pleasantly surprised by the increase in the arrivals numbers by sea, 10 per cent or so up, which was an interesting result. It would perhaps indicate that the U.K. market, our typical main donor market, is looking for more economic ways to perhaps travel to the Island. They are cutting out the car hire element by bringing their cars. So that element was interesting. We were slightly ...

The Assistant Minister of Economic Development:

I think Condor also have really pulled out all the stops and are reacting to what the market is saying now. I think they have upped their game considerably compared to what they were doing a number of years ago. I think they are really performing very well.

The Minister for Economic Development:

They are, and we have worked quite closely with them to help develop marketing campaigns in both the U.K. and also Continental Europe to help drive additional traffic. If there is one area of disappointment last year in that respect it will be the level of arrivals from France. We would have hoped again with the currency the way that it was that we would have attracted more continentals to the Island. Having said that, those that have come, local retailers in particular are picking up on the point that they are spending and they are spending a lot more than they have done for years. Not surprisingly they are seeing tremendous value and I think we can see some optimism in the coming year that (a) we should hopefully get more, we are going to spend a bit more of an effort with Condor to do some more marketing to try and develop that market but those that are coming will continue to spend increased sums. So that is quite a useful point.

The Chief Officer, Economic Development:

I think it is important that everybody appreciates that our main donor market, the U.K., is an economy that is in significant trouble with a total undermining, I think, of consumer confidence. That has affected people's willingness, ability, desire to travel. The arrivals figures that we have had

compared to some of the euro zone destinations, Spain and so on, we performed quite well. But what we are seeing is a very challenging, extremely price sensitive market and of course that effects yields in both the airlines and, indeed, for the hoteliers over here. The other trend that is very noticeable is that people are booking extremely late. Of the 50 per cent of people who do not come via tour operators, and even a proportion of those who do, it is not unusual for people to book a week or even 2 weeks, sometimes less than a week, before they depart from the U.K. and that is something the hoteliers are seeing consistently, a consistent and ever-increasing trend. So that the booking that was made this year for a holiday next year is becoming very rapidly a thing of the past. There is far more online direct booking going on and that happens very, very late and it is extremely price sensitive.

The Minister for Economic Development:

It is quite interesting to see, as well, the areas that have been more successful. For example, self-catering and camping which fall in line with where people are trying to save money. It is also indicative that Guernsey has performed reasonably well in 2009, comparatively speaking. But of course they have far larger quantities in those particular areas so they have managed to capitalise upon them. But, yes, camping and self-catering has been strong.

The Deputy of St. Mary:

Can I ask then about whether that was anticipated? You say Guernsey has done very well because they are better provisioned for self-catering and camping so was that at all sort of built in to any marketing programmes, or: "Gosh, this is the way the market is going to go"?

The Chief Officer, Economic Development:

It is worth saying that was ... you may remember that certainly the previous panel reviewed things like the Locum Report which we had done, which was a destination audit rather than a new Jersey strategy, and that made the point that one of the things that was very weak in the mix at that time - this was 3 or 4 years ago - was the volume of self-catering accommodation. That was one of the reasons that E.D.D. very strongly supported the development of the self-catering at Les Ormes for instance, which, as we know, I think, has an occupancy which is 90-98 per cent, which is the

equivalent to Centre Parcs in the U.K. which was the target. We continued to support the development of high quality self-catering in the Island and continue to market it on the website, for instance, as an element of the accommodation separate from hotels and other forms of service accommodation. As the Minister says, campsites, again if you look on accommodation ... in fact that the hoteliers once complained to us the first think you see are campsites. They have done very well, Bleu Soleil and others have done extremely well and their bookings have been way up because it is a much ... a lower priced way of coming to the Island and that is what people in the U.K. particularly are looking for.

The Minister for Economic Development:

It is quite interesting actually because when a family come to camp they still will tend to spend. They will save on the accommodation but they spend in the economy so it is still very positive overall.

The Deputy of St. Mary:

Well aware of that, because I had the battle with trying to persuade campsite owners that people wanted good buys and that that time they did not understand that point. But I am interested in the sea arrivals going down 1.5 per cent overall and up 10.2 per cent from the U.K. Is that ...?

The Strategic Development Manager, Economic Development:

That is in direct correlation with the previous point, that people are spending more time in self-catering and at campsites and the whole Active Jersey promotion, whether it is surfing, camping, cycling, walking, and all of the outdoor Jersey is getting far more promotion and therefore you find that visitors coming from the U.K. are coming more by bringing their car and bringing their activities with them.

The Deputy of St. Mary:

The question was going to be euro versus U.K. and so on but now I see there is a problem with the figures as well. If it is up 10.2 per cent sea arrivals from the U.K., and that is our biggest market by

far, how could sea arrivals overall be down by 1.5 per cent? Sorry, I do not understand.

The Minister for Economic Development:

Well, the U.K. is the biggest market in terms of size of market but if you look at sea arrivals you get a larger number of sea arrivals from France than you do from the U.K.

The Deputy of St. Mary:

Okay, so it is still the case that air brings in far ... okay, so that brings us back to that.

The Chief Officer, Economic Development:

I think the price comparison is an interesting one and it is challenging, but Kevin is right, for instance I was thinking of going to back to the U.K. for half-term and you can take your car and 5 kids, which I have got, for under £500. Well, that is the same price as the flights and then you have got to hire a car. So a lot of people are saying: "We will bring the car with us." Condor have a joint marketing activity with us and a very effective marketing campaign in the U.K. and that has driven 10.2 per cent growth in what could be seen as an overall declining market. It is a success story.

The Deputy of Grouville:

What about event led tourism? Are there any plans to up that game?

The Chief Officer, Economic Development:

It is probably worth mentioning the T.D.F. (Tourism Development Fund).

The Strategic Development Manager, Economic Development:

Yes, I think there are 2 things. First of all there is a huge amount of activity taking place on Jersey at all times and if you were to compare us with, like for like, a town or village in the U.K., Ireland or France, there is a huge amount of activity taking place. The Tourism Development Fund met before Christmas and they decided, with the support of the Minister, in 2010 to take a more proactive approach. So you will see being launched later this week an initiative to encourage people to apply to the Tourism Development Fund for bids for any project but we believe it will primarily be for

events where they can clearly demonstrate that they will bring more people to the Island, to spend more money on the Island and to get greater media exposure for the event and for the Island.

The Deputy of Grouville:

Is there any work being done with the cultural organisations?

The Strategic Development Manager, Economic Development:

We are doing huge work at the moment with the Jersey Heritage Trust and have employed Locum specifically to look with John and team at how they might generate additional visitors and additional spend.

The Deputy of Grouville:

What about getting events at ... we have got Katherine Jenkins for example coming to Fort Regent and other sort of art events like that?

The Strategic Development Manager, Economic Development:

The big difference from a tourism perspective has to be are the events led by local demand and for a local market or are the events going to attract people? It is unlikely that one would attract a significant number of visitors from the U.K. to come to Jersey for a Katherine Jenkins' concert when you can see her in any one of 25 cities in the U.K. So to market that becomes a very, very different and difficult perspective. Where it becomes a Jersey event and, in particular, a celebration of Jersey Heritage, that is where Jersey Tourism have an huge advantage and can start then to sell not only the event but the accommodation and the food and the restaurants and the sports.

The Deputy of Grouville:

Jersey Live, is there any progress on the camping? **[Laughter]**

The Minster for Economic Development:

Kevin has been leading on this. He is doing a fantastic job. Clearly it is not just a decision of Economic Development.

The Deputy of Grouville:

No, it is the Constable of Trinity, I think.

The Minster for Economic Development:

Who I have to say I have attended upon together with Kevin to have a discussion last year about that particular subject and I think we would like to see the opportunity of camping introduced, there is no doubt, from an Economic Development point of view. Notwithstanding earlier comments about the success of camping in the Island, we also recognise that the French in particular ... we would get significantly more numbers wise if they could come and camp. We think it is a positive step, not a negative step. But there are other difficulties to overcome. Kevin, do you want to give an update on ...

The Strategic Development Manager, Economic Development:

I think in deference to the Constable of Trinity, he is in a rather difficult position. He has some parishioners who would have no problem with the campsite and he is trying to balance that with some parishioners that possibly would have a problem. I think all of these ideas they have their time and I think it is fair to say in the past 5 years the organisers of Jersey Live have now proven to the population and to the police and the Parish authorities that they can run a very, very good event, they can market that event and they have been put through a certain number of hoops, some of them rather difficult, some of them ones that have to go. If you only look at the user pay policy and kinds of sums of money we were speaking about in 2005 to help police the event and the reality of 2009 what they are paying to help police event, one would see that huge progress has been made. There is a new wind blowing in Rouge Bouillon because they have now a much greater degree of confidence within the States police as to how the event is being organised. I think in 2010 we could possibly see on site camping supervised by the security team they have and that is something we are working very, very closely with them for at the moment.

The Minster for Economic Development:

I would just add one point. It is a good example Jersey Live actually as to an event, successful

event, and the way in which they receive funding initially to get the thing up and running. So, in effect, bridging the gap where an event perhaps would not have been able to happen without support. They have then proved themselves and now they have moved on without the need for States intervention in the same way they had originally and that is exactly the model that we should be looking at. Yes, as a government you should stand there and you should look to put forward seed funding to get the basis of the good event up and running, it should then become, within a 3-5 year period sustainable in its own right. That is the model we should be looking at.

The Deputy of Grouville:

So are there any plans for any other events?

The Strategic Development Manager, Economic Development:

Branchage, of those we have assisted in the past 18 months, is probably the event that has the potential to bring not huge numbers at the moment but it is becoming a calendar event. It is what you might call a boutique film festival, attracting the right people who are staying in top class properties and that. Allied to the actual event and everything taking place is the whole economic development element of that in the business to business and funding of film production and the legal services that can be provided, and Andrew has done some work and workshops with that so it is becoming much more than a 4 day or 5 day film festival. It is becoming a part of developing the local economy as well.

The Deputy of Grouville:

Wearing my previous hat I was going to ask is there any work being done on a creative industry strategy?

The Chief Officer, Economic Development:

We do not have anything called a creative industry strategy.

The Deputy of Grouville:

No, I know you do not but is there any work planned, because I remember mentioning this about 5

years ago?

The Chief Officer, Economic Development:

I think we are doing and have done a lot of work in the development of the film industry and the finance industry in the Island and that continues. In fact the Minister had a meeting last week with one of the potential financiers and producers in the industry. But over and above that, and in addition to the work that we do as part of the events programme between ourselves and Rod McLaughlin(?) and others, we do not have a creative industry strategy as part of the make up of the work we do.

The Deputy of Grouville:

No, because it is about diversification and I remember when writing the cultural strategy this was something that I think I came to see you about.

The Chief Officer, Economic Development:

Yes, you did. I think the issue for us is do we try and develop an all-encompassing strategy or do we just try and get on with things like development of the film industry and supporting things like Branchage, which we do.

[12:00]

Which I do not think we necessarily feel we need an overarching strategic framework to do. Indeed, there are those that would suggest that genuine diversification has to have a very strong economic driver and there are those who it is very difficult to convince that the cultural and creative element of that would match that economic test. I personally do not agree with that because in a previous life we did this but I will say that I am happy that we are getting on with delivering through specific initiatives.

The Deputy of Grouville:

It probably would not make that economic test but I think it needs to be encouraged in different

ways, possibly tax breaks of different sorts to encourage those industries because they are going to need some form of break when competing with the finance industry.

The Strategic Development Manager, Economic Development:

I think as the Chief Executive said, there are specific things going on. Wayne Gallichan for example who is in charge with inward investments has put together a group where he has taken them off Island to exhibit at some of the exhibitions in the U.K. So people who are developing their own jewellery, tapestry, that type of thing, he is giving them a platform with which to export but that is sometimes quite difficult to get a small Jersey business to think about taking that leap into the export market and whether it is food or drink or the creative industries, it is quite a big step up for them to start to think of themselves as an exporter of that service.

The Chief Officer, Economic Development:

I think the other thing we did, and we continue, is to support Creative Jersey which is the organisation which brings together all of the people in that sector, this came off the back, I think, of the branding exercise actually more than anything else. That is still quite a disparate group, I think. It is quite difficult to get an absolute sense of direction from them but we will continue to support them and we will continue to urge people in the creative sector to work together so that they can expand it. Again, that is another specific initiative rather than something that is a creative industry strategy.

The Minister for Economic Development:

You are right, though, you raise the point about tax breaks and that has been discussed quite a lot historically. There are certainly issue with tax breaks for a number of reasons but with regard to the film industry there is possibly some potential there, certainly the U.K. give tax breaks now, the Isle of Man does, I believe Germany does to a certain degree, and that is something that perhaps we need to have more of a discussion with Treasury here about just to see what the possible or the art of the possible is, as the Chief Executive likes to say on a regular basis.

The Chief Officer, Economic Development:

I think what we are saying is that the work we have had done by KPMG and others on this would suggest that if you really want to make a difference, yes, you can give tax breaks but our system does not necessarily lend itself to tax breaks as such, so depreciation. You are back in the realms of grants and that. That has a direct financial consequence to E.D.D. and its budget, as well as it is possible to give tax incentives as well.

The Strategic Development Manager, Economic Development:

You will have read and seen as well, and heard, over the weekend about the Island Games bid for 2015 bringing 3,500 athletes and their families to the Island. One of the things that E.D.D. worked with Education, Sport and Culture on in that bid document was actually to bring the services of Creative Jersey as a group into that bid committee and say: “We need to have a ‘blow people out of the water’ bid document and website” et cetera. We asked Creative Jersey to do all of the creative part around that and they have put together everything for it rather than bid for individual companies, in the same way that Education, Sport and Culture will bring a whole culture programme to bear on that sporting event as well. So it is joining the dots in many different ways.

The Deputy of Grouville:

Is there any synergy between that Creative Jersey and Genuine Jersey?

The Director of Enterprise and Business Development:

To some extent there is. The whole concept of Creative Jersey is to allow creative industries, the people who work in the creative sectors in Jersey, to promote themselves both on Island and off Island. Genuine Jersey tends to be an on-Island based organisation. There is a parallel organisation called Jersey Export which does the same job off the Island. So, yes, there is a degree of synergy and the 2 do tend to work together quite closely.

Deputy S. Pitman:

I have got a few questions. The trend for quite a few years now for long-stay holidays has decreased and we are seeing more of a trend to short-stay holidays, is there any strategy in which the department is working on or has worked on in encouraging long-stay holidays?

The Chief Officer, Economic Development:

As I said, we do still have a very significant proportion of what you might call long-stay, one or 2 week, holidays but that is declining as the demographics change. People who used to come here for one or 2 week holidays have, quite frankly, died. The people coming out of the U.K. these days, it is much less frequent for them to take those one and 2 week holiday, particularly in somewhere like Jersey. They would tend to go further afield for sun if they do that. The likely market that we are for is the long weekends and the shorter weekends. If that is what the market is telling us then that is what we need to respond to. This is not a low cost destination in terms of accommodation, activities, and that does not play well into somebody taking one 2 week holiday a year so they do tend to go for lower cost area and, to be frank, competitive jurisdictions particularly in and around the Mediterranean to a great extent can offer that and that is what people do, as can long haul operators these days both to the Far East and to the U.S. (United States). So the marketing strategy has to respond to what we believe the U.K. market in particular, but given the French market to some extent, sees Jersey as. It sees Jersey as a relatively short-stay destination and that is where our focus is. There is no doubt that Jersey is moving from a high volume low margin tourism sector to a lower volume higher margin tourist sector and what we should be looking for are, albeit to retain a modest increase in numbers ... what we will probably see is a continued reduction in the length stay but what we want to see is an increased spend per head because what we are looking for as an economic outcome.

Deputy S. Pitman:

That is what I was going to ask, is we have seen decline in tourist number over the last few years and what impact has the reduction in long-stay tourists had on the economy?

The Chief Officer, Economic Development:

It is quite interesting, if you look at the G.V.A. (Gross Value Added) figures actually hotels, restaurants and bars, which is the way that the tourism industry is effectively captured in the G.V.A. figures, have I think since I have been here shown real growth.

Deputy S. Pitman:

What is that growth?

The Chief Officer, Economic Development:

It was between 1 per cent and 2 per cent real growth over the last 2 ... I cannot remember figures absolutely but they certainly have shown real growth, so therefore although the visitor numbers are lower the G.V.A. which is a function of profitability and wages in that sector have increased.

Deputy S. Pitman:

But is there room in the economy to encourage more long-stay?

The Chief Officer, Economic Development:

There is certainly ... the answer to your question is are there unfilled aeroplane seats? Yes. Are there unfilled beds? Yes. There is no doubt about that but, again, are those priced in such a way - particularly from a hotel perspective - can they be priced in such a way that encourages more long-stay holidaymakers? That is a real challenge.

Deputy S. Pitman:

What work has the department done on that?

The Minister for Economic Development:

I think in terms of focus you have to realise that it is not just a Jersey phenomenon about long-stay versus short-stay, it is a national - and to a great degree, international - issue. Certainly nationally in the U.K., the U.K. market is now looking at more frequent short-stay holidays. That is what people do. They do not typically go as regularly on week or 2 week holidays and that is why Jersey ... this was partly driven of course by low cost airlines which can fly people very cheaply deep into Europe. So we had recognise when looking at the strategy what the market was doing and not try and develop a product that people did not want to simply buy. Numbers are, as Mike was quite rightly pointing out, not the most relevant issue. The most relevant issue is what people are spending.

Deputy S. Pitman:

Yes, but there is room in the economy for long-stay?

The Minister for Economic Development:

Yes, there is capacity there.

Deputy S. Pitman:

So what is your department doing to encourage that?

The Chief Officer, Economic Development:

We continue to promote ... it is about the marketing strategy. We do not exclude ... obviously we continue to promote the Island, for instance, as a family destination in the same way that we promote the Island as an active destination, but it is a family destination and the point is the families are choosing, if they still go on one or 2 week holiday to ... again, as I said it is a very, very price sensitive market and they look at the cost because there is a significant cost of coming here for a long holiday.

The Deputy of St. Mary:

Can I ask about the spend on the marketing and in particular the split between European, i.e. euro zone, and U.K. because there is an obvious thing going on with the euro, and in connection with the length of stay do you have figures - you probably do - for what is the trend in terms of comparing say Germany. I exclude France because they are mainly day trippers but Germany and the Netherlands and the U.K. with respect to the length of stay?

The Chief Officer, Economic Development:

Yes, we do and we can make those figures available to you, yes. In fact I think they were last published ... we published all of the tourism reports in 2008 in the annual tourism survey and we get an initial breakdown of that for the whole of 2009, probably in about 2 to 3 weeks' time.

The Strategic Development Manager, Economic Development:

End of first quarter. If you look to the annual report 2008, you will see the breakdown, length of stay by nationality and you will also see the booking patterns. But I think what is ...

The Deputy of St. Mary:

Over time?

The Strategic Development Manager, Economic Development:

Yes, absolutely. You know, we can provide that to you if you need it in advance of the publishing of the annual report which will be the end of the first quarter.

The Deputy of St. Mary:

That would be helpful, yes.

The Strategic Development Manager, Economic Development:

What is absolutely fundamental, though, to the success of marketing in Europe are the transport links. There is no point in marketing in a country where you do not have those transport links. What we are seeing this year was alluded to earlier with the air links is with Air Berlin and other airlines we are seeing greater capacity coming out of the German market to Jersey. Therefore each additional pound you are spending is bringing more.

The Deputy of St. Mary:

Were any steps taken to actively promote that because ...

The Strategic Development Manager, Economic Development:

Absolutely. Absolutely.

The Deputy of St. Mary:

... the Germans get a 30 per cent advantage, they are going to come here and ...

The Strategic Development Manager, Economic Development:

It did not just happen of itself. There were great efforts that went into this and the marketing ... the

airline if they say: “We are going to take a gamble and increase the capacity” they will be asking the department what we are going to provide by way of additional marketing. So we are working very, very close with the tour operators, with our agent in Germany and we are seeing the success. Of course, coming from Germany people will tend to stay a longer period of time than the short-stay U.K., but again you are talking about relatively small numbers compared to the 83 per cent of the 750,000 who are coming from the U.K.

The Minister for Economic Development:

What you also notice is by sea from St. Malo it is a very short stay, even down to day trips, which is a very positive market and of course we are competing against the French regional governments that are encouraging people to go for their summer holidays to those regions: Normandy, Brittany and so on. They do not want them ... they are happy for them to come across as somewhere to go to the Channel Islands to Jersey but they want to retain them within France, within that area of France, to spend money.

The Deputy of St. Mary:

Well, I was a bit surprised that the sea arrivals were down from France and then you said that when they do come the French spend loads because it so valuable so they can save the price of their boat fare quite easily. So that ...

The Minister for Economic Development:

That is this year.

The Deputy of St. Mary:

... surprised me that figure has gone down.

The Chief Officer, Economic Development:

I think the other thing that you have to realise is that the French economy is not exactly in great shape either so that our summer market from France particularly is traditionally Parisians coming up to the coast and taking a couple of days. Well, there are less Parisians coming up to the coast so, you

know, the size of the market is a little bit smaller.

The Assistant Minister of Economic Development:

I seem to recall that the HD effect is in that number as well because the previous year HD was there offering very, very cheap ... and now they are out of the equation I think you will see next year it will give you a different perspective of the percentage.

The Deputy of Grouville:

Is there any way of tapping into the tourists that go to Mont St-Michel, for example? I think they have something like 12 million tourists a year and they are coming from Japan, it is not just the train ride from Paris. How can we get some of those visitors over here to our heritage sites, because, you know, a stone's throw across the way they come from Japan, 12 million of them not all Japanese, but ...

The Strategic Development Manager, Economic Development:

The answer to your questions is we are doing something. Through the French working groups with Valence(?) and La Manche we do have some joint marketing with both of their chosen departments. We also have poster campaigns in some of the areas of the auto route with the posters and such like of Jersey Heritage sites. But for those visitors they will generally be spending their week or 2 week holidays not just in the Brittany or the Normandy regions, they will be coming to France or they will be doing Europe so it is like the old adage. It is Rome, it must be Tuesday.

[12:15]

They are moving around and the thing with Jersey is that it has to be a minimum of a day. So for them to take one day out of their very precious time it becomes extremely difficult. We do try but I think the Chief Executive alluded to it earlier, the French market in Brittany and Normandy, those are the people really that we need to be tapping into because that is where we can get the greater return on investment. It is French people visiting those 2 regions who might take one day out, as indeed they might go to Jersey they might go up to Sark or Herm for one day.

The Minister for Economic Development:

There are actually some issues. The Japanese example that you used, there is also the Chinese, we spoke to the Chinese ambassador when she was over. The Chinese are travelling a lot more, obviously they have got quite a lot to spend but of course if they are going to Europe they have not necessarily got the visa and what have you organised before they leave to come across here to the Channel Islands. So there are some other issues that need to be resolved from an international traveller's perspective who might be just travelling around Europe or France or something similar.

The Deputy of Grouville:

Okay, I think we will move off from tourism now as time is running short. Shona, do you want to do Jersey Enterprise and youth employment?

Deputy S. Pitman:

Yes. What is the current outlook regarding unemployment figures and can you break them down in sectors?

The Minister for Economic Development:

Well, you will be aware of the latest published figures on unemployment generally and I do believe there are going to be a latest update from the Social Security Department published early this week. We would anticipate that unemployment figures will continue to rise in the short term, certainly we are seeing continued pressures within the economy and that is why there has been a great deal of work put into the Skills Executive and Skills Board in terms of developing opportunities. For young people in particular the A.T.W. (Advance to Work) scheme has been very positive so far. We are looking at further development of areas where supporting school leavers, supporting ... in fact I was going to mention graduates. We were expecting more graduates coming back from the U.K. due to the downturn, finding it difficult to obtain work in the U.K. but in fact, in reality, we have seen very little examples of graduates coming back not being able to find work. So it appears that employers in the Island learnt from previous recessions where they tended to cut back on graduate employment and they are tending to still maintain that level of employment and that is one positive aspect.

The Deputy of St. Mary:

Wait a minute, is there fewer graduates coming back and then getting jobs or is it the same number coming back and getting jobs?

The Minister for Economic Development:

I think we were expecting to have increased numbers coming back, above and beyond what you would normally expect because job numbers in the U.K. ... the ability to find work in the U.K. we thought was going to be more difficult. What we found is the people coming back seem to have found work and that is because we are told by employers that they are not cutting out their graduate schemes.

Deputy S. Pitman:

Do you have any figures as to the relation of a graduate's study area, or their degree, and the job that they get?

The Director of Enterprise and Business Development:

The Skills Executive have just carried out a piece of work in that area. They have just tracked the J number, the social security number against where they now are working and they can track that from being a student going away to university and then they know when they are coming back because they register for work using the J number, and using that they can split then the types of areas where they are finding employment. So that is an exercise that is just going on at the moment.

Deputy S. Pitman:

It is going on at the moment? When will that be completed.

The Director of Enterprise and Business Development:

Hopefully that will feed into the new 2010 business plan for the Skills Executive.

The Deputy of St. Mary:

Can I ask whether the number of returning graduates has gone down, because it is still not clear whether we were expecting more graduates because it is bad over there, well that is one thing but if N is the number 2 years ago is it still N now or is it N less 50, less 100? Are we getting fewer graduates coming back because they might find it tough here as well?

The Director of Enterprise and Business Development:

I do not know the exact situation on that.

Deputy S. Pitman:

The Minister mentioned the Advance to Work programme, I wondered firstly how successful that was or is and how will it be sustained?

The Director of Enterprise and Business Development:

The latest figures that I have, which came through this morning, are that there are now 103 trainees registered on the database for Advance to Work of which 90 are available for employment, 48 are in confirmed placements and 11 have found full-time employment as a result of going on the scheme. That is since implementation in September of last year.

Deputy S. Pitman:

Right, and is it just purely business? Is that the only subject that these people are being trained in or what other areas are there?

The Director of Enterprise and Business Development:

No, the people who go onto the scheme specify what area of employment they are looking to base their future in and placements are being found according to those individual requirements. So, for example, some figures I got last week show that there are 13 in construction, 6 in general office, 5 are in media and the arts, 4 in finance, 4 in motor vehicle and garage work and 4 in childcare. So the list goes on. So it is a wide variety of placements that are being achieved.

Deputy S. Pitman:

I understand there are some questions as to whether this programme can be sustained because of financial pressures, what is the current situation?

The Director of Enterprise and Business Development:

It is true to say that the scheme at the moment is funded by stimulus funding. Stimulus funding will cover both last year's 16 year-olds and hopefully this year's 16 year-olds leaving in July. I think the Skills Executive then has to look at the scheme and see, in terms of funding available from the 3 different departments, whether it is a scheme that needs to be sustained for a longer term.

Deputy S. Pitman:

So there is no indication as to whether or not it should be sustained because obviously the numbers you have quoted are sound and you have a success in employing ...

The Director of Enterprise and Business Development:

If you look at the overall actively seeking work numbers, I think at the moment 40 per cent of the figure, which is over 1,000 at the end of November, are people under the age of 25. So putting aside the recession, I think there probably is a problem there that needs to be tackled. It is just a question of where this fits into the overall plan for dealing with young people who are looking for work.

The Minister for Economic Development:

I think for the Advance to Work Scheme the maximum capacity is 150 and so far 80 have been taken up. So there is still some space within the scheme. I think 25 per cent of the 16 year-olds plus are actively seeking work. Is that right, Andrew?

The Director of Enterprise and Business Development:

The age group of 16-19 there were 271 from a total of just over 1,000.

The Deputy of Grouville:

Have you any idea what the issues are there; 40 per cent is a huge number?

The Director of Enterprise and Business Development:

Yes, anecdotally we are picking up evidence that in addition to not having the experience that a lot of the young people now are actually needing input in terms of their softer skills, so time-keeping, attitude and all type of activities in addition to their educational needs.

The Deputy of Grouville:

So is there work to be done with the schools?

The Director of Enterprise and Business Development:

I think there is, yes. I think the schools are aware of it. Earlier this year the Skills Executive commissioned the Learning Skills Network from the U.K. to do a report on young people in employment in Jersey. It was a desk based research based on the parameters in the U.K. That research was shared with a lot of industrial bodies, for example the Construction Council, the Jersey Bankers' Association, it was also shared with the headmasters of the 4 States schools and the fee paying schools. So it is very much an issue that is being made aware to the education structure and it is hoping that they will then find time within the curriculum to try and deal with some of these deficiencies.

Deputy S. Pitman:

How does your department monitor the skills needed in Jersey?

The Minister for Economic Development:

Sorry, Andrew. It is not just Economic Development, this is through Economic Development, E.S.C. (Education, Sport and Culture) and Social Security through the Skills Executive, and it is through that particular medium that these issues are monitored and acted upon.

The Director of Enterprise and Business Development:

This report was taken to the Skills Jersey Board, which is a private sector board that reports into the Skills Executive, last week which was the annual report for skills in Jersey. That had quite a significant amount of research into the skills demand and the skills needs within the Jersey economy,

and that will go to the Skills Executive Board very shortly.

The Deputy of Grouville:

Bearing in mind in the 4 schools you mentioned, if these children aged 16 are coming out of school, like you say, with attitude problems, time-keeping and all the rest of it, is Highlands College ... someone needs to be doing something proactively like now, and I take your point about it being difficult to fit into the curriculum, certainly at 16 when they are taking G.C.S.E.s (General Certificate of Secondary Education) but even a sort of 2 or 3 week programme to teach them ...

The Minister for Economic Development:

But that is partly what Advance to Work is all about. Advance to Work is there to bridge gaps like building of an appropriate C.V. (curriculum vitae), interview skills, which is one of the biggest let downs for that age group, and other key issues like time-keeping and what have you which is an important aspect.

The Deputy of Grouville:

But 40 per cent out of work under the age of 25 is not exactly a huge success rate, is it?

The Strategic Development Manager, Economic Development:

No, it is 40 per cent of the total unemployed.

The Director of Enterprise and Business Development:

It is 40 per cent of those out of work are under that age. So it is not 40 per cent of that age group are out of work.

The Chief Officer, Economic Development:

The other thing that is worth saying is we are still getting - I was looking at it this morning - a lot of applications into the Reg of Uns system looking for - in retail, in the hospitality sector - non-qualified people because they simply cannot recruit locally qualified people because there is no ... people have little desire to work in those sectors. So, you know, it is not to say that there are not

employment opportunities but there are still some sectors where people coming out of school who may have the right abilities are still reluctant to go and work in. Hence we get, well not we but Reg of Uns still get applications for non locally qualified licences.

The Director of Enterprise and Business Development:

On that area, at the moment we are talking to the Jersey Hospitality Association in connection with economic stimulus funding, providing a programme similar to Bienvenue but for local import people. You will find the Hospitality Association, the hospitality industry are looking for like older young employees, they are looking more at the 20-25 age range. So the next initiative after Advance to Work is to look at whether we can introduce Bienvenue for locals and get some of these people working in the hospitality sector.

The Minister for Economic Development:

Local unemployed people working in the hospitality sector would be a tremendous step forward if we can achieve that.

The Deputy of St. Mary:

They would know where Del Sol(?) is.

The Minister for Economic Development:

Being in mind the state of the economy and the challenges at the moment, there are job opportunities out there which are not being taken up by local people. I mentioned to the Skills Executive in December down at the cinema, for example, they had about 15 unfilled posts of all different categories, BHS have had difficulty filling local posts with local people. So here are jobs out there which are not being filled and we have got to try and address this.

The Deputy of St. Mary:

I am very concerned about this whole area. If you apply it construction, which you are putting a lot of money into via the F.S.P. (fiscal stimulus package), Treasury, or it is E.D. as well, is it not, via the fiscal stimulus package, how do you establish what your desired rate of activity, say, in construction

is? I can see with the cinema there is so many vacancies and they are not being filled by locals, but with construction there is this sucking effect, is there not? We know that there are many, many people on the sites who are not Jersey by any description. So how can you make sure the fiscal stimulus package does not simply have the result of sucking more people in when you apply it to construction?

The Minister for Economic Development:

Largely, whichever sector you have to apply it to, it is a Regulation of Undertakings issue when a company, whoever they are, make an application for ... if it is a particularly large construction site they will make an application for additional workforce and they will make a request within that for an element of non-local because they will claim that they cannot find them locally. There are requirements as part of that process, which are now much superior than they were perhaps 12 or 18 months ago, to look locally and prove that they have gone through the process to make certain that the workforce is not available, qualified people are not available within the Island.

The Director of Enterprise and Business Development:

In terms of the stimulus funded projects part of the answer to the problem there is actually through the procurement process. So as people tender for work under the stimulus schemes they are required to employ largely local people and there are some quite stringent checks go on through the tendering process to make sure that is happening. That is why it has taken a little bit longer to get the construction projects ready to go (a) because we were not sure about where the market was and whether there was a need but equally it is about making sure that the procurement process was right to get the right mix of people on there so that the majority of the employment was going to local people.

The Deputy of St. Mary:

Locally as defined? How would you define local?

The Director of Enterprise and Business Development:

Locally qualified.

The Deputy of St. Mary:

Locally qualified.

The Deputy of Grouville:

The stimulus monies, is it going to local companies?

The Director of Enterprise and Business Development:

The procurement process itself is not steered necessarily towards local companies and it came down to a definition of do we make it local companies or local people being employed. It was difficult in terms of company registrations to steer it so that we were maximising the number of locally qualified people getting employment. The majority of work hopefully will go to local companies employing local people. But we are aware there are areas of speciality which the Island does not have the capacity to meet and there may be a need for companies to come on to the Island but to recruit local people to do the work.

The Minister for Economic Development:

To be clear, the emphasis is very much, particularly with stimulus funding, directed towards ensuring that local companies and local workforce are utilised as much as it possibly can be.

[12:30]

The Chief Officer, Economic Development:

I think it is fair to say that having been through ... as you rightly said we have put in a number of bids or supported a number of bids and having been through the process the amount of scrutiny that is applied to a local content on a line by line basis, one has to identify both local and non local content both of goods and labour ...

The Deputy of St. Mary:

I was going to say goods, yes.

The Chief Officer, Economic Development:

Goods is a tricky one because almost everything is imported as you know. But that is a very important criteria in the evaluation as well as something ... if the bid gets approved because if it is almost entirely non local then the stimulus impact in the economy is really low. So it is a hurdle that you have to pass. As Andrew quite rightly said, that is not just accepted it is monitored through Reg of Uns. It will be subsequently monitored both through the life of the project and afterwards as well to make sure that it is delivered.

The Deputy of St. Mary:

I am pleased to hear that. That is good hear that but I suppose my question is how do you make sure that the sector does not end up being mis-started? What is the macro setting so that we do not start with a sector that say employed 800 people and then we end up having stimulated it fiscally for the sake of 900 people and in fact that is an understatement anyway because the Island economy ought to be running at a certain level. I just wonder whether you have done any work on that certain level.

The Chief Officer, Economic Development:

We have actually. We did a lot of work prior to highlighting the construction sector as something that was worthy of support. With the Construction Council we looked at what the total contract value that the sector, as it is today or was before the downturn, could deliver. The W.P.s(?) and the States economic advisers all got heavily involved in it. What we did not want to do was stimulate the construction sector to the extent where it started introducing inflation into the mix and bringing in ... which is why if people were expecting a big spike of activity right at the front of the programme, that is not what you are seeing. You are seeing that it is being phased out through 2010 into 2011, specifically because we thought they may potentially start to get capacity issues and we did not want to overheat and we did not want to increase inflationary pressure. I think what we are seeing, for instance, in the housing trades - and I was talking to them the other day about this - is that they are seeing lower-priced bids than they would have expected to see in the past, which means the system is looking quite well. We are getting more bang for our buck, but we are also delivering into an industry where there is capacity which is new to us.

The Deputy of St. Mary:

You have said inflation twice, but you have not said about the criteria of making sure that we have a level of size of building industry that is okay for Jersey, you know, the problem ...

The Chief Officer, Economic Development:

Well, if you assume the level of contract value that the industry can service, and the Construction Council I think are the best people at aggregating that, which they did. Then that is the level which we are seeking to sustain it, at that level; certainly not above that level, which is why there was a specific piece of work that was done by the economic adviser into this capacity of the sector prior to bids in construction being encouraged. So what we are trying to do is make sure that the capacity of the sector is similar to that which it was in 2007-2008, and not over-inflated.

The Minister for Economic Development:

Just a point on all of that, there is in many respects a distinct difference between stimulus funding and the general way in which the economy is treated outside of that. What we do not want to do is create a position of protectionism. It is important that we have an open and competitive market as well, so that we can ensure that fair prices are paid and it is not inflationary, and as a part of that, it is important that all visitors have an opportunity to tender for contracts that come forward, whatever that might be. It would be wrong to have a protected environment and therefore push up prices unacceptably.

The Deputy of Grouville:

But surely you have to bear in mind that non-Jersey companies will not be paying a bean in taxes.

The Minister for Economic Development:

No, indeed. That is what I am saying. There is a distinct difference between stimulus funding and what is going on there to what is happening in the wider economy. Some people might suggest that we should be pushing, for example, the Think Twice, Buy Local campaign designed at raising awareness - and raising awareness particularly for locals - to consider buying locally and to try that

option first before buying outside of the Island. The internet of course has a very big part to play in all of this. All we were trying to do was capture some of the internet business that locals were utilising, either because they could not find the items locally or they found the prices a lot cheaper elsewhere. We were asking them to go to local businesses and try and encourage them to compete on price, and that is a very important part of the mix. We want a competitive market, and that includes trying to encourage businesses to be competitive, local businesses.

The Deputy of Grouville:

Can I just ask one question on that, because we have to move on, because we are running out of time. With more people being made redundant and bankruptcy and all the rest of it, are you confident that the legislation is in place, that there is proper legislation put in place now, or are we likely to see another sort of fiasco like Woollies?

The Minister for Economic Development:

Well, I mean, the legislation is not directly the remit of E.D.D., as you would appreciate. That is more a question for, in many respects, Social Security. I think there have been strides in that area to improve employees' rights, if that is what you are referring to. As far as I am concerned, I think it is important to get the right balance. It is the right balance between the employer and the employee, and I think the balance was not right historically, and I think it is moving far more in that direction, where you are getting a better balance between the 2.

The Deputy of Grouville:

Well, better balance, what does that mean?

The Minister for Economic Development:

Well, in terms of protecting employee rights, but also ensuring that the level of imposition upon an employer is also fair and reasonable at the same time.

The Deputy of Grouville:

Yes, but when is sufficient effective legislation going to be in place? When would you be confident

that it is going to be in place, because clearly it was not properly in place a year ago.

The Minister for Economic Development:

Well, as I said a moment ago, that is really a question for the Social Security Minister and department, because they are the ones that are bringing forward the legislation to ensure that employees' rights are appropriately protected.

The Assistant Minister for Economic Development:

They are consulting currently on the insolvency fund which is open for responses, they are looking for responses from businesses and from anybody about whether people are prepared to pay more in Social Security to cover the insolvency fund. That is out there, so hopefully they will have a good response and it is for the Social Security Minister to bring that forward.

The Deputy of Grouville:

I just wondered if you worked with them seeing as it does impinge on Economic Development quite a bit, because you have got the workforce out there unemployed.

The Minister for Economic Development:

Well, it does indeed. Absolutely, and as I was saying, it is important to have the right balance. That balance did not exist, I accept that, but yes, in terms of the department, we do work with Social Security to ensure that what is coming forward is going to work in all respects. You see, the trouble is that the cost of employing is too high and there is too much legislation. From that point of view, there is a risk of course that businesses will be reluctant to employ as many people, so there are many aspects to the equation.

Deputy S. Pitman:

Can I just ask a question on the Skills Executive?

The Deputy of Grouville:

Just one more, because we have to move on.

Deputy S. Pitman:

It is the Skills Executive. I just wondered, you have several projects that you were going on with the Skills Executive, how successful have they been, and also what problems have you had along the few years that it has been running? What is its future?

The Minister for Economic Development:

Well, I think the Skills Executive and the Skills Board, a private sector board, have been very successful. I think the way in which they are approaching the issues - and there are a number of issues - has been very well constructed, very well put together. We have just had their 2010 business plan. I think the schemes that we have discussed this morning, like the A.T.W. is a very good example and demonstration of early successes. The capacity I mentioned was 150. Already 80 of those have been taken up and I think it has led to 11 full-time placements. It is improving all the time. I think that is very good. I think there is a lot of work still to be done, but I am encouraged by what has been done to date.

Deputy S. Pitman:

In what areas?

The Minister for Economic Development:

Well, youth in particular, which is where the A.T.W. comes into its fore. We have seen already that 25 per cent of the actively seeking work are in that age group, 16 to 19 year-olds, and clearly that there is a need with people coming out of school to have the right training to get them into work as quickly as we possibly can. So that is a clear focus.

The Director of Enterprise and Business Development:

On Thursday this week, the senior officers of the 3 departments are meeting to review the Skills Executive to see whether there are areas that can be improved and to make recommendations to the Skills Jersey and Skills Executive Boards.

The Deputy of Grouville:

Would you be able to inform us of the outcome of that meeting because I think it would be quite useful for us.

Deputy S. Pitman:

Yes. Will a report be produced on that?

The Director of Enterprise and Business Development:

I can certainly send you some outcomes from the meeting. I mean, the whole point of the meeting is not because there are any problems that we are seeing, it is just looking forward, particularly in terms of funding pressures, you know, where are the likely budgets going to be in the future, and how will the Skills Executive best respond to that, and just look at those sort of aspects before they occur.

The Chief Officer, Economic Development:

I think it is worthwhile just giving one example of the success of the Skills Executive that would not have happened, in my view, in its absence, and that is the Careers Jersey Service at La Motte Street. The Social Security now has an integrated career service, the work was paid for by E.D.D., located in Social Security, staffed by Social Security and E.S.C.. That came together as a consequence of the Skills Executive and the officers working together in a way that, frankly, they probably had not before. It is a very good example of something that really is serving particularly young people, but also people who find themselves unemployed in a way that was not there before. We had a fragmented way of doing it before and the idea of the Skills Executive was to bring it together, and that did happen, with a combination of premises, funding and people from 3 departments, all brought together into a single service, which is much better delivery for people, and much more efficient for us to deal with than trying to do 3 things in 3 different ways.

The Minister for Economic Development:

And very successful locating it here at La Motte Street, where it is easily accessible.

The Chief Officer, Economic Development:

I think it was a very good move myself.

Deputy S. Pitman:

Do you have figures on the success of these people going into work?

The Director of Enterprise and Business Development:

Yes, we do.

Deputy S. Pitman:

Can we have them?

The Director of Enterprise and Business Development:

I have a report here. I need to get it updated; it is about 2 weeks old so it does not have the 11 figure but I will make sure you get that.

The Deputy of Grouville:

Yes, it would be very useful if you could share that with us.

The Chief Officer, Economic Development:

There is one thing you may want to do. Senator Breckon employed somebody in his Consumer Council across there, and the young lady he employed is just through the Advance to Work and has just found herself full-time employment. She is one of the 11 and he has got a very good experience of that as does she. It is well worth having that discussion.

The Deputy of Grouville:

Could we move on to I.P. (Intellectual Property)?

The Deputy of St. Mary:

What is the suggested timetable?

The Minister for Economic Development:

Well, we want to be in a position where we can lodge the unregistered rights law. It is, in reality, going to be probably the second quarter of this year. We had originally hoped it was going to be the first quarter of this year. Now, I understand - and please correct me if my understanding is not correct - that you initially had suggested that you were not going to look at the law as a whole, but you might look at bits of it. Now I understand you might be seeking to bring on board some expert individuals to assist you with it, which is quite understandable, because it is hugely complicated. What I would suggest, if it is of help, because we have researched this quite a lot ourselves, we have a list of a number of experts in the field, and we are more than happy to supply that to your officers if they are looking for experts. If that would be of assistance, we are more than happy to do that.

The Deputy of Grouville:

Well, if you could let them have that list and then we will take a note.

The Minister for Economic Development:

Can we make a note of that, Kevin? Yes, thank you.

The Chief Officer, Economic Development:

It is worth saying that one of the reasons is that the subject is complex and the experts expensive.

The Minister for Economic Development:

And thin on the ground.

The Deputy of St. Mary:

Yes, I would like to ask a few questions, just a few large scale questions about it. The first is that in your paper which you kindly provided to us about the background, at the bottom of the first page it says: "Being W.T.O. (World Trade Organisation) ready." There is a big emphasis on the connection between this I.P. legislation and the World Trade Organisation and I do find that puzzling, so I would like you to explain it: "Being W.T.O. ready remains a strategic objective for the Island." Can you explain when that idea started and why?

The Chief Officer, Economic Development:

Well, it has not started. It is the fact to have a seat at the table of the World Trade Organisation as Jersey rather than as a part of U.K. one has to be compliant with one of the global intellectual property treaties called T.R.I.P.S. (Trade Related Intellectual Property Rights). In order to be T.R.I.P.S. compliant, we had to update our intellectual property legislation, because the existing legislation - some of which dates back to the early part of the 20th century - I think was not capable of rendering us to be T.R.I.P.S. compliant. So both in terms of legislation and some of the I.P. treaties, both of those were necessary to update and become signatories to the treaty. So in order to be T.R.I.P.S. compliant, which is one of the precursors for us wishing to have a seat at the World Trade Organisation table.

[12:45]

The Deputy of St. Mary:

So to go back to the question, when did this W.T.O. seat at the table desire first appear? First of all, when did it start, this W.T.O. desire; and secondly, what is the reason for it?

The Chief Officer, Economic Development:

Certainly the desire to have a seat at the W.T.O. table started before my time, so that is at least 4 and a half years ago, and I think ...

The Deputy of St. Mary:

Lost in the mists of time, therefore.

The Chief Officer, Economic Development:

Well, no, no. I think it was all part of Jersey wishing to establish an element of its own identity at forums such as the W.T.O. and O.E.C.D. (Organisation for Economic Co-operation and Development), because we believe that having that is a more effective way of us representing our own position in some instances rather than being wrapped up with the other Crown dependencies in

the U.K.

The Deputy of St. Mary:

I have read a little bit about the W.T.O. and I know what the negotiations are like, and I just wonder whether it is realistic for Jersey to be at that table.

The Minister for Economic Development:

Yes, it is. I can answer that one because I have spoken to the ... and I am trying to think of his correct title, whether it is the President of the W.T.O. Would that be correct, Mike?

The Chief Officer, Economic Development:

No, you are talking about W.I.P.O. (World Intellectual Property Organisation). It is not the same thing. You are talking about the World Intellectual Property Organisation rather than the W.T.O.

The Minister for Economic Development:

Sorry, you are right.

The Deputy of St. Mary:

Yes, I was just questioning whether it was realistic for Jersey to be there along with everybody else.

The Chief Officer, Economic Development:

Well, I think it is, and one of the reasons ... the primary reason for updating the I.P. legislation is not W.T.O. membership. However, if we wish to go for W.T.O. membership, which may have advantages in terms of representing Jersey's position, as Jersey, then it is necessary to be compliant and then the legislation needs to be updated. But I mean, that is not, as I said, not the primary driver. The primary driver is one of genuine economic diversification.

The Deputy of Grouville:

Economic diversification. I seem to remember ... is the reason for updating this, as well as what you have mentioned, to incorporate tidal power and the research being done into that?

The Chief Officer, Economic Development:

Well, one of the things, if we have the appropriate legislation, any intellectual property that is generated as a consequence of tidal power and associated development could be registered in Jersey, not with any other jurisdiction, and that would increase the chances of the activity around commercialising that intellectual property again being located in Jersey, because almost all business activity and all development activity has, at its heart, intellectual property. Tidal power is a great example. You know, whoever comes up with the material that allows these things to work in a properly commercially viable way, the value of that intellectual property, the value of commercialising it is huge. If that could be registered and an element of it located in Jersey, that would give us an arm of our economy which we do not have at the moment.

The Deputy of Grouville:

Exactly.

The Chief Officer, Economic Development:

In the absence of the intellectual property legislation, there is no chance for that intellectual property to be registered here, and therefore that opportunity just cannot be realised.

The Minister for Economic Development:

It was an example, tidal power is an example, it was not the driving reason behind it. It is an example.

The Chief Officer, Economic Development:

It is a very good example of why we would wish to do it.

The Minister for Economic Development:

It is a good example.

The Deputy of St. Mary:

In this paper, you list various E.U. (European Union) measures that apply to Jersey, many of which are about intellectual property. You also list the Jersey legislation on the subject, which is quite extensive, and some of it does date back a long way but some of it does not, and I just wonder what the real purpose of gathering it all together in a doorstep document is. You know, if it is not tidal power and it is not really W.T.O. - that is a sort of side issue - then why are we going to ...

The Chief Officer, Economic Development:

Tidal power is an example of the development of intellectual property, and intellectual property is at the heart of the commercialisation of anything, any goods, any services, anything at all. Our current legislation does not allow us to capture value from either the registration or the commercialisation of intellectual property to the extent that we believe that it could and should, and there are particular elements of it which pertain to the way intellectual property is now traded, either from business to customer or business to business on e-commerce platforms, so across the web. What we want to make sure is that our intellectual legislation enables us to capture all of those opportunities, up to registering the intellectual property and commercialising it, and also in a way that allows that intellectual property or the goods that intellectual property underlies to be traded across e-commerce platforms, for want of a better word, while still remaining protected in Jersey. Now, one of the things I think that will be extremely informative, literally over the last week we received the first draft - I am happy to send it to you in draft form - of a piece of work we have specifically done about how intellectual property is commercialised in Jersey and what the value of that commercialisation is and what the avenues for that commercialisation will be. I will send that through later today.

The Deputy of Grouville:

Yes, that would be useful. Anything to help our understanding.

The Chief Officer, Economic Development:

Yes. Well, I think so, because there is a basic registry function, so it would be equivalent to the J.F.S.C. (Jersey Financial Services Commission), where every piece of intellectual property you get £150 for. Well, there is probably about somewhere between £5 million and £8 million of registry revenue that could be captured there. That is before any of the other allied commercialisation

activity. The reason that we are doing this is we believe without it we will hamper our ability to deliver genuine diversification.

The Deputy of St. Mary:

Can I say, is there is a difference within the law between intrinsic inventions or intellectual property like tidal power and so on, which is around the corner, and intellectual property that has been generated in Munich?

The Chief Officer, Economic Development:

In?

The Deputy of St. Mary:

In Munich. Somebody has done some research, somebody has a paper and somebody has a whiz idea and then it has nothing to do with Jersey at all, but it comes to Jersey under this legislation. Is there a difference within the law between those 2 things, between the intrinsic and the just ...

The Chief Officer, Economic Development:

You mean indigenous intellectual property?

The Deputy of St. Mary:

Yes, indigenous. I am using Jersey as a home for some reason.

The Chief Officer, Economic Development:

No, no. The idea is that the intellectual property will allow intellectual property, which wherever it is created to be registered in the Island, and it is that registration that unlocks the potential - not the certainty, but the potential - of any commercialisation activity being undertaken. You will also see in the commercialisation paper that we have done quite a lot of work into how Jersey can establish itself as a leading jurisdiction in the electronic registration of intellectual property and electronic trading of goods that are underpinned by intellectual property. If you know when you make a transaction at the moment on the web and you pay for something with your credit card, you go on to

a secure site with a little padlock. Well, the equivalent of that for intellectual property, i.e. if you buy something, you guarantee that it is genuine, because it has been traded on a site which is registered in Jersey. That is one of the other avenues. It is a complex field, but this paper I think will explain some of the other elements of that.

The Deputy of Grouville:

I am going to move on to the rural economy.

The Deputy of St. Mary:

Shall we do harbours and airports?

Deputy S. Pitman:

I think we have covered that, have we not? We have only ...

The Assistant Minister for Economic Development:

Sorry, on the subject of harbours and airports, just very briefly, I understood that there was going to be a sub-panel created. It had been mentioned by the Chairman. Is that something that happened or is happening?

The Deputy of Grouville:

I believe that is happening. He is going to chair a sub-panel looking into harbours and airports, and in actual fact, he asked us to ask a couple of questions, which I will do now, seeing as you mention it, as long as you can stay for 2 minutes for the rural economy, because the rural always gets put to the bottom. I was going to dispense with harbours and airports, since he is not here. Yes, what are the current priorities and pressures at harbours and airport, and what plans do you have in the next 2 to 3 years, including capital projects. **[Laughter]**

The Assistant Minister for Economic Development:

Well, as I outlined at the beginning, I mean, obviously the downturn in passenger numbers is causing us a great pressure on our income.

The Deputy of Grouville:

Capital projects?

The Assistant Minister for Economic Development:

Capital projects: well, there is the current capital project for the St. Helier marina, which was approved last year, which is happening during this coming year. We are unsure when it is going to proceed, whether it is going to be towards the end of the season or before the season at the present time, but it is looking more and more likely that it will start towards the end of the season. That is the reconfiguration of the marina berths in St. Helier marina. With regard to the publicity there has been about the old harbours, there is no firm plans for anything at the present time. All we are doing is listening to people's views and what are the needs for the boatowners, not only existing boat owners, but also potential boat owners. So that is where we are at, but of course wider than that, there is obviously the East of Albert work that is going on with regard to future positioning of the freight coming into the Island. That is a big piece of work which is going, which is being led by ... who is leading that?

The Chief Officer, Economic Development:

Well, I presume it is the Chief Officer, T.T.S. (Transport and Technical Services), Planning and Environment, E.D.D.

The Assistant Minister for Economic Development:

Yes, we are at the table of that anyhow. So, I mean, that is about it with regard to major capital projects. At the airport, the next piece of work that is going to be going ahead is the demolition of the 2 floors above the 1937 building, getting rid of all the asbestos, and that piece of work is going to be starting probably May time.

The Deputy of Grouville:

For the tourist season?

The Assistant Minister for Economic Development:

It is a long piece of work, and at some stage it will be during the tourist season, you know, whenever you did it, even if you started it in October. It is a large piece of work but if we could avoid the tourist season we would obviously do that, but it is a big piece of work.

The Deputy of St. Mary:

You could not just leave it standing? Is there a compulsion to take it down? You could just leave it as a monument.

The Deputy of Grouville:

A monument to asbestos.

The Chief Officer, Economic Development:

We are talking about the bits that have been added into the top of the 37 building. It is riddled with asbestos. It is quite unsafe.

The Deputy of St. Mary:

It is percolating out?

The Minister for Economic Development:

It is contained but there is a risk.

The Assistant Minister for Economic Development:

There was wind damage with these last gales. There were some pieces that flew off and landed in the car park and we had to barricade the car park off, [Laughter] so that does need to happen.

The Minister for Economic Development:

It is more remediation work.

The Assistant Minister for Economic Development:

But whether we then move on in future years with ... the funding, it is obviously not brilliant at the present time, but to have a new developed arrivals hall, which is something we will be looking at at a later stage. But we are not in a position to progress that at the present time. Of course we have the new tower. The control tower will be opening in the next few months, and there will be the switch-over into the new tower.

The Deputy of St. Mary:

All the work on the runway and all the aprons and everything is finished for now?

The Assistant Minister for Economic Development:

Yes, that is all very good.

The Minister for Economic Development:

There is about a 15 year lifespan to the runway, which has just been completed, as you know. The aprons, they were about 40 or 50 years old, believe it or not, so one would not normally expect them to last for that period of time. Do we know who is on the sub-panel and any information on when that is likely to progress?

[13:00]

The Deputy of Grouville:

Our Chairman Mike Higgins is chairing it.

The Deputy of St. Mary:

I know he was asked, but I do not know if he said yes.

The Deputy of Grouville:

Do we know who is on the panel? We do not know who is on the panel.

Deputy S. Pitman:

One or 2 of them, they did offer to go on the panel, but they realised they had a conflict of interest, so we do not know exactly who is on the panel.

The Deputy of Grouville:

None of us.

Deputy S. Pitman:

We are not, no.

The Deputy of Grouville:

We are standing on the line of doing rural, so if we can move swiftly on to that.

The Minister for Economic Development:

I hear you have already attended upon Mr. Houseago and had a very constructive discussion, which is good.

The Deputy of Grouville:

Yes, we have, thank you. Yes, we have, and I believe the Green Paper is with you, Mike, for signing off?

The Chief Officer, Economic Development:

Yes, that is with me and we are getting a little bit of advice from the economic adviser, but I think it is very good.

The Deputy of Grouville:

When is the likely date for the debate?

The Minister for Economic Development:

It will probably be fourth quarter, I would imagine, by the time we have gone through the Green Paper.

The Deputy of Grouville:

Because they have September to December, so it is likely fourth quarter.

The Minister for Economic Development:

That is the most likely estimate at this stage.

The Deputy of Grouville:

Good.

The Minister for Economic Development:

Obviously the whole process has to be properly concluded with the Green Paper, White Paper and so on.

The Deputy of Grouville:

Just on rural in general, do you see it as a priority in your department, the whole rural economy?

The Minister for Economic Development:

What, the strategy or the rural economy?

The Deputy of Grouville:

Rural economy.

The Minister for Economic Development:

It is a very important part of the department, without a doubt. I think in many respects, although we apply the same principles to rural economy - and you will, I am sure, be aware of the move away from the way in which grants and assistance have been dispensed in recent years to the way in which the strategy is operated now is very different. It is also important to recognise the balance between both the economic return and aspects to the rural economy. We do recognise the important environmental and social aspect as well, and certainly we are hopeful that the new strategy that is

coming forward contained within the Green Paper will take that into consideration, or has taken that into consideration.

The Deputy of Grouville:

Well, normally in States papers in general, I am not talking about this particular rural strategy, but it just seems to be measured in a very sort of constrained way, does it not? You know, this is the G.V.A., and that is it, end of, and it is 1 per cent, 2 per cent, but it does not seem to be appreciated in a broader term, you know, from the tourism industry, the fact that we have X amount of land that is still green.

The Chief Officer, Economic Development:

I think a measure of the extent to which it is appreciated is that we spend, I think it was 17 per cent or 19 per cent of our budget on an annual basis on a sector which on basic G.V.A. terms produces 1 per cent or 2 per cent in return. That tells you, I think, how seriously we take it. My take on it, you know, I was born and brought up in a rural community and this is a very good example of a very good one. It is part of the Island's D.N.A. and we support it on that basis. So we do measure, and we were talking about it this morning, landowner cultivation. You know, we do measure the export value of the crops, we do measure the amount of employment that is there. We do measure the environmental impact of it, and that is increasing, and we do put in huge amounts of work - and Dan and I were doing this again last week - into elements of it like the dairy industry. I mean, we have put untold hours into making sure that - working with the J.M.M.B. (Jersey Milk Marketing Board) - the industry is sustainable and the new dairy is a testament to that as well. So it is a very important part, and if you look at it from a pure economic perspective, should we be devoting the amount of resource to it we do, well, then a purist economist may very well say no. That is not the position we take because a diversified economy is extremely important, and that is what we have.

The Deputy of Grouville:

Talking about sustainability, is there, in your opinion, room for the 2 huge marketing organisations?

The Chief Officer, Economic Development:

You mean the potato ones?

The Deputy of Grouville:

Yes.

The Chief Officer, Economic Development:

Yes, I believe there is, but I believe that - and it is something that we have tried to encourage - rather than the 2 of them work totally in isolation, I think they should talk to each a lot more than they do, because I think there is room for 2 significant operators to work the Island as a whole from an economic perspective. I hope that they do not start shooting themselves in the foot with their primary supermarket customers and starting a price war and a race to the bottom, because that will mean, I am sure, ultimately one of them will get shaken out.

The Minister for Economic Development:

No winners in those scenarios.

The Deputy of Grouville:

So should Economic Development be playing a role here?

The Chief Officer, Economic Development:

Well, we are and we do, but I think that if you measure the success of the rural economy - and Dan will kick me under the table if I say the wrong thing - by the amount of land under active cultivation, there is now more land under active cultivation with 2 players than there was with one, so there is more of the Island's potential agricultural resource being cultivated. I think that there is enough room, and it is down to both players to behave responsibly and in the interests of the Island. That is what we try and ensure happens. We have spent a lot of time in dialogue with both Bartletts and Jersey Royal, and I have worked a lot with Jersey Royal in the past and familiar with Bartletts and it is important stuff.

The Assistant Director for Environmental Management and Rural Economy:

I think it is important to say that growth in competition is being matched to some degree by the growth in the market up in the U.K., particularly through Sainsbury's, which is showing a genuine increase in sales of Jersey Royal potatoes, which is where the Bartletts route is. So at the moment, there is competition for land, but not competition for market.

The Deputy of Grouville:

Through the rural economy in general, over here a lot of people struggle with who their champion is within the States departments, because the abattoir is with T.T.S. As I made the mistake today, the countryside is with P. and E. I do not know if you have an opinion about that.

The Minister for Economic Development:

The agricultural land law is with P. and E.

The Deputy of Grouville:

Yes.

The Minister for Economic Development:

Just as an aside.

The Deputy of Grouville:

Even people within the industry struggle with knowing who is representing them in government.

The Minister for Economic Development:

Well, Economic Development is ultimately responsible for agriculture. Constable Norman is the appointed Assistant Minister who has direct responsibility.

The Deputy of Grouville:

I know that, but how are you getting the message out there to the industry themselves?

The Minister for Economic Development:

Well, I would hope - and we did talk about this some while ago - that the industry would be aware of the role that Economic Development plays, and I would be disappointed if that is not known in terms of who is the champion for the industry, but if you are suggesting it is not the case, then certainly we need to listen and act upon it, because I accept that you as an individual perhaps have a greater knowledge in this area that we are more than happy to listen to.

The Strategy Development Manager, Economic Development:

I think that is something we see in many industries now. Having moved from 26 committees to 10 departments and ministries that word “champion” is quite often lost. I think the message we try to put out, as maybe you as States Members would, is there are 53 champions for all of these industries and all of these people, and where we are especially strong in Economic Development is being a one-stop shop and helping to join the dots. Whoever the champion is does not really matter. What matters is getting the work done and answering the problems or moving it forward.

The Deputy of Grouville:

Well, yes, I agree, but we had a meeting with representatives from the industry about a year ago, maybe 8 or so months ago, and they struggled to know which department represented them.

The Assistant Minister for Economic Development:

So at the very least, there is a problem of perception.

The Chief Officer, Economic Development:

Well, I think it is quite interesting, because one of the things that we consciously did is before we downsized we brought together Economic Development and P. and E. elements of the rural economy into one place at Howard Davis Farm so there was a one-stop shop as a consequence, you know, instead of having 2 ministries. But as Alan said, from our perspective, Len is the responsible Assistant Minister and meets with these guys on a regular basis, but we try and do things in an integrated way, otherwise we would have E.D.D. team working over here and a P. and E. team working over there, and that is not good. But your issue on the C.R.S. and I think that is probably the most widely-held misconception - and it is still a difficult one to explain - and we have talked

about it in the past about whether or not the appropriate thing to do is to shift all of the budget and align it behind one place, and that is something I think we are still ...

The Deputy of Grouville:

Well, that is quite topical at the moment, is it not?

The Chief Officer, Economic Development:

Very much, absolutely.

The Deputy of Grouville:

It is being tabled this weekend.

The Assistant Director for Environmental Management and Rural Economy:

Perhaps just a bit of reassurance is one of the things that we have certainly done over the last sort of 8 to 10 months, is effectively asked the industry what sort of representation they want, certainly from a service perspective, so that there is at least clarity in that respect, understanding that the land laws and the Economic Development issues, the grant schemes et cetera are not immediately easily accessible in terms of understanding where they are driven from, but I think we do now meet as regularly as the industry wants us to meet. Indeed, we meet with them on a weekly basis now, so hopefully that will assist people in understanding what is driving which particular elements of our strategic direction.

The Deputy of Grouville:

All right. Well, I think we have exhausted our ... well, not completely, but is there anything else you would like to mention before we wrap up?

The Minister for Economic Development:

I think we have covered most ... I do not have anything else particularly to mention. We will leave future meetings perhaps in the hands of officers, Kevin, on our side and on your side as well, try and schedule something in as we talked about.

The Assistant Minister for Economic Development:

Also, the establishment of the sub-panel on harbours and airports, I would like to know as soon as possible so that we can work together on that.

The Chief Officer, Economic Development:

I think there is just one other thing. I think we received a letter from you on 25th January about Jersey Finance asking 11 questions. We are working as hard as we can on that, we may ask you for a couple of days of ...

The Deputy of Grouville:

No, that is fine. Yes, those were my questions.

The Minister for Economic Development:

All 11?

The Deputy of Grouville:

All 11 were mine, yes.

The Chief Officer, Economic Development:

There is an awful lot of stuff in here but we want to give you as comprehensive an answer as possible.

The Deputy of Grouville:

Okay. Well, I did not touch on that today, because I knew you had that. No, that is fine.

Deputy S. Pitman:

Sorry, can I just ask, is it possible if we can have the Skills Executive business plan? Yes, thanks.

The Deputy of St. Mary:

Could you can send us the details of the marketing spend over time. It is probably in some report, but I do not think it is the annual report.

The Strategy Development Manager, Economic Development:

Oh, the breakdown. Well, it is in very broad terms.

The Deputy of St. Mary:

By marketing, by country and by year to get an idea of trends, because I am concerned about the level of spend.

The Strategy Development Manager, Economic Development:

Can I suggest there we can arrange a briefing of the 2 marketing experts in the department and those questions could be answered in a very quick way then, if you wanted to see where the money is being spent and on what activity.

The Deputy of St. Mary:

Yes. Can you not provide that ...

The Strategic Development Manager, Economic Development:

We could blind you with science.

The Chief Officer, Economic Development:

We will send you the report first and if you want to follow up that will be ...

The Minister for Economic Development:

It is probably just worth mentioning that I am happy for you to have that sort of information, that is not a problem, but if at some point you want to go into a particular area within the department and talk specifically to officers, we can arrange it - even if it is not the whole panel, it might just be one or 2 of you - if it is going to improve understanding and give you an opportunity ...

The Strategic Development Manager, Economic Development:

We have suggested that in the case of the enterprise area, towards the enterprise, and to come in and see and have, rather than a briefing of this nature, the experience the business community have and sit down with one of the business advisers and see what advice do we give to people.

The Deputy of Grouville:

Well, our next hearing should be April, the quarterly one, so hopefully we will see you all again then, and if not before. Thank you very much.

[13:13]