

Summary

Our experience and knowledge base

The Seymour Group is a family operated local business with almost 100 years of experience covering nearly every aspect of the Tourism Sector. The Group is the largest and longest established hotel company in the Island accounting for approximately 10% of the Island's registered beds and employing nearly 400 people of whom 57% of the permanent workforce are locally qualified.

The Group's current tourism related interests include the Pomme d'Or Hotel, the Merton Hotel, Aquadome & Suites, Greenhills Country Hotel and the Watersplash. It is the variety of accommodation offered by the Group that brings it into contact with possibly every tour operator and group organiser which operates to the Island with regard to leisure travel as well as the many business travel agencies and conference organisers who look after the interests of the travelling corporate community.

The importance of tourism

Using the limited GVA income measure the hotels, restaurants and bars sector added £125m of value to the economy in 2010. Of itself £125m is an important number but this is ignoring the following, all of which make the sector more important than is shown by the simple GVA income measure:

- That much of this is "new money" coming into the Island from outside;
- There is a high multiplier effect due to the spending propensities associated with tourism;
- That the Island is able to offer a far higher level of communications, facilities and services due to the influx of visitors than would be the case for just the resident population of 100,000.

In addition the impact of the recent world wide economic problems on the Island in terms of GVA reduction and unemployment increases has shown the importance of a diverse economy, made up of multiple stable threads. In part this can be seen by the active role that the industry has played in recent initiatives such as the Back To Work scheme.

Tourism in Jersey needs to be treated strategically.

A Tourism Strategy should determine and look forward to where the Island needs to position itself on a rolling ten year programme. Investment in tourism is highly capital intensive so long term objectives need to be set in order to encourage participation and generate the necessary returns for both the public and private sector interests.

A Tourism Strategy also needs to be embraced by all government departments and Ministries so that proper focus is given to conflicting issues in order to ease the delivery of the Strategy's principal objectives.

A government assisted funding mechanism is a key tool in enabling specific objectives of a rolling Tourism Strategy to be met in a timely fashion

When the Tourism Development Fund (TDF), then called the Tourism Investment Fund, was first established Jersey's tourism industry was facing many challenges and had reached a crossroads. Those challenges are still apparent today:

- The changing dynamics of the socio-economic landscape and the continuing movement in the Islands' traditional visitor market, distribution channels and booking patterns
- a shrinking world in so far as mass tourism is concerned
- many properties requiring significant capital investment with doubtful returns - capital investment that costs far more in Jersey than in competitor locations
- increasing and changing regulatory requirements - Jersey Tourism's registration and grading requirements, compliance to changing fire regulations, building regulations, a laborious and risky (not to mention expensive) planning process and increasing health and safety regulations
- the opportunities presented by development companies to local hotel owners for an alternative use of their properties.
- that Jersey's competitor destinations are benefiting from government stimulus in order to improve their tourism offering, for examples of funding sources for Tourism within the EU, please follow the link <http://bit.ly/JaZDrr>.

On 18th December 2001 The States adopted proposition P170/2001 “Investing in Tourism’s Future” (appendix 1) one of the objectives of which was to increase the TDF by £10,000,000. Many of the points made in this proposition are still relevant today and I would urge members of the Scrutiny Panel to re-acquaint themselves with the Tourism Strategy of the day ‘Tourism Adds Value’ which it sought to underpin

The future of the
TDF

The then Deputy of Trinity, the late David Crespel, submitted an amendment to proposition P170/2001 that would extend the remit of the Fund to include the private sector (appendix 2). This was very regrettably rejected at the States sitting of 11th December 2001.

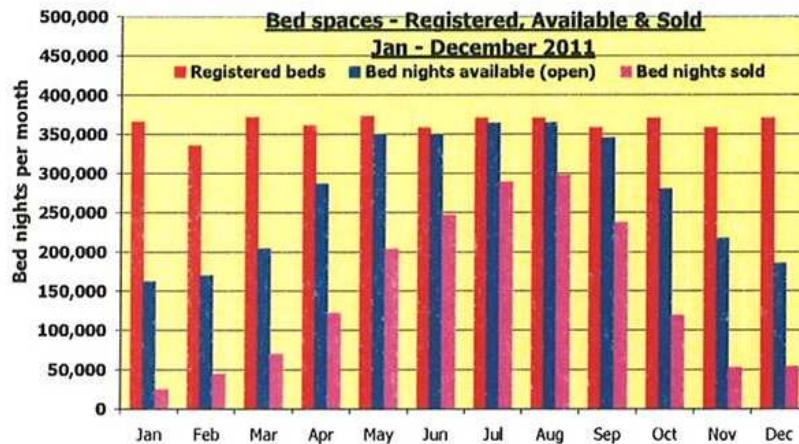
The impact of the poor economic climate is putting even greater pressure on pricing in an already highly competitive market. The combining of this with the above points is now making it very difficult to provide the necessary returns on the huge investments required to start or continue to operate a tourism related business.

As was the case over 10 years ago it is imperative that the TDF is opened up to **locally based** private investors so that they can continue to operate and invest in the industry as well as encouraging new entries to the industry in order to sustain its long term future, with as much of that investment and the returns from it remaining in Jersey

The amendment mentions “... guidelines to be agreed...”. As part of these guidelines the purposes for which the matched investment should be used needs to be included in the Tourism Strategy. Any extension to the private sector of the Tourism Development Fund should be directed to tackling key issues in the industry to achieve some quick and easy ‘wins’ and positively motivate businesses to invest:

- Incentivise businesses to develop facilities to create additional business in the off season period.

There is enormous unfilled capacity in the accommodation sector for the period October to April (see graph below). In the main, all annual fixed costs of running establishments have already been paid, so if such capacity could be filled the resulting benefits would quickly flow through the Island.



Figures are per month and therefore affected by the number of days in a month

Source Jersey Tourism

- Do not invest in projects that will simply displace existing operations and levels of demand.

TDF should not add competition where competition already exists, it should add incremental visitors to Jersey.

- Ensure that all investments will assist the industry to adapt to the changing demands of existing customers as well as bringing additional visitors to the Island.

Nothing would be gained unless the investment brought a visitor to the Island who would not have otherwise come or come back. Opportunities in this area include Sports Tourism, Event Tourism, Festivals Tourism, Business Tourism, Conference, Incentive & Meetings Tourism etc – providing the infrastructure to facilitate these activities is essential

Extending the remit of the Tourism Development Fund and increasing the monies available to the Fund will provide a clear signal to the private sector that the States of Jersey wants to actively and positively engage in shaping the future of the Tourism sector of the Island's economy.