

# STATES OF JERSEY

## Economic Affairs Scrutiny Panel

**FRIDAY, 19th FEBRUARY 2010**

**Panel:**

Deputy M.R. Higgins of St. Helier (Chairman)

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

Deputy J.M. Maçon of St. Saviour

**Witnesses:**

Mr. G. Fletcher (Chief Executive, Jersey Hospitality Association)

Mr. P. Luxon (Managing Director, Cimandis)

**Present:**

Mr. T. Oldham (Scrutiny Officer)

Mr. D. Scott (Scrutiny Officer)

[10:03]

**Deputy M.R. Higgins of St. Helier (Chairman):**

We will start then. Can I first of all welcome you to the Scrutiny hearing. You have the sheet in front of you that tells you the status of Scrutiny hearings, about the evidence and all the rest of it and the position of any statements you make. I am going to start first of all by introducing myself and the other members of the panel. I will then ask you to identify yourselves and it is all for the benefit of the tape so they can get a transcript and trigger the appropriate responses to the right person. I am Deputy Mike Higgins, I am Chairman of the panel.

**Deputy J.M. Maçon of St. Saviour:**

Deputy Jeremy Maçon representative of Petite Longueville in the Parish of St. Saviour.

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

Deputy Wimberley of St. Mary

**Managing Director, Cimandis:**

Paul Luxon, Managing Director of Cimandis, member of the J.H.A. (Jersey Hospitality Association) and Chairman of the J.H.A. Strategic sub-committee.

**Chief Executive, Jersey Hospitality Association:**

Gerald Fletcher, Chief Executive of Jersey Hospitality Association.

**Deputy M.R. Higgins:**

Also in the room we have got 2 scrutiny officers. We have got Tim Oldham on my right and Darren Scott over there as well. We will just get into it and try and get through as much as we can. Obviously we started on the P.P.P. (Public Private Partnership) late last year, I think it was. It seems we have been

doing so much in between and there was a delay when the department decided to re-look at some of the figures and we have now received their latest version, number 7, and therefore we are trying to pick up from where we left off. Obviously because the time has gone by, although some of these things have been discussed we would like to just get the overall picture. Can I ask first of all, the P.P.P., what is the problem that you think the P.P.P. is trying to stop? In other words, we have a problem, the P.P.P. is being looked at as the means of solving that problem, can you elaborate on the problem for us?

**Managing Director, Cimandis:**

Before I answer that may I just make a couple of comments, if that would be okay? I just wanted to extend our President's, Robert Jones, thanks and appreciation for us being invited to speak to you. He asked me to pass that on and we would, in this context, like to compliment the Jersey Tourism Department team who have kept their focus throughout this period of 4 and a half years since the P.P.P. has been in discussion and we realise that there has been some distraction for them. We started this process of engagement with E.D.D. (Economic Development Department) on 25th September 2005. So it has been a work project for 4 and a half years although, as you rightly say, Chairman, last year was when it really came before Scrutiny. Having said those comments, in answer to your question, tourism is obviously a very important industry sector for Jersey and it is fair to say it was more important before the emergence of finance and, of course, tourism was more significant in years gone past, probably 10 to 20 years ago saw the peak when we had the maximum number of arrivals and hotel beds available. What we recognise in the industry and in working with E.D.D. and indeed the Jersey Tourism Department is that to be effective in the world of attracting people to our destination in terms of their holiday choice, you have to be very, very effective in your marketing, your communication, your marketing the proposition. We believe that by creating a P.P.P. whereby we take that responsibility out of a conventional government department and merge the skills and assets and attributes and resources that are there with some private sector enterprise and corporate process, we just think that the value for money, and the long answer to your question, we believe we would get better value for money and better bang for the tourism buck by operating and discharging that marketing promotion spend through a P.P.P. as opposed to through a government department per se.

**Deputy M.R. Higgins:**

In terms of the tourism, we have seen a decline in tourism over the years and, as you say, it is important in the economy, it is shown in G.V.A. (gross value added), for example, has gone down. Do you think the department has failed in any way? Do you think there are things it could have done? Why have we got to the situation we have got to at the moment?

**Managing Director, Cimandis:**

I do not think we recognise that we have got to a problem situation and I do not think the J.H.A. would believe that the J.T.D. (Jersey Tourism Department) or E.D.D. has failed in terms of discharging their duty. What we recognise is that Jersey as a tourism destination option is still very attractive. The Island is wonderful, beautiful, pretty, interesting, fascinating, whether you want outside exercise and experiences or indeed fine dining and the like, so the actual proposition is very good. The reality is our core market of the U.K. have become much more prepared to look at more international holidays. Also through the low cost airlines, the cost of travelling much further afield now is so much easier for a conventional family in the U.K., our core market, and therefore it is not that Jersey has performed badly. It is simply that the rest of the world has become available to our core 85 per cent plus of our tourists - I believe that is still the right sort of ratio - now have more choices. People are less uncomfortable with the option of passports, foreign currency, foreign culture, foreign food, whereas before they much preferred, I think, a safer destination. It is not about failing, it is about recognising that here in 2010 if Jersey wants to continue to retain the levels of tourism, economic contribution that we are seeing now, and get back to a growth picture, we have to communicate very, very effectively to our core target market.

**Chief Executive, Jersey Hospitality Association:**

I think also the issue we were just talking about, why a P.P.P.? Obviously there is a feeling in the industry that there is an appetite for change and I think that is really why the J.H.A. came forward with a proposal back in 2005, at the time there were the changes to the machinery of government, there was a degree of uncertainty as to where the Tourism Department would sit in the process, but I think the underlying issue is not a criticism of the way Jersey Tourism operates but obviously it is within a sort of government-based department. A P.P.P. organisation would enable that particular operation to be free from day to day government policies in many respects. Obviously it would enable the operation of an entity to be more commercial obviously to maximise revenues for reinvestment in the promotion of Jersey as a visitor destination. So one's appetite has changed, the other is the focus on delivering increased visitor numbers for the Island. I think it is also that there are times possibly where a private sector/public sector joint partnership would ... sometimes a lack of commercial experience can sometimes limit the ability to react to being fleet of foot and react to situations sometimes because it is constrained by government policy. I think in the context of the P.P.P. working to a structured business plan it would enable a more fleet of foot type of operation and responses in a very quick and efficient way.

**Deputy M.R. Higgins:**

Can you just elaborate on how you see government policies or, say, the civil service view of doing things as opposed to a private sector view of things has not, for example, being able to respond to particular things. Can you give some examples of that?

**Managing Director, Cimandis:**

I think rather than specific examples, I think what we would recognise is that in a private sector organisation with a structure of a leader, a C.E.O. (chief executive officer), a managing director, that person having agreed a mandate and set of objectives from, in this case it would be clearly the States of Jersey, once receiving that mandate, having the freedom then in a much more normal corporate commercial way of flexing resources, flexing areas of focus. It is probably a cultural change that we think would probably lead us to this better and quicker reaction time, if you like. I know it is often talked about public sector and the private sector and of course it is not that everything that happens in the private sector is good and optimal and not so in the public sector. But the industry itself is made up of entrepreneurial people who have been used to having to market their businesses to a wider world so by the very nature of the tourism industry has leaders and owners and entrepreneurs and in the P.P.P. we think we can see more of that coming through. I suppose it could be said the fact that we are 4 and a half years into the process of trying to establish this P.P.P. might indicate that that is a long time. I think in a business sense if 2 bodies came together, if they had not come to an agreement within, let us say, 12 months, I do not suppose they would still be talking after 4 and a half years. I do not think it is about what an individual person or example could or could not do. It is about a cultural approach but bearing in mind the industry sector that we are talking about needs to be fast.

**Deputy M.R. Higgins:**

Can I ask one other thing: you mentioned the trend in the U.K. of people going abroad. Are there any other trends you have noticed or changes you have noticed in the Jersey tourism market?

**Managing Director, Cimandis:**

There are many. The length of visit, we probably always regarded Jersey as being a family fortnight holiday. Well, that model was broken a long time ago, so it is shorter stays, so shorter week stays and longer weekend stays, is the principle. The level of return bookings, we saw a very, very, very high level of repeat bookings year on year on year in the old halcyon days. That ratio has softened slightly and of course a lot of those people have got older and at some point travel less. So as the generations

come through, we lose some of that history connection of tourism consumers and as the next generation comes along they are very used to travelling around the world and Jersey is just one of those options. The age profile has changed, the length of stay has changed. People's expectations too, what they want, they are very clear now a U.K. tourist about what sort of accommodation, what kind of packages, what they want in terms of entertainment and places of interest when they get here, so I suppose our core market has become far more discerning and used to being able to get very good value for money, and that is what Jersey has to compete against and with.

**Deputy M.R. Higgins:**

You have also got a camp in Guernsey; you work in Guernsey as well?

**Managing Director, Cimandis:**

My company is a pan-Island company, so we have an operation in Guernsey as well.

**Deputy M.R. Higgins:**

Including on the tourism side?

**Managing Director, Cimandis:**

I am not sure what you mean.

**Deputy M.R. Higgins:**

What I am trying to say, is with your knowledge of Guernsey how are they addressing it? Because they must be faced with exactly the same things as we have. From your knowledge, what are they doing to ...?

[10:15]

**Managing Director, Cimandis:**

It is an interesting question, obviously I am talking more now in my personal experience in the company rather than my J.H.A. hat, but Guernsey's tourism sector is far, far different to Jersey. It is tiny in comparison and I would go so far as to say that Guernsey's tourism industry is really quite niche, almost boutique if you like, whereas in Jersey we still have a scale of industry in terms of arrival numbers and visitors, so you cannot really compare the 2. But Guernsey has all of the tensions and dynamics that I have just described here for Jersey apply for Guernsey as well and they are trying to find niche hooks, if you like, to try and make their tourism often work. They tended to concentrate more on the walks on the cliffs and healthy air as a dynamic, but Guernsey is far, far smaller, does not have anything like the range of places of interest and the scale of large hotels, so I do not think you can compare the 2 industries but both islands are suffering from the same, with the U.K. being the core market.

**Deputy M.R. Higgins:**

I was not thinking from a competitive point of view, I was trying to learn from what ...

**Chief Executive, Jersey Hospitality Association:**

Just to add in there, I think also when we first presented the proposal back in 2005, I think there were genuine concerns as to the shape of the tourism market at that particular time and a lot of what we said then we still feel now. If you look at the situation, we have seen a decline in the tourism market and just what has caused that could be put into a number of points but we have gone from about 580,000 staying leisure visitors down to about 380,000 in the period from, say, 1992 to 2008.

**The Deputy of St. Mary:**

What was the first figure, sorry?

**Chief Executive, Jersey Hospitality Association:**

The original figure in 1982 was 585,000 in round terms and the figure at the moment is 370,000 in visitor formula. That is not a great testimony to a successful tourism destination and there has been scenarios where quotes have been made by the department that they are more involved in managing the decline rather than managing any growth. I suppose there is only so much that a sector can take in that particular context inasmuch that when you have seen a decline in visitor market, as Paul has said, you have seen a reducing length of stay which means that the industry has to look twice as hard just to stand still because they are obviously trying to make work. People used to stay for 5, 6, 7 nights. The actual length of stay now is just under 5 nights average for U.K. visitors. Obviously that is a huge impact on the running of business. There is also the issue there at the time we felt that that was time for change. There was a lot of uncertainty with the new shaping of government at the time of the machinery of government and essentially those were worries that the industry had and still have today, because going forward we have seen a slight increase in 2007 but again we have experienced decline in 2008 and again we will see decline in 2009 of some 5, 6 per cent of visitor arrivals. I suppose the premise is that with that sort of track record, not apportioning blame in any context, but we are not starting from a very strong position. We are actually managing a declining industry, therefore the creation of a more commercially driven focused group, such as the P.P.P. would bring with a fleet of foot decision making process, the process to actually react to situations, as you would do in a commercial company. If you thought there was a particular issue that was worth going with, it would be a very quick turnaround. In the context of possibly being attached to the public sector, that process can sometimes take a lot longer, therefore opportunities might be missed.

**Managing Director, Cimandis:**

We have no doubt that the P.P.P. would accept the gauntlet of, as one of the outcomes of the P.P.P. being formed, we expect to see tourism moving back into growth in terms of arrival numbers and G.D.P. (gross domestic product) contribution. We have no doubt at all, genuinely felt from the research and the work we have done, that the P.P.P. would accept that challenge happily and frankly if they did not accept that challenge then we probably have not ended up appointing the right team of people.

**Deputy M.R. Higgins:**

You have obviously done research in the past yourselves, are there any papers or anything you can share with the panel, to show the work you have done and how you think there can be a change?

**Chief Executive, Jersey Hospitality Association:**

On the P.P.P.?

**Deputy M.R. Higgins:**

Yes.

**Chief Executive, Jersey Hospitality Association:**

Just to recap slightly; it was our recommendation in the first instance that we presented the business model that was the P.P.P., let us call it version 1, and we have moved on to version 7 since. But basically going back to our early meeting, we met with Gerald Voisin, Mike King, Lyndon Farnham, and David de Carteret back in September 2005. There was a great appetite as there has been throughout. We have seen fantastic support from Economic Development especially from the Minister, the Chief Executive, some of the team at Tourism have been very much on board with the whole process. From that very outset there was a recognition that really it was a great opportunity to change, and obviously the structure of making our industry aware of what was happening on a regular basis, there was certainly an appetite to support that change.

**Managing Director, Cimandis:**

What we can do; we can happily send a small pack of what we think might be some of the relevant working papers and presentations that we think might help. We will do that immediately after this meeting.

**Deputy M.R. Higgins:**

It would be very helpful.

**Chief Executive, Jersey Hospitality Association:**

There is no 2 questions about it though. The process involved us ... whenever you look for a successful model you have a look at what is in operation now. I was very fortunate that when I moved on from hotel keeping, when I was General Manager of Hotel L'Horizon, I set up as a consultant the Jersey Conference Bureau. I was responsible for setting that up, setting up the framework, the constitution, everything that went with it. It was the first private public sector partnership in the Island. Sheila Henwood, the Director of Tourism of the day, felt that there was a great opportunity. She was very visionary in that respect where she felt that the Conference Bureau was a slice of the Jersey tourism cake that could be driven forward in a private public sector partnership. She was right to do that because basically it was contingent on the actual allocation of the budget at the time of about £200,000 from the States funding. It was contingent on generating private sector funding to the tune of £100,000, so it was a 2 to 1 ratio of public sector/private sector funding. We achieved more than that and the Conference Bureau today, some 12 years on, is still a great example of how a proper P.P.P. can work. So with that knowledge we were able to adapt those particular operational factors to the new model that we thought was right for tourism for the future. Of course in that process we had great consultation with Jersey Finance Limited, and at that time we met with Phil Austin who went through all the good, the bad and the ugly of forming a private public sector partnership and how successful that was at the time, because at that particular time it was a newish entity, but it was operating very successful. There was a great empathy with moving the tourism industry into that type of entity. We believe that we templated this whole process based on a successful organisation such as the Conference Bureau and such as Jersey Finance Limited.

**Managing Director, Cimandis:**

So this is not such a leap of faith in the sense that you can say we have had a precursor or a mini P.P.P. in the tourism sector, the conference area being clearly business tourism and it has worked well, it has stood the test of time, funding came forward. So all of the key principles inherent in the P.P.P. being successful from the Government's point of view in terms of value for money and the responsibility of being safely discharged to this P.P.P. board, I think we can take some great comfort from that, so we are not having to walk the plank of a new journey with a high risk of: "Will the model work?" That is quite useful I think for us all to recognise that.

**The Deputy of St. Mary:**

There are 2 questions really I want to ask; one is about the different areas of the way that marketing works between individual businesses that make up tourism, particularly accommodation businesses, and the Island promotion and, for instance, I will just throw you an example and see what your comment is. I know a guesthouse that has done very well, thank you, by promoting directly to walking organisations in the U.K. and they just have now a regular flow of walking visitors. They did that quite deliberately, they spotted a trend, they thought: "Okay, this is a good way to go", they went for it, they knew Jersey was ideal, they were ideally situated, and success. I just wonder how that dovetails in with what you are saying about Island promotions.

**Chief Executive, Jersey Hospitality Association:**

I think the P.P.P. would be a very dynamic organisation. There is no 2 ways about it, we need to engage

a chief executive officer who is a skilled marketing operator. I think from that particular point of view the framework would be to devise the business plan which would obviously, as far as the J.H.A. is concerned, we would advise all types of groupings of Jersey business is promoted by the new P.P.P., so that it encapsulates things like walking, cycling, all the niche tourism elements that Jersey has a great opportunity to develop. There should not be any reliance on just one particular sector. I think a P.P.P. would bring a lot of cluster orientated marketing expertise whereby it would focus on assisting all the elements of business, whether it is 5 star, 4 star hotels, all the way down to guesthouses, self-catering, camp sites, because if we have got the airline structure in place, that is great, that brings the visitors to the Island but without the accommodation base and without the retention of a critical mass to service the airline structure and the ferry structure, we have not got a tourism industry. So we believe that bringing a marketing expert and, as I said earlier, that has to be a parameter as far as the new chief executive is concerned to develop all cluster marketing for all groups of Jersey business. We believe we would see an immediate change in the number of visitors that come to the Island and the way that the Island is marketed to those visitors, much like the individual guesthouse is doing directly to walking holidays.

**Managing Director, Cimandis:**

If I may, Deputy Wimberley, I think your question also asked; how does it fit? At the moment Jersey Tourism Department under the auspices of E.D.D. would collate, plan and prepare a marketing promotional plan strategy for the following year, and they do that within the context of an overarching mid-term 3 year outlook strategy for tourism. So a plan would be presented, usually early November, I think it is, the following year to the industry. That would contain the plan per se. What would then happen is many hotels and other places of interest would invest some of their marketing monies on direct marketing, as you have described, and the example you used. Others would group together and market, under Gerald's idea of the cluster, spa holidays, eco-tourism holidays and, as you said, walking, cycling and the rest. What happens at the moment, Jersey Tourism will come to the industry and say: "This is our plan, this is the budget we have, this is how we are going to execute that spend to maximise visitor numbers." They would then liaise with the industry and say: "We have this idea, would any of you operators in the industry like to partner with us and contribute some of your monies into that process" again to achieve better value or better leverage for that spend. You have got a whole sort of overlay happening where some industry operators are marketing heavily, very specifically themselves because they know who they want to target. Others will do part of that and then do joint linked deals and promotions with Jersey Tourism, and then Jersey Tourism will be executing the spend on behalf of the entire industry. It is quite complex at the moment, if you like, but what we do think is, an awful lot more of that can be done and an awful lot more effective under the P.P.P. with the expertise of marketers who have got experience in tourism.

**The Deputy of St. Mary:**

That was an interesting question; right at the end you said that ... you outlined how it happens now that the individual year plan would be within a 3-year outlook. The industry would obviously be inputting into that 3-year outlook anyway. People like myself saying you should go green and other people saying you should go this way, and then people pick up the ball either as individual businesses or as little sectors and run with E.D.D. That is all happening now?

**Managing Director, Cimandis:**

Yes, that happens now. An awful lot more could be done and if I gave you, I do not think I can give you the specific numbers because I do not want to get them wrong, but over the last 5 years the level of joint marketing, so those linked promotions, has increased quite significantly year on year over the last few years as the industry has come with ideas to J.T.D. or vice versa. That gives a good insight into what could happen through a P.P.P. where much more of that activity, where there is more focus on it.

[10:30]

**Chief Executive, Jersey Hospitality Association:**

I think with P.P.P. as well would have a much greater support from industry, especially if they believe that they had a more direct involvement with the decision making process of how the marketing plan is constituted. I would say that over recent years the consultation process with the industry in the development of, say, the following year's marketing plan has not been that great. There has not been a huge involvement in what are your particular thoughts as to what we should be developing in the context of Jersey as the destination for the following year.

**Managing Director, Cimandis:**

It is a missed opportunity.

**Chief Executive, Jersey Hospitality Association:**

I would not say the consultation has been very strong in that context and I take the 2010 programme as an example of that whereby the J.H.A. submitted probably a 2-page paper of ideas for marketing but which very few have been implemented. Now, I know that you are in a situation where there could be the perception that you cannot be everything to everyone but when so many businesses are depending on a strong marketing and promotional campaign it is wrong to exclude and, in our view, some of the very well thought through ideas have been allayed as part of what should be operational in 2010. We know there are budget constraints and we know there are pressures on finances and everything like that, but we strongly believe that if that had been a P.P.P. the consultation process with industry would be strong, it would be direct. I would not say it would be unanimous in everything that the industry wanted you were able to do, but I think there would be a greater consultation briefing rather than: "Oh, leave it to us, we are the marketers, we know what is best." Well, sometimes it is good to consult, as you are doing today, and the end result I think would be a much different end result.

**Managing Director, Cimandis:**

An inherent part of the P.P.P. is that the industry and the people operating the P.P.P. absolutely would be engaging and within the model itself it absolutely demonstrates that that is how it would work effectively and Locum Consulting, who E.D.D. uses as a sort of scoping adviser, very much emphasises that point, so this engagement and consultation would become much deeper and much closer, and therefore one would get the benefits of both sides, if you like, in terms of best place to spend the money.

**The Deputy of St. Mary:**

One more question on trends before we go on to the next session ...

**Deputy M.R. Higgins:**

I just want to ask you, because the impression I have from what you are saying and please if you can elaborate on that, was that it was very much top down, sort of, marketing. In other words it was not the industry up, it was top down, is that it?

**Managing Director, Cimandis:**

That is how it has been up until now and we believe that P.P.P. would allow that line to move where it is a much more collaborative process. That there have been genuine efforts by J.T.D. to become more collaborative but at the end of the day, at the moment, the way the relationships are structured, that tends to be developed and then presented. When I say it is a *fait accompli*, I mean this is not adversarial but nevertheless ... and I think Gerald's point was that more could be taken from the knowledge and resources and experiences of the industry to feed into that and indeed the recent appointment of the marketing taskforce team is an indication of J.T.D and E.D.D listening to this very point we are making, so while this P.P.P. is underway in terms of development of the concept we are not following on some of the good ideas that both E.D.D., J.T.D. and ourselves can see on behalf of the industry so we are not



in a hiatus where we are just waiting for the P.P.P. but we think it can go a lot quicker, a lot further, and therefore a lot better in terms of benefit for value for money.

**Chief Executive, Jersey Hospitality Association:**

I think there is an important issue as well that in the P.P.P. world where you would have a private sector funding structure in place where there is contributions being made from the industry to the entity in order to operate in a true P.P.P. spirit, where the private sector would be channelling that investment through corporate contributions, direct income, joint marketing activities, et cetera, I think there would be a greater need to listen to the private sector and the expertise therein rather than the situation it currently evolves as far as marketing plans are concerned. It is like you are a stakeholder and in that context of being a stakeholder with those 3 pockets of contributions being made from the private sector I believe that a P.P.P. would have a more informed and a more structured communication process for the delivery of a marketing plan that touched all aspects of the industry rather than possibly just reacting to possible niches that do not need reacting to and some that are missed that do need reacting to.

**Deputy J.M. Maçon:**

You spoke about this very well; I was going to ask you about the process and any of the weaknesses, and you talked about the low consultation with industry and the late phase that comes at. Are there any other weaknesses which currently happen, which you can think of, about the process engaged with the department, which would change with E.D.D.?

**Managing Director, Cimandis:**

I think there is an overarching one that I think on the 80/20 identify that which has the greatest effect. I think we have to recognise that since the machinery of government changes tourism, which always was a department in its own right, with its own political leader, champion within the States and supporting political board, if you like, since the change of machinery of government we have to accept that tourism, which is relatively small comparative to many of the other areas of focus for E.D.D. So although the previous Minister for E.D.D., Senator Ozouf, and indeed the current Minister, Senator Maclean, both have been absolutely supportive and encouraging of the importance of tourism and engaging with this whole process, as has the E.D.D. C.E.O., and there is no doubt about that support but we have to accept within E.D.D. the range of mandate and agendas that they have of great complexity, we have to recognise tourism cannot possibly be getting as much focus as it probably did before, so we think in many ways tourism has moved slightly into the shadows, not by any intent but just by a matter of prioritisation. Jersey is faced with very, very many attentions, whether to do with our economic, our fiscal, or indeed the complexity of our relationship with Europe, the U.K. and all those other things. E.D.D. is a very instrumental or has a very pivotal role to play in all of that. So the biggest thing that we think is that it is that renewed focus and with tourism moving to a P.P.P. it is still linked to government but outside of government then the Jersey Tourism Department staff, which is the question you asked, would then have an ability to be distant from the maelstrom of all the other things and just concentrating on tourism and the marketing promotion of tourism, and we think that that will be the single biggest boost to this whole process, better focus, therefore more effective, therefore more able to engage with the industry, be able to move quicker and be able to be far more targeted in what we do spend our money on. It is just that it is a massive upside opportunity.

**Chief Executive, Jersey Hospitality Association:**

I think the point Paul makes there is vitally important because if you look at before and after, the before situation was it operated with its own committee, the Tourism Committee, and was dealt with by a Tourism Minister, as such the President of the Jersey Tourism Committee. So what happened was it was subsumed into this mothership called Economic Development and basically from a budget of ... it ended up with a budget of some £15-16 million to run the E.D.D. function, which included many other entities. As far as tourism is concerned, of that total budget now in 2010 it is representative of about 40

per cent of the overall budget. In the context of that there has been no further investment in the Tourism Development Fund. It sits with a balance of some £400,000. As you know the industry wanted a balance of £10 million and I think if that £10 million had been given at that particular time for private sector investment it would have raised some £50 million, there is no 2 ways about it. As far as everything else is concerned, fiscal stimulus; no funding coming through to the tourism industry for fiscal stimulus. So the position, and you have to remember that Economic Development really was created out of the Jersey Tourism Department which effectively was what it was at that particular time. So when you measure 40 per cent of budget coming back to that entity with no specific Minister in charge of tourism in the Island, which the J.H.A. has long favoured a Tourism Minister, somebody with a special portfolio to manage tourism because if tourism is your second pillar of the economy, as we are told it is, if it is a great contribution to the economy, £240 million it brings in each year, it keeps around about 7,500 people in jobs. We just recently met with the Jersey Bankers' Association and they said without ... who totally favour incidentally our drive to create a P.P.P. for tourism, they are totally in support of it, because they basically see the 2 working together. Without a tourism infrastructure, without a transportation infrastructure, without an accommodation infrastructure which has restaurants and everything attached to it, the finance industry is in serious problems, so in that particular context in answer to your question, those are the differences that would be apparent as well as the opportunity to operate a private sector culture and deliver quicker and more effective decision making. That will be achieved by the creation of the P.P.P.

[10:45]

**Deputy J.M. Maçon:**

Thank you very much. Just one other question; you spoke you would be perhaps freer with government policy and we talked about it slightly, which government policies do you find at the moment are challenging to the industry?

**Chief Executive, Jersey Hospitality Association:**

If we could wind back to 2005, we logged as part of our concerns for the future huge increases in regulation, in legislation, huge impacts on the industry as such which indirectly impact on the bottom line. To operate a business in Jersey now is a very difficult process with various things like Employment Law, in a position of G.S.T. (Goods and Services Tax), lots of other changes to legislation frameworks, Regulation of Undertakings, various other things. The actual operation of businesses in Jersey now is a very difficult proposition and one thing that has happened is it has taken the proprietor's eye off the ball to a degree. That proprietor who was very much a very front facing person who would greet his customers, who would make sure that the attention to detail was there, is now a backroom operator who is busy filling out I.T.I.S. (income tax instalment scheme) returns, social security returns, everything that goes with it and taking his eye of the customer service ball. Am I compliant with Employment Law? Am I compliant with health and hygiene? Am I complaint with safety at work? All that is difficulties in operating a business in Jersey. By introducing a private sector culture to the operation of the entity that is tourism we believe will help that process rather than hinder it.

**Deputy M.R. Higgins:**

Can I just say though that, and I feel your frustrations when it comes to regulations, I have experienced it myself, but many of the ones you have talked about are what you would expect in a modern society in terms of Employment Law, or health and safety, to a reasonable level, so you are not going to get away from that, and neither a P.P.P. will not stop parts of government bringing in regulations which are going to impact.

**Managing Director, Cimandis:**

It is a good point. I think in answer to the question I think I would try and cap it by being able to

explain why the problem, and it is a problem that exists whether it is J.T.D. or whether it is P.P.P., so I accept your distinction. It is the dynamic, moving the responsibility to discharge the tourism mandate, moving it into a P.P.P., it is the dynamic of moving it into an entrepreneurial commercial corporate, with all of the good governance and controls clearly, but into that environment where you live and breathe by the returns on the investment you make; your business model. Culturally, it is slightly different in the sense that the public sector by very nature tends to be a cost entity discharging cost as opposed to being business generating interested on returns, on assets and ratios of that sort. So the P.P.P. will apply those kinds of entrepreneurial free spirit market commercial disciplines which will allow us to get better value for money and will ensure that we both have growth and we get that value for money for the tax pound that is being invested in tourism; cultural and dynamic.

**Deputy J.M. Maçon:**

One other thing, just to have it absolutely clear in my mind; you said marketing will be much better through the P.P.P. Why?

**Managing Director, Cimandis:**

Not better, more effective.

**The Deputy of St. Mary:**

That sounds like better.

**Managing Director, Cimandis:**

Somebody might read this and they might think we are saying it is worse: worse, better, effective. Why? Deputy Wimberley explained how a guesthouse, I would imagine a small business and a small business person, has in the big world of this destination tourism that we are saying Jersey is now competing within has decided and found a niche way either to offer something to the visiting guests or, indeed, how to communicate to potential guests, and that is working because they have had a good year, they have had increased ... so that is clever. That is clever marketing because within a very competitive market place somebody has found a way to communicate or a proposition that, among all the rest, has hit its target audience. Let us say that example, and if we did that with all of the circa £5 million marketing commercial spend that goes on at the moment from E.D.D. into J.T.D. plus all of the independent operators, individual marketing that they are spending direct, if we could make all of that spend as effective as this one guesthouse operator is, then hotel rooms would be full, carriers both air and sea would have very, very good yields and lots more money would be reinvested and the spend on Island would be enhanced, the secondary spend in shops and around the Island. The reason it would be more effective or better is that if we can spend the same amount of money more effectively then we will achieve the growth that we want to achieve and stem decline, managing the decline, that we have seen over these last few years as the world has changed.

**Deputy J.M. Maçon:**

What consultation have you undertaken in development of the P.P.P.?

**Managing Director, Cimandis:**

I think, again, we mentioned 25th September 2005, I remember where we were and I even remember the tie I was wearing. I also remember the ties everyone else was wearing. There had been a great deal of pre-planning, thinking and contextualising, conceptualising prior to us getting to the point where we asked to present our thought. So, the clock was ticking before that and I think this has been an emerging sort of concept. Through that whole process the J.H.A. has a responsibility to its circa 400 members, who are very diverse from shopkeepers on the High Street to places of interest, hotels, restaurants, hire car operators, it is a very diverse membership. It is not just the hotel operators as such. It was always our job to make sure that before we engaged on this that we had some degree of support consensus from

that membership because we are there to represent our members' interest, not our own committee's interest. So there has been an extensive range of communication both to determine that this was the right model going forward, so we tested with our membership often. We did that in many ways. The committee itself was made up of broad people. We then selected certain groups. We called them key groups and we would go and speak to the 8 major hotel operators who had groups of hotels. We would go and speak to smaller groups of guesthouse operators. We would go and speak to places of interest. So we engaged representations of each of the different subset within the industry. Through our newsletters each month, through our forums, we have several forums each year where we bring speakers in and it is fair to say that P.P.P. since September has been on every single agenda. We have had full 2 hour sessions communicating with our members and the like. The whole process of engagement, updates, verifying and refining has been going on through that whole period, through all of the different communication tools that we have got available. The only 2 reservations or negative positions that we are aware of, and it is not to say that everybody was unanimous about everything all the way through, but it is fair to say that there was a vast majority of support from day one of the concept and all the way through. I cannot tell you that we have unanimous about the whole aspect all the way through but those 2, which I think you are aware of by memory from your work last year on this, were from 2 individual operators whose real essence point was: "We are worried that expecting a significant increase of industry contribution monies when things are difficult from a business point of view, it needs serious consideration" and also concern of, in the creation of the P.P.P., is there a risk that we spend more money on establishment and less money on the marketing promotion, which we have been waxing lyrical about being the single most important thing. Do we at the J.H.A. recognise that? Of course we recognise it as being not a risk but an issue which needs not to go wrong. The quantity and the targeting of the marketing promotion money, whatever it is, and of course it is going to be less in 2010 and 2009 because States of Jersey has its own budget tensions and of course there has been a decrease allocated for the spend for this year. Whatever the quantum is, it needs to be spent in a very wise way and very targeted to maximise the benefit.

**Chief Executive, Jersey Hospitality Association:**

Can I just carry on there from Paul's description of that? There were also a couple of other issues to add to that. I mean Deputy Higgins basically attended our annual general meeting last year. You would have got a flavour of the support for the P.P.P., it was a topic on our annual general meeting discussion. It was part and parcel of that process. You would have seen the sort of update procedures that we had at that particular time. There was also the consultation with the Ministers as well prior to Senator Ozouf delivering that version, which probably was version 5 at that particular time, to the Council of Ministers for sign off back in November 2008 and, furthermore, to show the extent of the consultation on appendix 5 in version 7 of the final report, you will see that our discussion with regard to what is called Industry Funding Proposal, at the very back of the document, the actual group that was consulted on that projected financial plan included Robert Mackenzie, who is the Managing Director of the C.O.T.G. (Channel Island Travel Group) and Andrew Shrimpton who is the Operations Director of the Dolan Hotel Group, and we know one of the letters that came back to you was from the Chairman of the Dolan Group. So you will see that the level of consultation, that was a group of people who contributed to the fact that these were possibly areas where a funding plan proposal could be realised through private sector investment. It is a huge investment. I know Tim asked if we could send through ... I have been away this week up until today, but I can give you 2 copies just to give you a genuine flavour of the type of consultation that we have had with our industry. Basically information paper on the various points that had been discussed that went out in July from our President following 2 forums which were effectively our July forum and our October forum, as a follow up. As Paul said, every month without fail we include an update in our business update and newsletters.

**The Deputy of St. Mary:**

Just a little supplementary really is it would be helpful if we had documentary evidence of the process,

the updates, the newsletters, because consultation is very dear to my heart and I like to see how it is done.

**Managing Director, Cimandis:**

We will compile a summary sheet which we will send with that earlier pack of information that we talked about.

**The Deputy of St. Mary:**

Then we can maybe come back to it, if that is fine.

**Managing Director, Cimandis:**

Absolutely, yes.

**The Deputy of St. Mary:**

It is a really important issue about the buy-in you have got from your members.

**Managing Director, Cimandis:**

They are documented and they were open invitation, so there is plenty of evidence out there but we will summarise it for you.

**The Deputy of St. Mary:**

In the light of what you are telling us about the depth of the consultation, the depth of interest and the depth of support, could you explain why when we sent out a letter, I think it was the middle of last year, through yourselves to all your members we had, I think, 3 replies.

**Chief Executive, Jersey Hospitality Association:**

I thought about that at that particular time. I would say that it is a testimony of our membership, their belief in the work that we were doing on behalf of them as bona fide members of the Association. I think it is a testimony as well to the communication process that we have had with our members from day one.

**Managing Director, Cimandis:**

They came on the journey, Gerald, through this consultation process and we constantly were updating them of our progress with our discussions with the J.T.D. and with E.D.D., and there were many snakes and ladders along the way of moving in different directions until we got to what is a finished version proposal, as you have before you. It was not apathy. What it was, we confirmed with our membership that the J.H.A. Strategic sub-group were leading this negotiation, this work party with E.D.D. in partnership and indeed we had invited Mike King and Senator Maclean, prior to him Senator Ozouf, to many of our events where these same members were there. Where they were able to extol exactly what we had been sharing with them, so there was this double approach, if you like, to make sure that our members, (a) were on board in terms of from our side of the position, but we were also asking E.D.D., States of Jersey, to come and clarify where they saw the process. I think through that working in tandem, and a very close relationship and genuinely good consultation, good interaction, meant that the members ... I do not think they probably would have written in, and you will have to accept silence as being approval, which I know you do not have to.

**The Deputy of St. Mary:**

But it is clearly the line.

**Managing Director, Cimandis:**

I know you do not have to but that is genuinely how we would read that. I think the fact that you had 3

responses, 2 of which were not against it but had concerns, I think that shows the strength of it.

**Chief Executive, Jersey Hospitality Association:**

Just as an example of so we touch on the whole database, we did in fact, rather than just rely on emailings, we did send out hard copy mailings, so that those members like our pub members who do not necessarily have access to email or the internet by operating just a small pub or whatever, received a letter from our President advising them of the situation and strongly encouraging them to, if there are any queries or problems or any worries you have, please contact the office. I would add as well that the figures that were attached to those information papers are the figures that were apparent at that particular time, that is 2008 as an example. Obviously we have moved to this point now where the figures in this report are those that have been finalised as fact.

**Deputy J.M. Maçon:**

Just on that point: how has the industry reacted to the revised figures?

**Chief Executive, Jersey Hospitality Association:**

They are figures that we believe are achievable. The 110 in the year 2010 and the 115 in 2011 are achievable figures. We believe that the acceleration of the process from a 4 year phasing to a 2 year delivery is the right way forward. It is our view that those figures are highly achievable.

**Managing Director, Cimandis:**

Because it would fall. If we did not it would fall and I think 2 specifics, the scale of the increased joint marketing activity that has gone on over the last 3 years without the P.P.P. has been ... I will not say significant. It showed good growth year on year and that means that the relationship is developing in that sense, so that is good news. When we looked at the quantum of the new money that would need to be routed through the P.P.P. is of course, I mentioned earlier on, all hospitality operators have their own marketing and advertising budget, some will have greater, some will have less, some will absolutely rely on the Jersey tourism spend, others will invest themselves. What we need to see is a bit more of that isolated money being routed through joint initiatives through the P.P.P. We are not necessarily asking the membership to spend or invest more and increase their costs in a time when we are saying regulation costs are overgrowing, but there is also the ability to have some businesses that have not been contributing into the marketing of Jersey to come on board. King Street has an awful lot of retailers who benefit absolutely from the number of tourists that come to the Island. Per se, the High Street are not members of the J.H.A. and have not been contributing to any of these linked promotions, so we think that the net needs to be expanded, and we have spoken to some of those retailers who have got the point. Now, they will not be queuing up to say: "Yes, count us in, tax us" but if they can see that there is a sense in contributing some money to maintain the tourism visitor levels, therefore the spend in their businesses, as businessmen they are going to be able to work out marketing investment, cost, benefit return. So spread the net to get more people to contribute, reallocate some of the money that is spent direct into the P.P.P. because the individuals feel that P.P.P. can use that investment to leverage better value and it is a winning story for both parties. Get back to better value for money for E.D.D.'s grant and better effect in terms of growth for the industry.

**The Deputy of St. Mary:**

Can I go back to the consultation that you carried out with your members? Has at any point like a paper gone to the members with details of the figures that we are going to join them in?

**Managing Director, Cimandis:**

Yes, at every stage.

**The Deputy of St. Mary:**

So that would be part of the package that you are going to give us?

**Managing Director, Cimandis:**

Yes, we will. Absolutely.

**Chief Executive, Jersey Hospitality Association:**

I think that clarifies the level of information that we have circulated to our members. I think the other thing is, is a measure of our belief in the P.P.P. process, last year we took £50,000 of our own money, our own reserves and contributed that to the marketing effort in which was a very difficult and challenging year for the industry. We took £50,000 out of our reserves.

[11:00]

That generated £250,000 of States funding and it was that support in a true P.P.P. spirit which generated some additional marketing, which I think has had a great influence on Jersey visitor arrivals only being down 6 per cent on the year. I think if that additional marketing funding had not been achieved we would have been in a worse position. If there is anything, as a pure example of a P.P.P. framework that was government and the private sector, through the Trade Association for the industry working together, that was a prime example of success.

**Managing Director, Cimandis:**

Lots more of that can happen in the P.P.P. That will trigger those opportunities.

**Deputy M.R. Higgins:**

Before I move on to the next little section I want to explore; I am conscious of the time, are you both time critical?

**Managing Director, Cimandis:**

No.

**Chief Executive, Jersey Hospitality Association:**

I am not, no.

**Managing Director, Cimandis:**

I have until 12.00 p.m.

**Chief Executive, Jersey Hospitality Association:**

We have looked forward to this meeting for ...

**The Deputy of St. Mary:**

Since September 2005. [Laughter]

**Chief Executive, Jersey Hospitality Association:**

We are enjoying it immensely.

**Managing Director, Cimandis:**

You have been listening to what we have said.

**Deputy M.R. Higgins:**

We are listening to everything, do not worry. The reason I said that, by the way, is the fact that if necessary we have to invite you back.

**Managing Director, Cimandis:**

We thought you might be bored with us by now.

**Deputy M.R. Higgins:**

It is a fascinating subject and we want to obviously get it right. We talked about the P.P.P. advantages and so on. Did you look at any alternatives to the P.P.P.? In other words, what alternatives did you look at, what other models or other ways would you go forward to try to impress the problems you have identified?

**Managing Director, Cimandis:**

Yes, we did. What I would do, is I would probably refer you to the Locum Consulting document because, to be fair, once we agreed the concept in principle with E.D.D. as being a worthy project to consider, we applaud what E.D.D. did, which was to appoint some experts who had experience in exactly this field of trying to take regional government control of something like tourism into a P.P.P., Locum Consulting, so version 4 September 2007, we refer you to that. We contributed very much to that. We met with the authors and the advisers, so we shared with them all of our thoughts and insights, and we agreed, I do not think there was anything we disagreed with in terms of their collation of data and its presentation. We think Jersey is a unique place and a quirky unique place so we will need our own little Jersey unique solution. There is not a sort of model that we just buy off the shelf that worked for Scarborough or worked for the Midlands. We need to make sure we make it fit absolutely right for Jersey. We also looked at, is it best to carry on as is? Is it best to ask for a machinery of government rethink? We did not think that that would probably get on to the agenda, so, yes, we did and we have not touched on it yet, but we did absolutely at the beginning talk about the concept of the Jersey Hospitality Association subsuming itself into this P.P.P. in the same way that the Jersey Tourism Department is to be subsumed into this entity. For a long time in versions 1 and 2, that was much more the model. Through the process by mutual agreement with E.D.D. and reference to the fact that Jersey Finance Limited is the equivalent of our tourism P.P.P., and the Jersey Bankers' Association is an industry body for networking representing the members, we realised that the J.H.A. as a vehicle to bring networking and the industry together on, let us call it, micro issues was necessary. In fact our membership said: "We want to see the J.H.A. there maybe as a belt and brace, if you like, until the P.P.P. proves itself we want to see it stay independent." But with the proviso and the rider that we have declared that we see no problem with the concept of the J.H.A. moving in and becoming either tangential to the P.P.P. or indeed absolutely part of it at the 3-year review anniversary, assuming that we get the green light. We are very open minded about it. In fact we have changed our mind quite a bit on it, but at the moment we think it is best that we stay separate so we can contribute, and then support fully. From day one of the P.P.P. the J.H.A. and the industry will be fully behind (a) making sure that the funding that is required we do all we can to help that happen. We are not just going to say: "Well, there you go, P.P.P., you have now got to increase this private sector money." We will, if the P.P.P. wishes us to, help to make that happen, because we want to see this work.

**Chief Executive, Jersey Hospitality Association:**

I think going back as well, Chairman, the J.H.A., having had the experience through myself in being involved when the Jersey Conference Bureau was set up, when we initially set up the Jersey Conference Bureau as the first P.P.P. in the Island for tourism, the research that we did at that particular time was, for instance, destinations like Marketing Manchester, and the Sydney Convention and Conference Centre as well. I went to Marketing Manchester, but unfortunately did not have the funds for me to go off to Sydney. But I went to Marketing Manchester at that particular time and Marketing Manchester operated a true P.P.P. at that particular time. We were already in that sort of conceptual phase. We came up with a template, which really since its inception has not really moved that significantly and that is, I think, a good sign. It shows that the actual work we have done on what we thought was the right



model to take tourism forward for the future has stood the test of time. The second point was, I believe, as Paul said, through the Locum Consulting report, that took the heat away from us as it being our entity because if Locum had have come up with: "J.H.A., your idea is totally bonkers, forget it. We think this is the best way forward", but they did not, in fact. They came forward with the recommendation that they believe that the P.P.P. was right for the way that the tourism industry in the Island was currently structured. It was also reassuring to note that in that particular paper, their research took them to Marketing Manchester and totally supported the P.P.P. concept that was there. The Merseyside Partnership, Gothenburg's model, which was a European version of the P.P.P. Along the way we also listened to what visitscotland.com were doing, which was very much a P.P.P. driven organisation. I suppose if destinations that have operated under the P.P.P. framework visitscotland.com is one of the most successful because, after London, Edinburgh is the second highest visited city in the U.K. It stands the course of time very well. It is very effective in its marketing promotions and so on and it stands up as a destination very effectively.

**Managing Director, Cimandis:**

So lots of other options, Chairman.

**Deputy M.R. Higgins:**

Saying that, I am just speculating here, obviously the Locum report, yes, read it, big emphasis on P.P.P. not really looking at the existing, the status quo. I am just wondering whether, and we have seen this before by the way with consultants' reports, that there is a fixation on a particular direction and I am somewhat concerned about some of the reports and how independent they are or whether they are just generating what it is that ...

**Managing Director, Cimandis:**

One wants to hear.

**Deputy M.R. Higgins:**

Exactly. So, again, just why did you dismiss other alternatives? You seemed to have dismissed them very early on and you have focused on P.P.P.

**Chief Executive, Jersey Hospitality Association:**

I think P.P.P. was in our minds from the very beginning.

**Managing Director, Cimandis:**

With J.F.L. (Jersey Finance Limited). We looked at the Conference Bureau, a model that worked. Same concept, same principles, much smaller scale. Jersey Finance, worked. Worked well. The finance industry feels that way, Government feels that way and I know there is some tension about fundings and all sorts of other things, but nevertheless it is a great example in Jersey of 2 directions, Conference Bureau and Jersey Finance, where this principle has been applied. We have seen throughout the U.K. and other places where for tourism it has worked as well. So it was on the basis of let us not reinvent the wheel absolutely for Jersey when we can see that the principle works in Jersey, the principle works elsewhere for tourism. Status quo, does it make sense? Machinery of government changed to give more focus back to tourism as an individual department within Government, does that sense? P.P.P. But I have to say there is a multitude of P.P.P. bearings that we looked at, so although we have settled with P.P.P. and that looked strong from the beginning, page 24, 25 of the Locum report will just show that the more favoured ones or credible ones, if you like, that we all agree to. I do not think it is as narrow as the P.P.P. and just the P.P.P. The fact that we are on version 7 and there is probably a version 17 because there were lots of sub-versions in between, I promise you the model ... we showed you the very first draft. Gerald will include that in the pack. We will show you the very first presentation we made on 25th September 2005 and you will then be able to see the journey, if you like.

**Deputy M.R. Higgins:**

That would be useful. Does anyone have any other questions on this or do you want to move on to the ...

**The Deputy of St. Mary:**

Just to pick up on the point that Paul said just then, you refer to the Jersey Conference Bureau and Jersey Finance Limited as very much benchmarks. There they are, they work so why do we not go the same way? What is the split of funding with those 2 between public and private, first of all?

**Managing Director, Cimandis:**

I do not think we are probably au fait, we sort of know the Jersey Finance side, I suggest Tim can probably give you the fact on that. But I think you would know the Conference.

**Chief Executive, Jersey Hospitality Association:**

The Conference Bureau is currently generating £330,000 of income of which £115,000 is coming through the membership, so it is very much a 2 to 1 ratio with regard to the Conference Bureau. Jersey Finance I know operates a membership scheme for its members which delivers against the size of business and the turnover of the business, which obviously is a very private and confidential area. So in essence we cannot always derive exactly what the structure is within Jersey Finance. But there were also models that ... we said earlier that you have to do things to a degree in a Jersey way and those were 2 entities that worked very effectively in a Jersey way. We were open minded. We felt that you have to come up with a concept, you just did not turn up and say: "Well, we think this would be a good idea" as Paul said we can let you see the original presentation. Essentially we put a lot of work into that presentation. We felt the timing was right and there was an appetite for ... having had those years of contraction and we had not seen any light at the end of the tunnel at that particular time, there was an appetite from the industry to change and the framework of the P.P.P. was something that they supported.

**Managing Director, Cimandis:**

Sometimes an industry sector, for no other reason than just because of its position and its evolution, needs a catalyst of change and because tourism was at dizzying heights, Jersey's leading industry sector for many years, and this 15-year period of gradual decline and when *Bergerac* stopped in 1997, if one looks at the graph, we fall off a cliff because we lost that national T.V. (television) exposure and it is there, it is evidence in itself. So I think from all of that, this P.P.P. is a good way of almost giving it a shot in the arm of: "This is a new beginning or a new horizon." You could say that is all very flannelly and interesting but sometimes organisations, however, big or small, whether public or private, do need that sort of trigger, and often to a new direction, so I think it would be really important. One of the reassurances, Deputy Wimberley, is that the funding numbers that you have got in version 7 very much replicate what we took from Visit Britain and Visit London. It was felt that we should benchmark against some other environments in terms of the public and the private funding, so largely it is a 3 to 1 scenario that we took which was in agreement with E.D.D.

**The Deputy of St. Mary:**

Still on this topic of alternatives, what about the alternative of greater commitment from the States, which you have referred to, in terms of the T.D.F. (Tourism Development Fund), for instance, £10 million promised, £2 million delivered I think overall so far. Would you comment on that as an alternative way of moving the ship forward?

**Managing Director, Cimandis:**

I think we have answered it earlier but I will just try and précis it. The words and the commitment and what we believe is a genuine desire for Jersey to have a vibrant tourism sector, we think is there both

politically and from the relevant departments. Tourism has been subsumed into a bigger department that has a massive agenda of great complexity, the Depositors' Protection Scheme is a good example, massively important and no doubt for you too. We recognise that and, at the end of the day, the sea and the air is there and boats and planes are there and hotels are there so it is easy to almost allow oneself to ignore the needs of the tourism sector because it is such a longstanding business area. But the reality is that we do need more focus on it so I do not think it is so much is there a level of commitment missing, if you like. Having said all that, the end result is of that busyness and the subsuming into a bigger picture is that tourism does not get prioritised, in our humble opinion, as much as we would like it to be and as much as we feel it should be from a political sense. I certainly respect Senator Maclean's commitment right now and Senator Ozouf previously and Chief Minister Walker, incredibly supportive of tourism and the rest, but sometimes you need things to happen as well as words of commitment.

[11:15]

**The Deputy of St. Mary:**

You are being very polite about all these gentlemen but: "The words are there", you said; those are your words: "The words are there." I am disturbed about whether those words were followed up by a financial commitment and how that compares to other resource, spend per turnover, spend per visitor, whatever measure you have taken for what the industry standard measurement is. But there must be measures of how much the Government puts in, for instance, on overall marketing on specific events. I just want to have a ...

**Managing Director, Cimandis:**

I can be very specific. The words are there, the commitment has been there. Gerald described how G.S.T. on hotel rooms we feel is unfair in the sense that hotel rooms are an export business or an international business and it is an export dollar into Jersey, I use the word "dollar", export monies in. We advocated through the process that we thought that hotels, not the whole of the industry, although that would have been nice, but the hotels specifically, we realise Government has tensions on balancing its fiscal and tax issues so we reckon ...

**The Deputy of St. Mary:**

Are other exports G.S.T. exempt?

**Managing Director, Cimandis:**

Absolutely. I am sorry, when you say "other exports" do you mean other locations, tourist ...

**The Deputy of St. Mary:**

No, services, Jersey Royals or whatever, that is, people spending in the Island, is it not, which is different from Jersey Royals?

**Managing Director, Cimandis:**

The international finance businesses, a whole sort of tax changes were to allow them to have this level playing field around the world. What we are saying is, when G.S.T. came in it was to help fill the black hole and what we are saying is: "Yes, that is fine, the black hole did exist" but, in the same way that international finance companies who operate around the world, we operate around the world because our tourists are based around the world. It is a point that we made and, equally so, high duty increases, cost of travel, whatever, at a time when we would prefer to see lower duty increases and it was obviously pleasing to see that decision in the States which obviously has helped.

**Deputy M.R. Higgins:**

Which I think we are all faced with.

**Managing Director, Cimandis:**

Absolutely. We would rather not see that there was a decrease in the 2010 budget from 2009 but, at the same time, we have to thank the States for finding the additional £800,000 last year that supported tourism in what was obviously going to be a difficult year following the international financial market collapse. Government has done some specific things: last year's increased budget, Gerald mentioned that J.H.A. invested £50,000 to help stimulate that as a one-off and Government did too. We would rather not this year, I see our budget did decrease, but of course, Government has got to balance its books, we recognise that. So yes, Government does invest a fair bit. When we talk about the funding in there, what we have probably not got in there is the amount of money that individual hospitality and tourism businesses spend themselves direct, like your guest house owner. So not all the money that is being spent by the private sector is going through the P.P.P. documentation, there is a lot that is being done direct, it always has.

**Deputy M.R. Higgins:**

Let me come back to a point that I think Daniel was getting to. The Tourism Development Fund now is investing at the moment in the public sector and non-profit making sector organisations. It is supposed to have £10 million. There is not any government investment or facility to enable you to invest in your own interests or anything else. Is that something that is likely because the P.P.P. will not deliver that either because the P.P.P. appears to be very marketing-oriented rather than looking at the other aspects of helping the industry, which would be direct investment, let us say, or investment assistance?

**The Deputy of St. Mary:**

Improving the product.

**Chief Executive, Jersey Hospitality Association**

Yes. There is a huge disappointment that money has not been allocated to the Tourism Development Fund.

**Managing Director, Cimandis:**

And a great desire to see that happen going forward, is it not?

**Chief Executive, Jersey Hospitality Association**

I think the desire there is that if you are talking about reacting positively to it, I would say, no, that has not been forthcoming and there is a huge disappointment that it has not. I think to be in a situation where for the past 5 years that there have been promises of changing the framework of the Tourism Development Fund to enable private-sector investment into it obviously, on a geared process, has been a huge disappointment to the industry. The other thing is that the Tourism Development Fund is seen as a top-up to States departments' budgets which have had cuts and they tap into that particular fund in order to do work that their budget was meant to do in the first place, and that is a huge disappointment. I think when you see £11 million which could have gone into our industry that went into a leisure pool that is both losing money, having to be funded by the States, and is not a tourism attraction; you could never quantify it as a tourism attraction, it is a replacement for Fort Regent. That is a huge disappointment and I think the recent context of the adverts for people to tap into the remnants of the budget of the Tourism Development Fund, which is some £400,000, and again, excluding the private sector, was a huge disappointment. So yes, the words are being said but you are quite right that the money is not forthcoming into the T.D.F. The levers to facilitate private sector involvement are not there and have not been positioned there. When we see the fiscal spin-list package having no allocation to the tourism industry but focusing on other industries like construction and so on, that is a huge disappointment. I suppose in the context of, yes, it is there and there is a lot of support for the sector, yes, if more money was forthcoming, there is no 2 ways about it, the sector would react positively to that investment.

**Deputy M.R. Higgins:**

But following on from what I said, do you think there is a need for some sort of fund or some sort of facility to enable the industry to borrow ... in fact, let me just ask you that. I am hearing that obtaining money from the banks is quite difficult at the moment, they are either charging higher sums or you cannot get it. I know there are certain sectors of the tourism industry, the banks have said: "No, we are not prepared to put any more money in." Is there a case for the Government having some sort of facility, as the T.D.F. might have been, had it been opened up to the private sector as well, for you to obtain some money to invest in your own industry?

**Managing Director, Cimandis:**

I think we have got to be realistic. I think we do recognise and have empathy with Jersey plc, we recognise the Government has got a problem in terms of income versus expenditure; we have to all recognise that and that has been exacerbated with what has happened globally in the last 18 months. Having said that, that is us as citizens of Jersey; from our industry sector, we need the Tourism Development Fund to have been granted and awarded and topped up and we would like to see that happen going forward, we think it is important and it is valid. What we have to recognise is, in the last 3 years, I am going to slightly exaggerate probably because I like round numbers, circa £200 million of investment in the Club Hotel and Spa, the Radisson, the Grand, the Royal Yacht, the Hotel de France, just 5 properties, and that is significant investment at a time when we are seeing global, U.K. and Channel Island potential economic problems and also a degree of uncertainty about the economy per se anyway. So that is a great attribute to those people and that does not count many guesthouses, many places like the Amazing Maze, who have also been spending relatively small amounts of money, to enhance their offering. Those good things are happening. We have met with the Bankers' Association, we have had members that have said: "One of the problems is banks will not lend tourism operators money." States of Jersey cannot make bankers change their mind on investment decisions; the U.K. Government thinks it can and is struggling and America thinks it can and is struggling. All that can be done is to try and encourage and the rest. But we have got to accept that it is more difficult to get borrowings and refinance for businesses and that the tourism sector sometimes is regarded as being a less certain environment for banks to invest, so that is something we are trying to do on behalf of our members by engaging with the Jersey Bankers Association and the like but I do not really think that we can expect, as much as we would like it, the States of Jersey to act as a cash facilitator in terms of capital money to support these things outside of the fiscal stimulus package, outside of the T.D.F, but we would like those.

**The Deputy of St. Mary:**

No, but we can now say that what banks do is they look at the environment and they think: "Is this a safe bet?" because that is what it has got to be, it has got to be a safe bet; mind you, some sectors of the banking industry do not worry about that.

**Managing Director, Cimandis:**

If the P.P.P. delivers growth, if the P.P.P. being an establishment becomes more effective and delivers growth, banks love business sectors that have growth attached to them.

**The Deputy of St. Mary:**

Right, and going back to the original point, all this is about alternatives, is it not, it is about different ways of seeing the issues; would banks not take note if they could see the Tourism Development Fund back to £10 million and the sense that government supports this, public realms, improvements and so on.

**Managing Director, Cimandis:**

Deputy Wimberley, absolutely, it is about confidence, it is about perceptions.

**The Deputy of St. Mary:**

It is about confidence, exactly, and I think the perception at the moment is words not actions, possibly.

**Chief Executive, Jersey Hospitality Association**

I think on the framework, on the T.D.F., yes, I would agree with you.

**Managing Director, Cimandis:**

To do with the T.D.F., yes, but we will not say that across the board because have got to recognise there is a healthy budget that is allocated from the States of Jersey through to E.D.D. through into the J.T.D., we cannot dismiss that out of hand. One thing we would also say, as well as agreeing with your point on the T.D.F., is that the P.P.P. talks about maintaining the current level of E.D.D. grant over the first 3 years of the P.P.P; we would say to you that that should be sacrosanct, and I know that is a horrible thing to have to say from an industry body to a government who has got the tensions that we all accept, but we have to accept that there are some tipping points beyond which one must not go. There is a reduction this year from last year which goes against the principle, if you like, in there that it would be maintained at the level previously seen. But nobody foresaw what happened in 2008/2009 in terms of the world economy when we were drafting this agreement. So already we can see that there is a diminution of the level of grant for 2010 and, if one assumes parity 2011/12, then to the lower level. But we are realistic about that, we do not like it, we would rather it was not the case, but we accept that, but it must not shrink any more from there, regardless of the strains on Jersey finances.

**Deputy M.R. Higgins:**

We are going to come on to the planning area but do not ...

**Managing Director, Cimandis:**

Okay. Sorry, I apologise.

**The Deputy of St. Mary:**

There is another issue, too, on the alternatives. A high-level group which has been set up, I do not know what it is called, the something something panel, I think.

**Chief Executive, Jersey Hospitality Association**

The Tourism Marketing Panel.

**The Deputy of St. Mary:**

That is right. What involved ...

**Managing Director, Cimandis:**

T.M.P., J.T.D., J.H.A., J.F.L.

**The Deputy of St. Mary:**

That is what you wanted, was it not?

**Chief Executive, Jersey Hospitality Association**

I hate to see what this is going to be on the tape, all these initials.

**The Deputy of St. Mary:**

Yes, the panel, the marketing panel. What role did the J.H.A. have in terms of that coming to be and how do you view it?

**Managing Director, Cimandis:**

Do you want to take that one, Gerald?

**Chief Executive, Jersey Hospitality Association**

Yes. The Tourism Marketing Panel was an entity that was really borne out of the recommendations that we had made as far as the marketing strategy for 2010 was concerned. It was brought together last year in the context of the task force that had been *in situ* to manage awkward situations like the economic recession, Foot and Mouth, and various other issues that affect the Island.

**Managing Director, Cimandis:**

Haute de la Garenne.

**Chief Executive, Jersey Hospitality Association**

Haute de la Garenne as well. The situation was that there was obviously a focus where the Tourism Department were obviously under pressure to listen to major players who have invested significant sums into their product, well over £150 million into the 4-star product alone over the last few years. So in the context of that there was a determination by a group of leading operators, in consultation with ourselves ...

**Managing Director, Cimandis:**

And E.D.D.

**Chief Executive, Jersey Hospitality Association**

And E.D.D, who wanted to have some say in the marketing of Jersey for their specific sector.

**Managing Director, Cimandis:**

During 2009 itself.

**Chief Executive, Jersey Hospitality Association**

During 2009 the discussions took place but the fruition of the whole thing was the 2010 operation. Obviously what happened was the way forward was to advertise that a Tourism Marketing Panel was being formed and, essentially, that particular panel received applications from marketeers in Jersey. The grouping that has been put together is a very strong grouping, all with huge reliance on the Jersey product and, effectively, received our full blessing as far as an entity was concerned, because that is, in my mind, acting towards the way the P.P.P. would operate. You are consulting with leading industry players who have an influence. As you know, nearly 30 per cent of our market is 4-star product, 4 or 5-star product, so it is important that we do not lose sight of the importance of that and by creating the marketing panel, we believe that it is the right way forward. Our committee has a representative on that panel through Robert Parker from the Hotel de France, he is a member of our management committee, and Robert has been very instrumental in creating this group.

[11:30]

**Managing Director, Cimandis:**

These things are happening because we are a long way down this process of discussion about the .P.P.P. formation, these are some of the very early building blocks of the foundations of moving towards the P.P.P. because the industry is prepared to commit in a very interactive way, as is E.D.D. receiving that commitment and doing some of these building blocks of joint initiatives, which is commendable. Obviously those building blocks form the base on which the P.P.P will be able to move from a very quick position and a solid position once it is established, assuming that that is the process.

**Chief Executive, Jersey Hospitality Association**

It is right to say, as well, just going back to the T.D.F., is that in the actual version 7 there is a seeming continuance of that particular entity but sitting within the Economic Development remit as opposed to sitting within the P.P.P. remit, and that is not unusual in other entities throughout the U.K. The other entities throughout the U.K. will in fact receive funding through various sources, whether it is lottery funding, whether it is local government funding, whether it is E.U. (European Union) funding. The T.D.F. must be looked at in that particular context, not in the context of how P.P.P. operates. This is basically there for infrastructure investment which should be open to not only the public sector or related bodies, it should be open to the private sector. So we do see the new P.P.P. operating with the T.D.F. and there is a model there that Elizabeth Jeffrey, when she was Chief Executive of Jersey Tourism and the J.H.A., worked that based on the Welsh-funding model, Visit Wales. It is not broken, for sure, it is there, it is operational, it works for minimum investment, it works for mid-term investment and works for maximum investment and it turns around applications based on a T.D.F. body basis in a very quick time.

**Deputy M.R. Higgins:**

But have you had any commitment from Government that the T.D.F. fund will be topped up and the money will be ...

**Chief Executive, Jersey Hospitality Association**

No. We see it operating within Economic Development ...

**Managing Director, Cimandis:**

No, but we will keep pushing for it because we think it is key.

**Chief Executive, Jersey Hospitality Association**

It is a lobbying issue for us.

**Deputy M.R. Higgins:**

The final thing I want to say, I have just one question and that is you just mentioned fiscal stimulus money. Obviously the paper had the other day that you were receiving fiscal stimulus money for your training up at the J.H.A. and I believe the Minister announced that he was giving money to Durrell in the sector. But are there any other, either requests in the pipeline or any other bids being made for stimulus money?

**Managing Director, Cimandis:**

We have been told that those requests would not be appropriate for what the stimulus fund was there for, other than the 2 examples that you just describe.

**Deputy M.R. Higgins:**

The timely, temporary and targeted? Do you accept that or do you think there are things you could ...

**Chief Executive, Jersey Hospitality Association**

No, we do not accept that. I believe that the fiscal stimulus fund, there should have been ... we went along and presented to the Fiscal Policy Panel a very strong case, we took industry representatives along with us, and there was huge disappointment. We had asked for a £1 million of funding from the Fiscal Policy Panel and we again encouraged them to consider a £10 million top-up to the T.D.F. We have not altered from that viewpoint.

**Managing Director, Cimandis:**



We have made it clear and they explained that it is not possible, other than that the ...

**Chief Executive, Jersey Hospitality Association**

They are saying that there may be ways of making an application but, in the context of how it is measured, has been reliant on on-Island activity. This is one of the reasons why we were able to get circa £20,000 in funding for the programme to encourage 16 to 24 year-olds who are currently registered as unemployed to come in to a training programme and a recruitment programme because the 2 go together. You will get recruited and then you get trained but you do not just get trained and suddenly find you have not got a job and you have had some training.

**Managing Director, Cimandis:**

We have made the representations.

**Chief Executive, Jersey Hospitality Association**

And it has been declined.

**Managing Director, Cimandis:**

We have pulled the £44 million stimulus package initiative and allocation of funds. So from Jersey's point of view a good, from our industry point of view we are disappointed that we have not been able to secure some allocation of that into the tourism sector, as I say, other than the one example you have described.

**Chief Executive, Jersey Hospitality Association**

Yes. It is hard to bear, Chairman, in a year where we have had our budget reduced by £460,000, so that the tourism marketing budget has been reduced by that figure and not to have ... there may be a possibility, we are working with Economic Development at the minute, on a mechanism where some funds may be made available but it certainly would not replace the £460,000 that we have lost.

**Managing Director, Cimandis:**

We will continue to work on that basis in consultation with E.D.D.

**Deputy M.R. Higgins:**

Two points on that: one a clarification. When you mention the Fiscal Policy Panel, do you mean the Treasury team who are ...

**Chief Executive, Jersey Hospitality Association**

Advise from the Treasury, yes.

**Deputy M.R. Higgins:**

Rather than the 3 advisers?

**Chief Executive, Jersey Hospitality Association:**

No, the Treasury. The 3 external representatives who ...

**Managing Director, Cimandis:**

No, not them, that is not who we saw.

**Chief Executive, Jersey Hospitality Association**

It was who we saw, yes.

**The Deputy of St. Mary:**

Who were you seeing?

**Chief Executive, Jersey Hospitality Association**

We saw the Fiscal Policy Panel who are the external representatives who advise the States Treasury on fiscal policy.

**The Deputy of St. Mary:**

An economist, yes.

**Chief Executive, Jersey Hospitality Association**

An economist, yes.

**The Deputy of St. Mary:**

But you did not see people specifically with their hands on the money of the P.P.P. stimulus package.

**Chief Executive, Jersey Hospitality Association**

Within the Jersey framework, no. No, not the Ian Blacks, the Dougie Peedles, not the Bill Ogleys, no.

**Deputy M.R. Higgins:**

I would suspect that is where you have gone wrong because, to be perfectly frank, the Fiscal Policy Panel is to give overall guidance as opposed to dealing with money from the State and from the ...

**Managing Director, Cimandis:**

We have worked in conjunction with E.D.D. in terms of ...

**The Deputy of St. Mary:**

So you should.

**Managing Director, Cimandis:**

We are assuming that they understand the best way to wire in. The Chief Executive is being supportive of the principle. This is not about criticising a lack of willingness to help but we are just sharing with you that it is disappointing that to date, other than that training initiative, we have not been able to secure any allocation.

**Deputy M.R. Higgins:**

The final thing I have got, and then I am going to leave it to you, Daniel, is Jersey Enterprise. We have been told, for example, that the Tourism Industry is rather lax in not heading to Jersey Enterprise to obtain their support, their assistance, whether it be in finance or other issues they have got. Do you have any comment on that?

**Managing Director, Cimandis:**

We would share some surprise, having worked closely with Mike King who advocates both the entity itself of Jersey Enterprise and indeed its capability to offer support, help, guidance, so that is a good initiative. We have communicated that as strongly as we are able to to our membership and to the industry but clearly it is a matter for those individual operators to then engage or not engage and it is not really something that we sort of work in tandem with them. We have done our bit to profile it, share it, to advocate it though our newsletter system, through our communication with our members and I recognise Mike King's surprise, if you like, or disappointment that one minute we could be asking for the T.D.F. to be topped up and allocated and there is this potential help. We are trying to understand, and we have said that we are going to have a forum with our members where we bring Jersey Enterprise to try and understand whether there has been some communication, missing link if you like, in terms of

what is available. We cannot answer that other than we recognise the issue. I cannot remember if we have got a date yet for the forum set up, but we are going to try and have a working forum seminar to showcase, if you like, Jersey Enterprise's capabilities and that is ... do we have a date yet, Gerald?

**Chief Executive, Jersey Hospitality Association**

No, not a date as yet, no.

**Deputy M.R. Higgins:**

Daniel, you wanted to look at funding.

**The Deputy of St. Mary:**

Okay, funding, yes. P.S.F.S., what is that? Private Sector Funding Structure, which you talk about and which version 7 talks about. Can you explain how you think that is going to work? That is the name of the funding, is it not?

**Managing Director, Cimandis:**

Yes. What we tried to do during the process, the J.H.A. tried to do in our partnership with E.D.D. in developing this whole proposal, when recognising Locum's clarification of what is done in other locations, we tried to say: "Well, what can we learn from other tourism P.P.P.s?" in terms of how they secure funding, how they increase funding, how they stimulate that whole process. We took that, we overlaid it with what currently happens at the moment on Island, recognised that there is this movement now, early-day movement, of more joint initiatives between the industry and J.T.D. on the basis of this pre-P.P.P. partnership, realising that that was increasing, and we said: "Well, if we, the J.H.A., were asked to go and secure the funding that we have indicated the industry is capable of delivering, how would we go about it?" So these are a range of initiatives that we believe are perfectly viable, practicable and doable and we also, throughout the olive branch of ... and we are happy to help the P.P.P. when it is formed to try and secure these initiatives or to implement these initiatives. So in terms of how has it come about, that is how it has come about. The quantum, we have identified in terms of what it needs to be, we have tried to look at breaking it down into manageable amounts so that we can ... I think I mentioned earlier on about inflicting the pain on a broader basis, but that is really what I am saying. Is a cost a cost or an investment? What we are asking for is investment monies being moved rather than adding cost to people's businesses when costs are going up everywhere. We would expect the High Street and other premium retail outlets that clearly benefit from tourists in the Island, some of those people to come to the fold of contribution through advertising and marketing of Jersey off-island to make sure more people come into the Island.

**The Deputy of St. Mary:**

The stakes are very high. You have said earlier if it did not, it would fail, this whole process of attracting this money and having it fail. What steps have you taken to establish whether these figures are actual? For instance, take the 75K from corporate, which is your High Street people who are benefiting and so on and do not contribute at the moment; what have you done to find out whether these people will cough up when you knock on the door?

**Managing Director, Cimandis:**

Three things: (1) we have taken some assurance from Locum who have confirmed to us that Jersey, on their estimation, bearing in mind their other experiences elsewhere, is perfectly capable of achieving this level of contribution. They are very comfortable with the initiative itself and, looking at Jersey through that process, they were very supportive of how we were breaking it down in terms of the quantum, (2) all of our members and the industry have had it shared with them and we have had 2 people that have said: "We are very apprehensive, is it right to be asking for more? Can businesses give more and is there a risk that it will get spent on establishment costs?" So 2 people did that, even though everybody

has been briefed, (3) we have been to speak to some owners of businesses on the High Street and shared with them the principles that I have just outlined in the concept of why sharing the pain across all businesses that benefit from tourism, and we have not had anybody that has said: "There is the door, tax me or no chance." We have not had anybody saying: "Please, yes, send us a bill, that would be great" but the principle is, and we are all businessmen on the J.H.A. Committee, and we have tested with ourselves how do we feel about it. All I can tell you is that it is relatively informal but the reason that we have put this forward is because we would not be happy to have our name attached to the doing of it. If this failed, then we would recognise that we have, not misled, but that we have sort of assumed things that we should not have done. We are wholly confident that the quantum is doable. I absolutely promise you that it will not be as per on our schedule that is now about 4 years old, although we have updated it to 2008. It will not be like that, that is not how budgets work, but it is about: "Overall is the quantum doable?" and my answer to you is that we have no doubts at all.

### **Chief Executive, Jersey Hospitality Association**

I think what supports that is that the Jersey Finance Limited organisation went through a similar pain with regard to the set-up of their particular organisation. It was only when their dream team was established and their marketing team were then charged to go out with a sales and marketing plan to encourage contributions, that they started to drive forward the membership of their particular company through banks making corporate donations through a membership scheme, et cetera. When I talked to Phil Austin, who is the chief executive who formed it, he said: "Gerald, when we started, it was challenge. We had to go out there and win that business but, if you believe in it and you take a private-sector mindset to the process, it is achievable." We certainly feel that that is achievable. As Paul says, there will be certainly some movement there but certainly the sound bites that we have taken from industry are supportive of that.

### **Managing Director, Cimandis:**

Over this period, I remember 550 being the number we started with, by memory, and I will confirm that, as being the joint marketing pot and that has moved up to 2009 at 765, so it has moved from 550 to 765 and to 875 for 2010 is what we believe. Again, in terms of evidence, I have seen more joint marketing monies being channelled through J.T.D., as would become the P.P.P. It is not as though we are seeing that diminish, we are seeing it grow, and the P.P.P. has not been formed yet. That again demonstrates that some of the industry monies that we are talking about are already happening.

### **Deputy M.R. Higgins:**

If you look at Jersey Finances, the proportion of public money coming into that is not really being matched by the industry and ... Jersey Finance, yes. There is a tremendous amount of public money going in.

[11:45]

### **Managing Director, Cimandis:**

No doubt they would argue to say that the quantum is probably more like 15 to 1 but you are right, Mr. Chairman, it is about what goes through this vehicle. What we are saying is our industry spends a tremendous amount more marketing and promoting Jersey than the monies that are in this funding because, the guesthouse example, they spends lots of their money direct, it does not come through J.T.D. or link deal. It is something that we did some work on but we have not validated it, so I am not sure we should throw out the numbers, but we have validated that there is a significant quantum of industry money that is spent that does not appear in here because, frankly, a lot of that will carry on being spent direct so it is not going to be able to be moved in. But Deputy Wimberley was asking what degree of confidence on this; bottom line is, it will not happen as we have put here, we have simply given an indicative process by which one could break down that new funding into manageable elements that we

believe we can validate and verify based on not just: “We hope that will work” but based on a knowledge of how this business sector works.

**The Deputy of St. Mary:**

An observation and a question, the observation is when you say that joint marketing has been rising for the last few years, I think you said, that is good, that is impressive, but I think those figures are built into the overall marketing spend that there will be joint marketing.

**Managing Director, Cimandis:**

One of our problems is, some of the monies we have already found that are in there, because of course the base year keeps moving back. The base year was going to 2008/2009, yes, but that is life. We also did not factor in the fact that the budget for 2010 was going to be decreased because of Jersey Government fiscal constraints, but it has.

**The Deputy of St. Mary:**

Something that you said quite concerns me. You said that the J.F.L., you set up your dream team, you get going, you make the plan then you go and knock on the doors and say: “Look at this offer, you want to buy in, do you not?” That does not fit with the projections here which are that in the first year, straight away, £110,000, and then the second year £150,000. Are you confident, in the light of the J.F.L.’s experiences, which is that you have to set up first, with government money and then you go to your membership and your contributors and your High Street, and you get the money ...

**Managing Director, Cimandis:**

The very first part of the process is the appointment of a chairman, a board and a C.E.O. What we are saying is nothing can happen within the new P.P.P. until the C.E.O. is appointed and that cannot happen until the chairman and the board are appointed. We believe that the £110,000 in the first full year of the P.P.P. being in operation, whenever that is, is absolutely doable, yes. But all it needs is a decision that the P.P.P. is formed and then, for the first great appointment, and of course, it will be a great appointment of an absolutely competent, qualified, marketeer, business professional with experience in the tourism industry. As long as we do that, that person will achieve all that the funding that we are talking about in partnership with industry because the industry will recognise that he will use their money to get better leverage than they would get if they spent their money direct themselves. There is no question about that.

**Deputy M.R. Higgins:**

Sorry, I was just check the timing, you need to leave at 12.00 p.m.

**Managing Director, Cimandis:**

I am afraid I have a meeting at 12.00 p.m. but I am happy to stay and I can move that back slightly, I am going to be ...

**Chief Executive, Jersey Hospitality Association**

I am fine. It is an important discussion for us.

**Deputy M.R. Higgins:**

I just want to make sure because ... it is and it is very ...

**Managing Director, Cimandis:**

I will have a comfort break and I will be right back.

**The Deputy of St. Mary:**

How would you use some sort of funding contract to tie this down? Is that possible or is it really, you appoint this wizard and you appoint the people round, or whoever the Appointments Commission process, principles and all that, and then you go knocking on doors. Is there no way of making this firmer? Because the cost of failure, you have said it yourselves, you cannot fail.

**Chief Executive, Jersey Hospitality Association**

Yes. The situation is it is only as good as the research and groundwork that we have done on this and the mechanisms that we have used to derive exactly from industry what would be an acceptable contribution because we have to obviously align that to whatever the overall contribution was going to be from the private sector. Essentially, the £100,000 in year one is looked on, as Paul says, as a very deliverable sum. We have not got any trepidation about delivering on that particular figure, it is obviously no different to what you would operate within the private sector mentality, that you would go knocking on doors and you would say your initial commitment to this because, believe me, if the industry had not said: "We are not going to contribute to this, sorry", we would not be having this conversation today. It is only because the industry has ... at our meetings we have said: "This is the way we are going to phase this" and I think it was a great decision that we took jointly with E.D.D. to accelerate the process from not a phase-in process. We wrote out a 4-year phase-in process, you will recall, in some of the earlier papers that had been worked upon. To bring it to a 2-year phase-in process gives you that ability to deliver on the £260,000 over the 2-year spend.

**The Deputy of St. Mary:**

Yes. What has happened to the 2 years after the first 2 years, because they were in the original version we have ...

**Chief Executive, Jersey Hospitality Association**

That is a notional sum of £150,000 in each year but not contingent, so it is that immediate kick-start of the £110,000 and £150,000 that gets us in a position where we can drive the thing forward.

**The Deputy of St. Mary:**

You really think that after raising £260,000 in the first 2 years you can go on and get another £150,000 in years 3 and 4?

**Chief Executive, Jersey Hospitality Association**

That is the way P.P.P. organisations work, is they grow their business. Their business plan is one of growth and they look at all elements to take that business plan forward. It is not contingent, so that it is not a deal-breaker but, if you ask us as the trade association for the sector who formulated this whole process, yes, we firmly believe that the £110,000 is deliverable. As Paul has said, should the push come to the shove in the same way that we have done the £50,000 towards the marketing effort, if that means J.H.A. taking on some of that responsibility, we are open-minded to do that, subject to approval by our members.

**Deputy M.R. Higgins:**

Do you have reserves available that you could?

**Chief Executive, Jersey Hospitality Association**

We have the reserves available. We have reserves and capital available if we needed to invest.

**The Deputy of St. Mary:**

Right. That raises the question of why the J.H.A.'s position, if it still is, is that you are not going to be part of P.P.P. until 2013.

**Chief Executive, Jersey Hospitality Association**

On the basis that it is the 3-year rolling basis. Paul explained the thought process behind that and we are also a membership organisation and we are dependent on our members agreeing to a change in our constitution and, if it is a subsuming of our entity into a P.P.P., that would have to be done in a properly-constructed formal way. It is not something that our members have told us: “No, we want you to just run in parallel with this entity” be the good neighbour, as such, do everything we can and, believe me, we have worked very hard to get to this point over the last 4 years. Do everything we can to run in parallel and make it a success, government and the private sector working together in harmony.

**The Deputy of St. Mary:**

Running in parallel and contributing £110,000 and then £150,000 ...

**Chief Executive, Jersey Hospitality Association**

I did not say that. I said that what we said was the target is £110,000 from the private sector. As I say, we want to make that a success and, should our membership decide that some of that contribution would come from the association that is always a scenario that we could look at.

**Deputy M.R. Higgins:**

You have got a very diverse membership, as well. Obviously, I would imagine the 4-star hotels are very fully committed, in fact, you have mentioned Robert Parker sitting on the body and so on. How about the other lower down sectors of your organisation? Is there a degree of support, are they also going to be considering ... because you mentioned about the shops, I do not know if they are members of your association.

**Managing Director, Cimandis:**

Some are, yes.

**Deputy M.R. Higgins:**

It is trying to get that extra money coming in.

**Chief Executive, Jersey Hospitality Association**

That is right, yes.

**Managing Director, Cimandis:**

The smaller businesses need the help more than the bigger businesses because the smaller businesses have not got the expertise or indeed the budget capacity to invest themselves in marketing. So for them this is about a little bit used in a collective pot, the leverage becomes much stronger so for the smaller business, this absolutely makes a lot of sense; they can chuck their coins into the pot and it can all add up to then create a very powerful marketing promotional campaign.

**The Deputy of St. Mary:**

In a point of detail there, you say they can put their coins in the pot, that has always bothered me that you have this 2-tier structure. Are you considering having a more flexible grading? I do not know how the banking thing works for J.F.L., but a more flexible grading so that everybody can feel: “I am paying my fair whack.”

**Managing Director, Cimandis:**

Which 2-tier structure?

**The Deputy of St. Mary:**

At the moment, you have a 2-tier structure, if you are below 15, I think, I think it is 15 employees or

something, and then you can be employing 500 people and still paying the same sum as if you are employing 16 people. Then there is the break and it suddenly goes down. What happens if you employ 2 people?

**Managing Director, Cimandis:**

What we have got to remember is the J.H.A. arrangement has got nothing to do with the P.P.P.

**The Deputy of St. Mary:**

It will do, though, if you become members of it.

**Managing Director, Cimandis:**

No, it will not. The J.H.A. is an industry body and we have members, 400 members or so, that pay their annual membership fees. If there is a membership scheme within the .P.P.P., which is one of the options that Locum and we, indeed, included then that would be a membership scheme of the P.P.P. They are 2 separate ones, quite how we have set up the J.H.A. membership and 2 tiers, is entirely separate. It is the P.P.P. that has to decide the exact mechanics of their membership structure. J.H.A., we were not overly sure that a membership scheme for the P.P.P. necessarily is the way we would go about it but we recognise Locum advocates it, Locum gives testimony to how they have seen that work well elsewhere, so it is a possibility. If we were to put to the P.P.P. to run it, which we are not and we do not want to be, then obviously we would look at the mandate we have in front of us, we would look at the different opportunities for funding sources, we then prioritise our efforts into the ones that we felt would probably deliver most quickly. The membership scheme is a maybe, just like those other funding options are maybes, and there are many others.

**The Deputy of St. Mary:**

Can I just ask a quick one, and moving on from that which almost was the detail, the big question really is the industry is facing a budget cut this year. You have also got the add-on costs of setting this up too which we now understand from the latest paper is £650,000 in 2010 and another £440,000 in 2011, that is year-on-year, the 2 separate years. How do you square that with ... that is a big drag, a big anchor to overcome, is it not? Basically it is £1 million.

**Managing Director, Cimandis:**

It is not the industry that has got the lower budget, Deputy Wimberley, it is the Jersey Tourism Fund, just a clarification. But nevertheless, therefore the spend on behalf of the industry is ...

**The Deputy of St. Mary:**

What I was saying to clarify is that there were 2 separate sources of cut: there is a cut in budget for Jersey Tourism plus there is this additional money that would go if the P.P.P. was instituted and the additional £650,000 to set it up and then another £440,000. So how can you make that ...

**Managing Director, Cimandis:**

And of course, it is also linked to what you have just described of us needing to finance £110,000 from the industry as well. If I link the 3 dynamics, if you like, the budget being cut is regrettable; the States of Jersey have looked at its finances and E.D.D., no doubt have represented why they were best not to cover their area in terms of investing to deliver growth and returns. We have to accept that is outside of our remit. There is nothing we can do other than try and represent the fact that we would rather not see a budget cut but if it has happened it has happened. One has to operate within the funds that one has available so one has to get very, very, very, very smart about your cost base and about where you spend your money. That is the natural dynamic that we are all going through at the moment. On top of that, as you say, to create the P.P.P. there are some additional costs. At the moment the Economic Development Department covers much of the, let us call it, establishment cost of rent and rates and computers and all



the rest of it. Going forward it is felt that with the P.P.P. set up, that that grant in kind should be a cost that would fall into the P.P.P. Well, I suppose we have negotiated about that and we accept the position where we are but we could say, as it is goods in kind or benefits in kind because the E.D.D. offices exist and J.T.D. just happen to operate out of some of them, then it may be something that could be come back to, that one could carry on allowing the P.P.P. to base itself there but that is not what is in the proposal but that is an option. It comes back to the P.P.P. will look at the budget that it has available. It will look at the costs that it has and it will then organise and configure the P.P.P. entity in terms of staffing, focus, capability to make sure it can maximise and expand on the important bit, the marketing promotion. I cannot square it off because you have got a dynamic of less to spend and more cost. Jersey has got that problem and lots of businesses have got that problem and what we are doing in the private sector in our businesses is, in these recessionary or times of constraint in terms of revenue, we are looking at our organisations and we are de-layering management and we are looking at the activities and we are looking to cut our costs. Businesses have been doing that to survive, are doing that to survive and will come out leaner and fitter because of it. The P.P.P. is no exception. It will inherit the situation you have just described and part of its mandate is going to be to operate very effectively in the commercial environment.

**The Deputy of St. Mary:**

It is not inheriting the situation, it is creating it.

**Managing Director, Cimandis:**

There are 3 elements. One of the elements is creating it. It is pain for gain. What is the pain for gain of the P.P.P.? We have shared with you and I hope our keenness, passion, desire and enthusiasm represented by our members for the long term benefit of Jersey's economic diversity of tourism. We are very, very, very positive that we think this is the right ... Is there some pain? Yes, of course there is some pain. Some of the people working in the Jersey Tourism Department at the moment have been experiencing some disquiet, I guess, because this principle has been talked about and it is their department and their jobs.

[12:00]

There is pain that comes with the gain and one of the pain is that for an entity to be set up and operated has to have all of the direct costs that it needs to do that. What we are doing is we are correcting something that is a slight fudge, if you like, in the past in the sense that tourism is operated out of the back of E.D.D.'s offices and it needs to stand alone.

**The Deputy of St. Mary:**

It is almost as if the P.P.P. is a solution to the problem caused by ministerial government and the concentration of all the aspects of the economy into one big department and so you are saying that we have got to take it out ...

**Managing Director, Cimandis:**

I could not have put it better, Daniel.

**The Deputy of St. Mary:**

Well, you have been saying you need to focus things. But it is £500,000 out of the marketing budget of about £5 million so it is 10 per cent ...

**Managing Director, Cimandis:**

We do not think that every penny of the budget, whether on establishment, at the moment in J.T.D. or indeed the marketing promotion, is optimised in terms of either the most effective way to operate in

terms of the cost to do it and the most effective way to maximise the benefit by targeting that spend in the advertising promotion campaign. We are not saying that that has been done badly. We are just saying that we believe it has not been optimised. The sort of legless squares, the 4 arms if you like, is that we think that better value could be had in the P.P.P. There is a short period of pain to get the gain. The pain is the on-cost of the process to move from one to the other but I can assure you the P.P.P. will be looking at its cost base that it inherits very, very carefully when the chairman and the chief executive are appointed. I know it is the first thing I would do. We should be concerned about it. I do not wish to dismiss it but it is part of the small pain for the big gain.

**Deputy M.R. Higgins:**

The one concern that I have as well is, you have had your budget reduced this year and we had a meeting yesterday ...

**Managing Director, Cimandis:**

We have not, Jersey Tourism has had ... I apologise ...

**Deputy M.R. Higgins:**

It is just talking ...

**Managing Director, Cimandis:**

No, I know. It is just that you are recording it so I do not want ...

**Deputy M.R. Higgins:**

We had a briefing yesterday with the Chief Minister at the Chairmen's Committee and they were showing us various projections going forward for the finances of Jersey and saying, for example, how they are asking all States departments to cut £50 million. Even if they are successful in cutting £50 million it is still going to be a part of the black hole on the worst projections and the fact that taxes are going to have to go even further. With that in mind and the environment we are going to be faced with going forward, there is probably a very real prospect that they may try to cut your budget even further. In other words, the money that is there at the moment, that they are saying is going to be here, the pressures on the super mothership - I like that phrase particularly - that body going forward could try to squeeze some money that they would do this. You may suddenly find yourselves on your own a bit more and relying on the industry. What are your thoughts on that?

**Managing Director, Cimandis:**

I do not have any. You have just described a reality that exists for Jersey, for E.D.D., for the P.P.P., for the J.H.A., for its members, for the U.K. I would rather we were where we are now in Jersey than anywhere else in the U.K. and indeed most of Europe. It is a reality. I am not an economist, I am not a financial expert but I am pleased we have got 3 wise men in the group that are advising us but you are right. What you have just described is true but if Jersey's income has surpassed its expenditure then there is going to be a strain on all budgets. All we can do is represent why it would make sense to ring fence this sort of budget because this is wealth creation. This is an investment not a cost.

**The Deputy of St. Mary:**

Can I say in terms of lobbying for the industry, in a sense which is what you probably do, is that you looked at their comparisons between us and the destination of other places, what they spend and what they invest and like government support. I know someone who comes from the E.U. to phase in some material so they can have an advantage, but I was listening yesterday to the thing about museums. Money is pouring into museums in the U.K. This is proven data. There are some museum competitions, it is just coming up, and we have won that twice, best British museum, the best museum of the year, so there is an aspect to this, if you invest you are going to get something back. I just wonder

how we can, together really, keep up the flag for tourism?

**Managing Director, Cimandis:**

We have quite a bit of nervous tension about this whole issue over our last quarter monthly J.H.A. meetings in terms of have we been slightly remiss in not engaging more broadly with Government and individual politicians to represent why this whole dialogue, that we are talking to you about today, is so important? It may be - this is a personal opinion so I cannot tell you if it is the J.H.A. position - that because we have been so consumed and passionate about working with our partners on this to develop this P.P.P., that we have not necessarily been as busy hard lobbying, which is part of what we do and what our members want us to be when the P.P.P. is formed. I think we are probably - and I will ask Gerald to sort of comment on this in case I am wholly wrong but this is my read of it - we are conscious that on the back of not having a Tourism Minister - Senator Maclean is absolutely passionate about tourism and is very involved and supportive but he is a Minister with a mandate for many things, not just tourism - and in the absence of that and on the basis that we have been very focused on working on this P.P.P. project, it may be that we have not been pushing hard at the message about keeping investment levels and tourism, whether it be Heritage or the like. I have picked that up at the last meetings and we have agreed we need to be more pro-active in engaging with the Assembly. Gerald, do you agree that that is a ...?

**Chief Executive, Jersey Hospitality Association:**

I would agree with that, yes. The issue at the moment is that we do need to bring Members of the States along with this process because obviously you are the ladies and gentlemen that will be voting on it. The main issue that we feel at the moment with regard to the budget and the potential ring fencing of it is that we know that the £4.5 million that is the core funded sum is plugged into the proposal that States will debate and will basically either agree with it or disagree with it on that basis. That £4.5 million of core funding from Economic Development to the new P.P.P. organisation is set there for 2010 and 2011. The actual document says: "The P.P.P. would receive funding from the Economic Development Department at a level equivalent to the departmental budget expenditure applied to Jersey Tourism."

**Managing Director, Cimandis:**

Which point and page is that, Gerald, just for the ...?

**Chief Executive, Jersey Hospitality Association:**

That is page 4, point 6. The issue, as we see it, is that of course nothing is forever but as far as the allocation is concerned in the document the States will debate, version 7, £4.5 million has been allocated for the P.P.P. By the end of 2011, if we move it forward this year and it becomes operational and it gives us the springboard through 2010, 2011 and 2012, if that money is the level equivalent to what the Economic Development Department make available to the P.P.P. for core funding, by then that organisation will have done all the good work that it has been geared up to do, to start driving through private sector investment to the tune of £110,000 and £150,000 respectively.

**Deputy M.R. Higgins:**

I think my fear is that going forward, looking at the projections for the States budget, that there will be perhaps pressure to reduce fundamental ... the next 2 years are fine and then reduce funding going on going forward. The point is if that money is withdrawn or reduced - I would not say withdrawn but let us say reduced - are you going to be able to generate the difference you need to maintain this P.P.P. that you are wanting to have?

**Managing Director, Cimandis:**

If I may say so I think there is a very, very easy answer to that and the answer is yes and it is almost irrelevant anyway in the sense that the option that you describe will happen whether it is J.T.D. who is

discharging the budget or the P.P.P. It is not something that is dependent on whether the P.P.P. happens or does not happen. That, let us call it budget constraint, is going to happen anyway. We would be happier that the P.P.P. is in place even though it would appear from the costings that we are looking at, that the actual cost to operate is higher. We would rather that the industry would rather that because we would be happier that the P.P.P. would be in this commercial corporate world with a focus, with a board and a chief executive, a leaner, meaner more fleet-footed and that C.E.O. and team, in a business in a private sector situation, if they suddenly realise they had lost one or 2 big customers their profitability would be hit, they would either have to change their model or go bust. That is a reality. We think it is even more important because of this natural strain that may come. It is even more important that we give tourism a focus and a spotlight separate to being part of a public department.

**Deputy M.R. Higgins:**

I am simply saying you are in the driving seat and you have been making largely the decisions this morning but you have also stated as well that you mentioned, for example, the important bit, marketing; targeting advertising such as marketing and, in fairness, you have come and explained all the way through here. Again - and I do declare an interest on this - events; now if events are supposed to be also funded from your budget, I can see that being squeezed out because marketing is simply the most important factor in the whole of the P.P.P. It seems to be the whole P.P.P. is focused on marketing.

**Managing Director, Cimandis:**

You are right, events is marketing. Marketing is not the placing of adverts. Marketing is a whole genre within a business activity. Events, as part of the activity of the P.P.P. or J.T.D., is as much a core part of marketing. Marketing is a wheel, events is a spoke, advertising, media buying, communications, entertaining journalists, the whole gamut. Marketing is the wheel, events is one spoke of that. The other bit I will say which is quite interesting; last year in actual fact, the value of the pound that was spent on U.K. advertising was worth much, much more because advertising rates plummeted because the advertising industry were in dire straits.

**The Deputy of St. Mary:**

That was one good thing that came out of the recession.

**Managing Director, Cimandis:**

Forget about the euro exchange bit, that sort of flipped and then changed, they were desperate. I will just ask Gerald to just tell me the percentage because I think he will know it. The quantum of it, I am going to say it is more than 50 per cent in terms of the pound bought 50 per cent more value. I do not know what is going to happen in 2010. The World Cup will make a difference on advertising rates for a very short period but nevertheless 2010 is not buoyant if you talk to media placements. It has strengthened the exchange rate if we are spending our money internationally. We can concentrate on all the bad bits in terms of extra costs, less income and less budget but there are, as with all businesses and organisations, you also have some good news that hits and that hit last year. Would it be fair to say in 2009 that ...?

**Chief Executive, Jersey Hospitality Association:**

It was 60 per cent, Paul, yes.

**Managing Director, Cimandis:**

It is 60 per cent. Now that might harden this year and next year or it might weaken, I just do not know but the point is if you give a leader and a management team a mandate, responsibility, accountability, it is clearly important the P.P.P. has to be run tightly, just as J.F.L. is, to make sure that the Government is protecting taxpayers monies invested. Absolutely. But if you give it to the right team who are experts in the field, and this is not a personal criticism of anybody, but the people that we have in some areas of

the J.T.D. have not been trained specialists or come from a more experienced location to their roles, so there is an ability for this new team to absolutely put the resource and the competency levels of resource and experiences together. That is what a private sector C.E.O. indeed would have to do. That is what he would have to do.

**Deputy J.M. Maçon:**

Just 2 questions. The first is quite simple, by establishing a P.P.P. is this a way to protect the public sector input towards the industry?

**Managing Director, Cimandis:** No, other than on page 4, item 6 where it does talk about retaining levels of current expenditure but in principle no, it cannot as it has for government.

**Deputy J.M. Maçon:**

That is fine. Then you talked about bringing people in with the appropriate training, I am just wondering - hopefully it is successful and it carries on - from the H.R. (Human Resources) kind of perspective, how do you carry on the training of the skills to people that you are going to absorb into this body?

**Managing Director, Cimandis:**

Okay, that is a very good point. There are - I am going to use a number and forgive me if I am wrong so please forgive me, I will look at my papers if I need to - circa 35 people in the Jersey Tourism Department. Some of those people are doing fantastic jobs and out-delivering against their role. There are others that perhaps have not had the experience and the training. The whole human resource from personnel management is very sensitive because we are talking about public sector employees moving into a different format. We will leave Economic Development to answer those specific questions about how they are handling that in terms of their responsibility of duty and care but coming back to your point, the whole secret is to make sure you have got somebody leading an organisation that knows exactly what they are doing and has that experience and then has the ability to develop the people that he has in the team.

[12:15]

All the way through this arrangement is that the P.P.P., once formed, chairman, board, C.E.O. and from that point then they work out what structure they need to make the P.P.P. work. We have made some assumptions in this to give a shape, as E.D.D. have, but it is only them and then of course those people that are in J.T.D. at the moment with that relevant experience naturally can move over, assuming that they choose to. It may be that some other people are needed that have skills that do not exist already. I think it is a combination of getting the right structure to begin with, taking the people that have got knowledge and have been working there and then obviously you have got to then train them and make sure they have the skills to discharge against the new direction that the P.P.P. will take, critical.

**Deputy M.R. Higgins:**

I think what you just said there also applies that you ... I think you will not have rooms for all 35, not necessarily all of them will meet up to the criteria that you feel is needed for this new hobby.

**Managing Director, Cimandis:**

The P.P.P. is very clear on this. It talks about those people that both wish to and are invited to move across to the P.P.P. will do. Those that are not will be offered relocation elsewhere in the public sector.

**Deputy M.R. Higgins:**

Have you had discussions with E.D.D., at this stage, about who will be invited to move across?

**Managing Director, Cimandis:**

Absolutely not. It would be inappropriate and it would be insensitive because the only way that that sort of decision or shape could take place is once the chairman, the board and the chief executive is in there because the leader is going to have to lead this and he needs to understand who he has got in the team and what he needs in the team.

**Deputy M.R. Higgins:**

Just following on from that, again part of what Tourism are offering - and I do not know what they think of this French office front desk thing where they have ... I think they have the staff involved in that - is that going to be part and parcel and where would you be operating from then in terms of the visitor coming to the Island?

**Managing Director, Cimandis:**

Not us, the P.P.P. It would carry on as is subject to the new leader with his team working out that is not the best place for it and, let us face it, it is experiencing less visiting footfall where it is now than where it was before because before it was in a very tight footfall, but that is a matter of micro detail that will follow.

**Chief Executive, Jersey Hospitality Association:**

I think, as Paul says, there is the clear definition in the H.R. side of the document that I know Economic Development have worked tirelessly in trying to come up with a solution with regard to the actual numbers in the organisation. Just to clarify, we have 25.5 F.T.E.s (full-time employees) at the moment ...

**The Deputy of St. Mary:**

Yes, that is within the Tourism Department?

**Chief Executive, Jersey Hospitality Association:**

Yes and with the additional 2.5 staff that would come out with the Conference Bureau, that would allocate another 2.5 people. With the additional staff, which is detailed at page 32, that would come out at just over the 31.5.

**Managing Director, Cimandis:**

Please forgive my 35 earlier. I did say I was not completely sure.

**Chief Executive, Jersey Hospitality Association:**

I do think that the context of the Economic Development and the work that they have done is that they are adhering to best employment practice through the application of 2B, that basically it was always anticipated ...

**Managing Director, Cimandis:**

I do not think we need to go ... I think it is their job. I do not think it is ...

**Chief Executive, Jersey Hospitality Association:**

Yes, many would go into the organisation but ...

**Managing Director, Cimandis:**

That is referred to at 7.1 on page 20.

**Chief Executive, Jersey Hospitality Association:**

Yes, 7.1 on page 20 is really where we are coming from there.

**The Deputy of St. Mary:**

Can I ask, on the outdoor management - I know that time is running out - this question here, what sort of strategy do you envisage? I think it is the board and then 5 boxes, that was the original. Is that still 5 boxes and can you just take us quickly through the 5 boxes because I have lost them in all my paperwork?

**Managing Director, Cimandis:**

When you say boxes, do you ...?

**The Deputy of St. Mary:**

The areas, the 5 points ...

**Chief Executive, Jersey Hospitality Association:** That is not in this version.

**Managing Director, Cimandis:**

I am happy to do it, it is a chairman, it is a chief executive, it is a political representative, which one would imagine is the Minister for Economic Development, it is ...

**The Deputy of St. Mary:**

For the board, yes, but the boxes under the board.

**Managing Director, Cimandis:**

What boxes? I do not understand boxes.

**Chief Executive, Jersey Hospitality Association:**

That was in a previous version, Deputy.

**Deputy M.R. Higgins:**

Positions under the board.

**Deputy J.M. Maçon:**

As having your representative from hotels ...

**Chief Executive, Jersey Hospitality Association:**

Yes, that is exactly it. The structure that is now in place is the chief executive of the board, the chairman of the board and, effectively, the management process would encapsulate events and festivals and various other things but that is not actually stipulated in version 7. There are still areas of ...

**The Deputy of St. Mary:**

Okay, the Conference Bureau was one thing, like from the retaineer, it is almost an identity but coming to the board, and then events and festivals coming to the board.

**Managing Director, Cimandis:**

What that was, it is that. That was an example of how it might look. Where we are we have the board, the chairman and the chief executive who will decide exactly how they would subset it based on where J.T. is. It is a matter of detail that is irrelevant to try and get right at the early part of the concept.

**Deputy M.R. Higgins:**

For the benefit of the tape, which documents are you referring to?

**Managing Director, Cimandis:**

This is Locum Consulting document dated September 2007, version 4, page 8.

**Deputy M.R. Higgins:**

Can I ask of you again, if you have got ... by and large the board is largely made up of non-States Members - I do not mean that by in terms of politicians but in terms of people from the public sector - how can the States, in effect, or the interest to the public know that you are not going to prioritise the work of the P.P.P. in its own interests rather than, let us say, the wider interests of the Island, of the State?

**Managing Director, Cimandis:**

Chairman, would you mind just repeating that question for me just to make sure I have got it? Sorry, I did not get the gist so I apologise.

**The Deputy of St. Mary:**

For instance, the J.F.L. is slightly different from Jersey Tourism. Jersey Tourism has an impact on the local community in a huge way like in terms of public realm events. This is all interacting with the local community which J.F.L., in a sense, does not. So how can we be sure that the P.P.P., which has private representatives on it and no one from the States sector ...

**Chief Executive, Jersey Hospitality Association:**

No, 2 in total.

**The Deputy of St. Mary:**

But more limited representation, how can you be sure the public interest can be safeguarded?

**Managing Director, Cimandis:**

Very clearly, because the P.P.P. very clearly protects the States interest in terms of both the budget discharged and also the involvement on that board. If you like the States retain ... they are the entity that makes the funding of this happen, the principal funding. In terms of the execution, the C.E.O. clearly has to be given a mandate that ensures things, of the sort you have just described, are absolutely inherent in the mandate that he has and then it would be no different. If the Chief Officer of Jersey Tourism did not discharge his duties against the better interest of Jersey as a whole then obviously it could be said that would be a matter of disciplinary issue or whatever. I do not see that there would be any difference. Remember we would have the chief executive and the P.P.P. board who would accept and agree the mandate given which would follow from the P.P.P. documents you have got. Clearly there has got to be a service agreement contract, if you like, that clarifies what the key areas are that they need to concentrate on.

**Deputy M.R. Higgins:**

So a definite agreement in that sense would be set by ...?

**Managing Director, Cimandis:**

There has to be, yes. The P.P.P. just sets out the framework of this but there is then, what do you call them, partnership agreements or service level agreements? It absolutely will be essential.

**The Deputy of St. Mary:**

It is important because you have been extolling the praises of the P.P.P. in the sense that they will not be working within a civil service framework, they will be working within a private entrepreneurial framework.



**Managing Director, Cimandis:**

But they must have total accountability, absolutely.

**The Deputy of St. Mary:**

The danger is that you lose the benefits of the civil service mentality, which is the authority for the people of the Island and then they would be acting ...

**Managing Director, Cimandis:**

I do not know that being in the public sector gives you the moral high ground to always do the best things in ... sorry, because employees are by nature human beings and some are very good at the job and others less so, so I take the point but there is no reason why the P.P.P. would create any greater weakness of discharging against the mandate than the public sector.

**The Deputy of St. Mary:**

Provided the issue is all square ...

**Managing Director, Cimandis:**

Is closely set out, so it is about the mandate given and then is there a mechanism of accountability? Absolutely. This follows the same degree of accountability that exists within the J.F.L. agreement because this has been modelled on the J.F.L. agreement for that very reason.

**Chief Executive, Jersey Hospitality Association:**

Pages 8 and 10 really highlight the constitution of the board and the *modus operandi* of how the P.P.P. would operate and what its various structures are and, as Paul says, no different to J.F.L. that had, for example, Senator Ozouf as the political representation and a member of the States Treasury as its Chief Accounting Officer.

**Deputy M.R. Higgins:**

We have moved on beyond that because there is the chairman ... you could have a political chairman in the same way the Financial Services Commission can have a political chairman, so things have moved on from that.

**Chief Executive, Jersey Hospitality Association:**

Yes, sure. The structure is there. We believe that is really as tight as a nut and we are signed up to it and it covers the corporate governance and the constitution and various inhereents with Nolan Principles and the Appointments Commission is a States-driven Appointments Commission, the chairman is appointed by the Minister. Whereas the States of Jersey is a major funder, it still has huge control on those funds and the governance process.

**Deputy M.R. Higgins:**

I have got one left, and I will ask the panel if they have got anything else, and then I will ask you if there is anything you want to say. It has been a long session and thank you for staying with us. Again, will your members - I say members, I am talking about the industry - and in fact they are going to be buying into the P.P.P. and the P.P.P. will come up with a plan, a marketing plan; we know that individual firms do their own advertising but when you have got a very competitive environment, such as what you have got now with the 4-star hotels where they are all competing, they are all discounting against one another because it is a declining market, in a sense, and all going for the same people, how are going to convince them that they have got to also contribute into the P.P.P. rather than fight their own corner for their own hotel?

**Managing Director, Cimandis:**

I do not have to persuade them, they are doing it already. They are already doing these link deals with J.T.D. and of course, a specific example, the 4-star hotels all have spas so sometimes they come together and they promote spa breaks in Jersey. Then once we have got them here then they all fight to get their share. The secret is Jersey needs to self-promote itself well around the world, the U.K. especially, to entice people to want to come here and that is what the M.M.P.(?) budget is for, is to entice people to want to come here. Frankly, whether they fly or whether they come by sea and which carrier they use to get here and indeed which hotel they use, that is a matter for the marketplace to get busy with. There is nothing wrong with being in competition but when it makes sense, for your industry sector to work together, it comes back to ... we believe the P.P.P. can operate from a lower cost base and that it can deliver stronger growth, real growth over the years, by spending the money more wisely. We absolutely believe and that is why we support it. Absolutely because we believe those 2 things can happen, better value for money on the costs and better targeting and therefore better reaction to the investment of the M.M.P. spend.

**Deputy M.R. Higgins:**

Okay, thanks. Daniel, anything more?

**The Deputy of St. Mary:**

I do not think so.

**Deputy M.R. Higgins:**

Jeremy?

**Deputy J.M. Maçon:**

They have answered, thank you.

**Deputy M.R. Higgins:**

I do not know if the officers ... if there is area we have missed we should have covered?

**Mr. T. Oldham:**

All covered.

**Deputy M.R. Higgins:**

Okay, can I just ask you then as a final thing, is there anything else you want to add or anything you want to say before we close this session?

**Managing Director, Cimandis:**

Not for me other than thank you for your time. Thank you for inviting us to come and thank you for prioritising this now. I know you have had a very busy schedule. Our keenness, which could be perceived as being slightly presumptuous, is only because we have been going since 25th September 2005, and we care now as much of a passion with this and more so through all of the changes that we have seen since the original concept. The concept remains as valid now even with the dynamics and fiscal problems. We are keen, the industry is keen. We genuinely believe it is that moment of a catalyst of a change to just allow tourism to get back on to a growth curve from the contraction curve that it has been on, not for Jersey's fault but because of the world changing around us and for our target market and the industry will be very supportive. The J.H.A. will be absolutely supportive in helping the transition and also helping the early P.P.P. team to achieve some of the things that need to happen. We will play our part in that. Thank you very much for your time.

**Chief Executive, Jersey Hospitality Association:**

Paul has eloquently summarised exactly what I would have told you as well.

**Deputy M.R. Higgins:**

Okay and the final statement I will make is that I can say without prejudice in this inquiry essentially that every single member of this panel is a supporter of the tourist industry. As I say, we will judge our report on the evidence that, rest assured, everybody on this panel is a supporter of the industry.

**Managing Director, Cimandis:**

We appreciate that. Thank you, Chairman.

**Chief Executive, Jersey Hospitality Association:**

Thank you, Chairman.

**The Deputy of St. Mary:**

Why would the P.P.P. deliver a better reaction to changing trends? It bothers me that we have missed the trend, we have missed certain trends. There will be changes in the near future if not in the immediate future, why would the P.P.P. ...?

**Chief Executive, Jersey Hospitality Association:**

You have seen the structure of the board. The board has the people. If you have a ...

[12:30]

**Managing Director, Cimandis:**

Focus, it is about focus. It is focus. At the moment tourism, as a sector, is lost a little bit within the States of Jersey, within Government, within E.D.D., lost because it is just not de-prioritised but it is lower prioritised than some of the absolutely telling scale issues that you are dealing with. What the P.P.P. does it allows a light to be shone on this industry sector with the resources and the focus and expertise. It is powerful because it is powerful. It has got nothing to do with anything that has been done bad or been done badly, it is about allowing for them to be done better or more effectively. Many of the people that are already involved will be the people that will be in this P.P.P. working more effectively.

**Chief Executive, Jersey Hospitality Association:**

Just under a different direction.

**Deputy M.R. Higgins:**

I might tell you it is also competing with e-gaming and you are competing with intellectual property and all the other ...

**Managing Director, Cimandis:**

And eco-tourism.

**Deputy M.R. Higgins:**

Yes. Thank you once again.

[12:31]