



Economic and International Affairs Scrutiny Panel

Quarterly Hearing

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

Friday, 5th June 2020

Panel:

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

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

Senator K.L. Moore

Witnesses:

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

Senator S.W. Pallett, Assistant Minister for Economic Development, Tourism, Sport and Culture (1)

Deputy M. Tadier, Assistant Minister for Economic Development, Tourism, Sport and Culture (2)

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

Mr. D. Houseago, Group Director, Economy

Mr. C. Gibaut, Director, Financial Services and Digital Economy

[11:35]

Deputy K.F. Morel of St. Lawrence (Chair):

Thank you, Minister, and your team for joining us this morning. Before we get going we will do the usual introductions. So we will start with the panel. Unfortunately I will start by saying that Deputy Perchard has had to go and attend to family matters so she will not be able to join us today. But I will start by introducing myself. Deputy Kirsten Moral, chair of the Economic and International Affairs Panel. I will hand over to David.

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

David Johnson, Deputy of St. Mary, vice-chair of the panel.

Senator K.L. Moore:

Senator Kristina Moore and I am a member of the panel.

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

Senator Lyndon Farnham, Minister for Economic Development, Tourism, Sport and Culture.

Assistant Minister for Economic Development, Tourism, Sport and Culture (1):

Senator Steve Pallett, Assistant Minister.

Group Director, Financial Services and Digital Economy:

Richard Corrigan, group director, Finance Services and Digital Economy.

Group Director, Economy:

Dan Houseago, group director, Economy.

Director, Financial Services and Digital Economy:

Colin Gibaut, director, Financial Services and Digital Economy.

Deputy K.F. Morel:

Are there any other officers who will be speaking today? No, we will take that. Before we get started properly, the Assistant Minister, Deputy Tadier, is having some problems. Kellie, if maybe you could try and attend to those problems as best you can. He may not be in the right chat. He is getting the chat but not the pictures, which is a bit strange. But anyway we will have to get going. Thank you, Minister, for coming along. We know it has been an extremely busy time responding to the COVID-19 crisis and we will certainly look more closely at those activities in our official review. But in the meantime, briefly, how do you think the Economic Development Department's response to the virus has been?

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

I think generally the Government response has been very good. Obviously it has been a continuous learning process because nobody expected what we were all having to deal with and I have no doubt that when we look back to learn from the actions that we have taken we will be able to learn and making a prudent ... although I hope we never have to go through something like this again. I think the important thing with the economy team, and of course we are working closely with our colleagues at both ministerial and officer level in Treasury, External Relations and Social Security as the key areas for managing the economic response. We continue to monitor things on a daily

basis. We are now thinking about how we start to come out of this. As you know, we had a States debate on Tuesday afternoon and Wednesday which gave us some, I think, really important guidance and a steer. I think the mood of the Assembly was quite clear that it wishes the economic recovery programme to embrace new thinking. There was an appetite for calculated risk for some of the fiscal and other types of stimulus we put in place so we are strong. There was a strong desire for environmental considerations. So we continue to be very alive not just to those aspirations and opportunities but to, as we will look when we study the economic indicator report, the actual figures that are coming through now because every day and week that goes by is giving us a better understanding of the impact it is having on the economy. That of course will also guide us in how we manage and put together the further recovery programmes.

Deputy K.F. Morel:

I will ask David or Kristina, would you like to ask any more questions about the COVID-19 response?

Senator K.L. Moore:

If I may ask a follow up question to the Minister, please. Following the in-committee debate this week, Minister, what timeline have you put on responding to the issues that were raised in that debate in creating action points because, as you just mentioned, time is of the essence and every day and week really does make a difference to the lives and livelihoods of Islanders?

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

So the initial targeted timeline that we have put for the initial considerations of the Economic Council is the end of June, and then I would think realistically through July and August we would be looking at more sort of medium to longer-term plans. But that is the current timeline. It is very tight. There is a lot of work to do and of course there is a caveat that we are always watching on a daily basis the health figures and what we are planning of course is always caveated now that we do not see a surge in the presence of the virus.

Senator K.L. Moore:

You mentioned in your response the environmental points that were raised but what, in your view, are the key points that need to be addressed by the end of this month?

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

We really have to have a clear understanding of the impact. We start to know the cost of this on the economy, the cost to business, the impact on Islanders' lives and livelihoods and well-being. Once we have that then we can start to plan. From a ministerial perspective, the importance is key to protect jobs and to protect businesses. That is what all of our fiscal support to date has been aimed at and I think we have been reasonably successful but of course as we get further into the crisis,

although things are starting to improve, I am very pleased we are moving to level 2 from 12th June. That will enable a lot more businesses to open. I very much hope that as the virus is still at very low levels, and I very much hope it will be still at very low levels then, we can then move on to opening even more businesses. I would like to see a reduction to one-metre physical distancing as soon as safely possible because that will be an enormous enabler for many businesses. So the prime objective has been to protect jobs thus far and we were discussing earlier today with officers how the transition from the current fiscal support into further economic stimulus will happen and we have agreed that that transition will be a blend. There will not be any sort of cliff edge or sudden halt to the support for business purely to protect jobs.

The Deputy of St. Mary:

Two points from me, Minister. You just mentioned the possible reduction of the business to one metre which, as I understand it, is that recommended by the World Health Organization? No other British territory seems to have taken this on board. Is there much discussion going on about that or is that recommendation queried in anyway?

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

The World Health Organization have been recommending now for some days that a minimum one-metre distance be observed. There are scientific and medical studies coming out now that say that that will provide as much safety as 2 metres. We have seen in reality 2 metres is very difficult to maintain in certain circumstances and Islanders are doing their level best to achieve that. But in practice it is not always happening like that. Yet the important thing is the virus levels are still very low. This is not an economic decision, this is a medical decision. The Minister for Health and Social Services will make that decision after taking advice from the medical experts. But I expect that advice to be forthcoming this month, and I am just saying it will be welcomed by businesses.

The Deputy of St. Mary:

Thank you for that. My other point is a very specific one. I am not sure if you have had a chance to look at your incoming emails overnight but there is one from the Jersey Dental Association, your favourite group, about the fact that dentists are not regarded as essential employees for the purposes of securing childcare. That seems sort of inconsistent with exemptions given elsewhere. Are you able to comment on that or is there movement in that direction to give them that facility?

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

Again, that is a decision to be made by Health but I will urge my colleagues at Health to give that serious consideration. As the economy and people start to get back to work they are going to need access to childcare. But of course it all has to run safely in parallel with the other relaxation of restrictions in the schools going back.

[11:45]

I know that the medical experts want to make sure we continue the progress in small steps so we do not cause another ... I say "another", we have not had a surge thankfully. We have always been at a very low level. Yes, I do agree that and I hope that industries and industry sectors going back to work will get access to childcare as soon and as safely as they possibly can.

The Deputy of St. Mary:

I think the purpose for the inquiry from the dentist was that they were already given permission to go back to work but many of them cannot go back to work unless they have this childcare provision. So is it something which can be accelerated now rather than wait for it to come along with other gradual relaxation measures?

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

My department is following that up and we will seek clarification from the Health colleagues as soon as possible.

The Deputy of St. Mary:

Thank you for that, Minister.

Deputy K.F. Morel:

Could I just expand on that, Minister, and ask about the co-ordination between getting people back to work and the schools reopening? Because obviously as long as children are at home it is very difficult for parents to go back to work and there does seem to be, in my view at least, a different speed at which those 2 chains of work are happening. We seem to be trying to open up the economy quicker than the schools are opening up and that causes tension and, to be honest, a great deal of stress for parents as perhaps they are being asked to go back to work by their bosses but at the same time their children are still stuck at home. How are you dealing with that tension?

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

That is a challenge. We are working together well and we are still with the premise that it is lives first, livelihoods second, and of course we all understand the pledge that most of us made to children. It is also hugely important we get, for a number of reasons, children back into education as soon as possible. The difference is that whereas the Minister for Health and Social Services makes just about all of the decisions he does not make the decision on when the schools go back. That is the remit of the Minister for Health and Social Services and I know they work particularly closely together. We are all following the same advice and I just want to thank the business sectors and

Islanders for the enormous amount of work they have had to put in in working around that position because it has not been ideal and it has been a huge challenge and there have been huge sacrifices made by Islanders and businesses in trying to accommodate that position. So it has not generally been ideal but I firmly believe now we are working towards an equalisation of those factors. So as we get through a key stage, is getting through level 2, and hopefully very quickly the medical advice will be comforted that we have not seen any significant increase at all in the virus so we can then quickly move towards level 1 or even aspects of level 1. There are some aspects of level 1 that could be brought forward to align more closely with level 2 and some aspects, for example, control of the borders we might want to leave over while we run through the testing regime at the ports.

Deputy K.F. Morel:

Purely for the record, I assume you meant that schools going back is the remit of the Minister for Education because you actually said Minister for Health and Social Services.

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

Sorry, I got that wrong. Yes, the Minister for Education. The Minister for Health and Social Services has the final say on everything except the schools, which is the Minister for Education. Apologies.

Deputy K.F. Morel:

Not at all. I just wanted to change it for the record. Moving on, Minister, can you also give us a quick summary of the other business as usual areas that departments have been concentrating on?

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

Yes, I wonder if I can just hand over to the Assistant Minister with responsibility for sports soon because he has to be at another Scrutiny hearing. I will just run through our sort of businesses as usual list.

Deputy K.F. Morel:

Absolutely. If you do not mind, sorry, our plan is - there is no problem with you knowing the plan - is to get a quick list of those business as usual areas and then we will be moving to the sports aspect.

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

The aspirations and ambitions and the targets set going into this remain of the department in relation to the anti-inflation strategy, improving productivity. The relationships with all of our arm's length organisations remain very well intact and we are working closely together with them. Although the sort of objectives have not really changed, of course we are managing how we all might have to change in response to the crisis we are facing. So that work is continuous. While they have all been absolutely brilliant, we are all working closely together, it has been very, very difficult, the

challenges that they are facing. There is a lot of concern especially about future financing. I want to ensure all the arm's length bodies, that there will be future financing for them. The levels of that and the shape of that into 2021 and 2022 will be decided but the political attention is still to strongly support them because they do tremendous work. I mean they are all important but I want to particularly mention Jersey Business and the huge amount of work and support they have been providing right at the very front line of this pandemic with businesses. Of course Visit Jersey is another organisation that has been doing extremely good work of late. We have seen continuous increases in our visitor numbers in recent years. Of course this has presented huge challenges for them so we are working closely with Visit Jersey and they are looking at how they might change and flex their marketing plans for how and when we come out of this. But I would like to see us provide with Visit Jersey, in particular, more financial support to help us get our visitor economy back up and running over the next couple of years. Some might think, well, if we have got less visitors we need to reduce the support but I think just on the contrary, we need to work really hard to make sure Jersey is at the forefront of people's minds when they start to think about going on holiday again. It is useful we are part of the Common Travel Area. I think as boundaries start to open up again that is going to be something we can really maximise the potential on. Of course we must not underestimate the value of maintaining the strong air and sea links that we had. Right now, the airlines are looking at how they utilise their assets moving forward, so we are mindful of that. But of course we are not going to compromise the good work we have done in containing the virus. But I think we have to be alive to the fact that as the virus gets more under control globally we are going to have to be quick off the blocks in maintaining those strong links. I know Senator Pallett will talk about sports facilities and the skate park. Deputy Tadier, I am not sure if he is with us yet.

Assistant Minister for Economic Development, Tourism, Sport and Culture (2):

I am here.

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

Will be talking about heritage and culture. We have got the latest facts on the economic indicators as well, which I said we are monitoring closely. The last sort of economic, the Future Economy P.O.G. (political oversight group) work has now been diverted into the new Economic Recovery Political Oversight Group together with the Economic Council, so a lot of the business as usual work will become part of that process moving forward. I think that is a brief update.

Deputy K.F. Morel:

Thank you, Minister. I will now hand over to the Deputy of St. Mary to ask some questions about sports facilities.

The Deputy of St. Mary:

I sense from what has been said before that Senator Pallett will be dealing with these rather than the Minister himself, so thank you for that. Yes, there were a number of projects in the Government Plan which aim to improve facilities for the purpose of enhanced well-being and we would just like a general update on the position. So the starting point is: what is going to happen to the approved sports-related projects in the Government Plan given the current COVID-19 emergency?

Assistant Minister for Economic Development, Tourism, Sport and Culture (1):

I think in terms of the approved projects in terms of infrastructure, the only improved project would be the skate park. Clearly that has been on hold because of COVID-19. But what we have agreed is that we will carry on through the planning process. A sum of £90,000 has been put aside for this year to take us through the planning stage, that we have now got an approved designer for the skate park, which has been done through a tender process. The next thing is to go to design stage and then into planning stage with the intention of looking at 2021 for build. So that project, although it clearly will be pushed back a little bit, is still online and the intention is still to go ahead with that project. So in terms of the infrastructure, that is the only piece of infrastructure that we have within the plan. In terms of the wider sports facility strategy, that is something that is still in draft. That is something that ... one is we certainly want to discuss with the panel at some stage because I think it is a very visionary document and it is something that I made clear in my speech about the economy the other day. I think it is important that we look to invest in sport moving forward. As much as the sports facilities strategy will need a lot of review, it is something I am keen to move on and move forward quite quickly. But we have not signed that off within the political oversight group yet. My intention is now we are getting back to business as usual to have a meeting of that group, to get that facility strategy signed off, to have some discussion with Scrutiny before we open it up to the wider world because it is quite an extensive document. I think it is quite visionary. It is over a decade. There is a lot of investment involved within it. But I think it is the sort of investment we are going to need if we are going to meet our priorities in trying to keep people fit and active and improve on all sorts of physical well-being and mental well-being, if it comes to that.

The Deputy of St. Mary:

Just to go back then. On the skate park, you are saying effectively that matters are still proceeding and while the original idea was that it will be completed by early 2021 you now envisage its completion in that year but later in the year?

Assistant Minister for Economic Development, Tourism, Sport and Culture (1):

Yes. I think that is correct. I mean the planning process ... I hope it is not too difficult but I do not think it is going to be straightforward. There are some reviews we have to do, some environmental issues that we are going to need to check, ecological surveys that we are going to need to do, all part of a planning process. So I think that is going to take some time, never mind the actual planning

process itself. As I say, we have only just got a preferred designer and I think again it is going to take some time to agree that design and put it out to the Jersey Skate Park Association and other interested parties to make sure that we can get the best possible facility for the Island for young people.

The Deputy of St. Mary:

Before we leave the skate park in particular. Is a satellite park still part of that plan?

Assistant Minister for Economic Development, Tourism, Sport and Culture (1):

Again, we had already started to have discussions with the Parish of St. Helier around what areas they could provide for putting satellite parks in. We had identified a few, again in conjunction with the Skate Park Association. I think we had identified quite a few sites actually where we thought there were possibilities to site satellite parks and some of those were also infrastructure-owned sites as well. Obviously again that work has gone on hold but the intention is to do that in tandem with the main piece of work so that we are not just concentrating on the main skate park. We are providing opportunities around the Island. I think it is important in St. Helier that we provide opportunities for young people to be able to skateboard and be able to play their sport within the realms of St. Helier. Just while we are on that, the skate park has been closed during COVID-19, I think for obvious reasons it is treated as a playground.

[12:00]

One of the issues that I think we need to discuss fairly quickly now is whether we can reopen that because I think young people do need opportunities to play sport to relax and to get back to some level of normality. But it has to be safe, it has to operate in a safe way. But that is something I think we need to discuss with policy officers. I am going to come on to policy maybe a little bit later. I am sure there will be some questions around Jersey Sport and how they have moved forward.

The Deputy of St. Mary:

Going back to other sporting facilities; are you saying that although the Government clearly have made provision for anticipated expenditure on other sporting facilities during the period involved, these are effectively on hold and are going to be all reassessed?

Assistant Minister for Economic Development, Tourism, Sport and Culture (1):

There was other money set aside for some minor improvements around some of our sites. I think that is going to have to be reviewed about what is going to be feasible within this current year considering the fiscal constraints. Some of them I think probably will be able to go ahead but I think there are others where we are going to have to discuss. I think it is going to be part of the redesigned

Government Plan about what money is going to be made available within that to do some of that work. I have to accept there may be other projects that are going to have to take precedence and priority this year but I am keen to make sure that we carry on investing in sport. It has been under-invested in for a long period of time and we were getting somewhere within this Government Plan so my intention, as I said the other day, is to keep the foot on the pedal and try to get as much investment we can in facilities because I think it is really important for people's physical health.

The Deputy of St. Mary:

I understand your own commitment to the cause, if I can put it that way. You use the word "priority" there but one of the aims of the Government is to make Jersey one of the most physically active populations in the world. Is this a priority of the Council of Ministers generally? Will it be retained as a priority?

Assistant Minister for Economic Development, Tourism, Sport and Culture (1):

As much as there is a sports facility strategy, as you know we have got a new physical activity strategy which is complete. The only group that it had not been through was the Health and Well-being group and that was due to take place just as COVID-19 struck. So I can hold it up here. It is inspiring an active Jersey. My intention again with that is to run that through the Health and Well-being group just to make sure that it meets all those targets. That this is in the best interests of the public. I have got no doubt that it is. But I want to get this strategy out because I think it is a 10-year strategy. It is looking at how we can achieve becoming one of the world's more active populations. That is very much a role for Jersey Sport. There were budgets put aside within the Government Plan to allow Jersey Sport to do that. Again, I think that budget is something I am going to have to fight for through the new Government Plan process coming up to ensure that they are given enough resource to be able to achieve what they need to achieve to meet their target.

The Deputy of St. Mary:

The final point I have on sport really is that given that many facilities cannot be used at the moment because of social distancing requirements, is this an ideal opportunity to carry out maintenance work where there would otherwise be difficulties? Do you have the funds to enable you to do so?

Assistant Minister for Economic Development, Tourism, Sport and Culture (1):

That has very much been business as usual. I mean all of our facilities, yes, they have been mothballed to some degree but maintenance has carried on, making sure all the equipment is kept working up to date, including the pools. That has all happened. We are moving now from, one way to describe it, I suppose would be survival for sport mode into the recovery of sport mode. We are moving into level 2. We are looking for some more detail about what the opportunities are within that. What I had the first meeting of yesterday, which I think will be of interest to the panel is that I

have put together a sports recovery group, which includes Jersey Sport, the Sports Council, our own sports division, myself and a couple of the sports to oversee what that recovery might look like, and to input and provide some guidance and leadership about how we can move sport forward in the coming days and weeks. Because I think it is important that sport understands what they can and cannot do. There is today at 1.00 p.m. a meeting between Public Health and Sport around what some of the guidelines might look like for sport. That has been put together by Jersey Sport and it looks at some high-level principles all the way through to some more detail around what activity we think will be achievable within level 2. For me it is important now that sports have a better understanding of what they might be able to achieve. For me now it is about what we can do, not what we cannot do because I think people are chomping at the bit to get back to playing sport, being involved with sport, supporting sport. But I think it needs to be done in a safe way. I think that has to be at the forefront of everybody's minds. But I think there are some really good opportunities to get some of our sports up and running again and I think some of our competitive sports up and running again. But we have to do it collaboratively, which is why I have put that group together because there are 2 independent bodies on that. There is both Jersey Sport and the Sports Council and the meeting we had yesterday was extremely collaborative in terms of let us all try to work together to provide sport with the advice and the support they need to get running again.

The Deputy of St. Mary:

That is an interesting concept and could I ask if you might keep Scrutiny informed as to progress on that, including the guidelines in particular; maybe we have some input?

Assistant Minister for Economic Development, Tourism, Sport and Culture (1):

We are having the meeting today to discuss what those guidelines will look like. We will certainly share that with Scrutiny because I think it is important that you can see our thinking. That we are not trying to do it in an unsafe way. That we are trying to do it in a way that is collaborative with sport. But I think there are opportunities and in some ways that group can positively challenge policy officers around what is achievable because sometimes we look at U.K. (United Kingdom) policy and U.K. guidelines, where we are in a position to a lot of the other parts of the U.K. Some of the things that they cannot do in England, Wales and Scotland, for example, we might be able to do here to some degree. So we should not always be governed by the U.K. bodies. There are opportunities I think to challenge some of those guidelines and see what we can achieve here.

The Deputy of St. Mary:

For my part, I have no more questions on the sporting area. I am not sure if other panel members have before we leave it.

Senator K.L. Moore:

No, thank you.

Deputy K.F. Morel:

I just have one. It was really to go back to the money that was set aside in the Government Plan for the sports refurbishment project. It was £300,000 in the Government Plan that was set aside for that. Things like the upgrade in the changing rooms. I believe FB Fields and doing the cricket nets. Tree surgery at Les Quennevais Playing Fields, Havre des Pas pool railings, things like that. What is happening to that £300,000?

Assistant Minister for Economic Development, Tourism, Sport and Culture (1):

I might have to ask Richard to talk about the actual detail of where that money is at the current time and what is the thinking around that. My own discussions I have had with our operations manager is that a lot of that work is being put on hold at the current time. I hope some of that work can be done through the latter part of this year but in terms of that money, I think it is still being held centrally but Richard can probably give us an update on that.

Group Director, Financial Services and Digital Economy:

Yes, I think that part of the budget has stayed withing Growth, Housing and Environment rather than moved over with Dan and his team into the Economy area. But my attempt at an answer, as best I can, given that the money sits in a different department is that the maintenance programme and development facilities should continue unabated. It is an important priority in the Government Plan.

Assistant Minister for Economic Development, Tourism, Sport and Culture (1):

Could I just add to that? That is a very important point Richard makes there is that there is a change in terms of where sport ... while sport has stayed where it is, it has not come over, we are still in the process of organising how that structure will work. I have yet to have a meeting in terms of how the new structure will work within Growth, Housing and Environment. Again, that was one of the effects of COVID-19 but I will be working through Ellen Littlechild - I think, Richard that is right - and again I need to meet her to discuss what those budgets are. We have not had an opportunity to do that but that is something that is on a list of things I need to do in the next few days to clearly understand what we can achieve. A lot of it is going to be down now to finding the resource to do some of these improvements. But I am glad Richard has emphasised the importance because it is important that we can get some of this work done.

Group Director, Financial Services and Digital Economy:

Sorry, can I just add? I think I may have cut off part way through. I was talking about fiscal stimulus; that the Minister for Treasury and Resources will be coming forward with a fiscal stimulus programme. I would hope that additional works that may be required around our sporting estate

and indeed arts, culture and heritage and some of the other aspects of the estate that is in public ownership would be candidates for support under that fiscal stimulus programme that allows us to keep the economy moving using public funding and helping to clear maybe some of those backlogs of work that brings public facilities up to the required standard.

Assistant Minister for Economic Development, Tourism, Sport and Culture (1):

Can I also add as well, because I think it is important from a public sports facilities point of view, that the operations manager is currently looking at how we can operate safely in regards to gyms and swimming pools. That is something that is front and centre of his thinking at the current time. Again, they are discussions we need to have with Public Health about what is appropriate to open but I know our Island just across the water is looking to open their gyms and sports centres and pools. We have got to decide what is right for us here within our level 2 restrictions but we are very much thinking about how we can open those centres to the public as soon as possible. Like I say, officers are working on that as we speak.

Deputy K.F. Morel:

Thank you, Assistant Minister. I will now be picking up - and probably back to the Minister - regarding freight. Minister, this year we saw the loss of Paul Davis Freight Services and in recent times we have also seen Bowman Haulage disappear. Both losses mean that Jersey's freight sector is fast becoming a monopoly. I was wondering what do you think of this situation and how do you respond to it?

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

One of the challenges behind that goes to the fact of how the goods arrive on the Island through Condor Ferries. The rate card that they have in place is a tiered approach so that the more freight you bring in the lower your freight price is. Over the years we have seen one particular carrier, through providing service and price, capture the majority of the market. So that has meant that other freight carriers are not able to reach those volumes and therefore cannot subscribe to the same pricing level. There was a competition authority review done on that situation I believe in 2017, which stated that they felt the position was satisfactory. One of the pieces of work that is due to be done, which has been held up because of the pandemic and the severe almost catastrophic impact on passenger carriers, was the negotiation with Condor's new owners for a new service level agreement, which involved reconfiguration of the Condor fleet and a look at their freight pricing structures. I think there would have been an opportunity there to maybe remedy that situation. But I would like to say on the back of that, despite there are competitive issues and there are challenges, and perhaps by having one main freight forwarding service we could be vulnerable. I would like to stress that the Island has not suffered any shortages as a result of this and both Condor and the

freight forwarding business are going, I think, way beyond the call of duty to keep the Island supplied at this time.

[12:15]

Deputy K.F. Morel:

You said there would have been an opportunity to revisit the pricing structure. There is effectively, Minister, a £198 per trader difference between the rate of the largest company pays and the next largest company in the sector. It is clearly stifling competition. So how will you ensure that this pricing scheme is revised?

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

When I say “there would have been”, there will be. The negotiations we have had on the new operating agreement have been held up but that still is very important to the future of sea and freight transport in and out of the Island. I am sure the newly formed Jersey Competition Regulatory Authority will also be wanting to sort of look at that market again as well. That is a conversation that I would like to have as we establish a new competition authority.

Deputy K.F. Morel:

I think it is also important to note that that competition review that you mentioned was a review, as directed by you, of customer views on competition in the sector so it was not actually a competition review at all.

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

Sorry, I think I used the wrong term but it was specifically related to the freight forwarding service.

Deputy K.F. Morel:

That is correct. With the demise of P.D.F.S. (Paul Davis Freight Services), warehousing has become available in the port however it has been brought to the panel’s attention that this is the last warehouse not operated by the largest provider of freight forwarding services. What will you do to make sure that the warehouse is not leased to that provider because if it were to be leased to that provider a total monopoly would follow?

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

I cannot answer that on hoof. I would need to give that some thought.

Deputy K.F. Morel:

Will you endeavour to look into that situation?

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

Yes, definitely.

Deputy K.F. Morel:

You mentioned the J.C.R.A. (Jersey Competition Regulatory Authority) and now we will certainly talk about that area at the moment because perhaps one of the most interesting announcements in recent months, unrelated to COVID, has been the demerging of C.I.C.R.A. (Channel Islands Competition and Regulatory Authorities). Minister, we are in the midst of a health and economic crisis; is this the right time for such a move?

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

Of course the decision was made prior to the pandemic, so the decision had been made. You will note from the correspondence we shared, I did write to my counterpart in Guernsey with a suggestion that, given the pandemic and the potential financial impact it will have both Islands, we could perhaps defer the decision. But Guernsey decided to press ahead and therefore we have done the same thing. But while it might not have been perfect timing I think it is probably going to turn out to be good timing because competition is going to be so important as we rebuild the economy. So I think having our own competition authority, with the relevant expertise, with the staff based on Jersey they would be much more attuned to local requirements. I think there is a really good opportunity for us to make sure that some markets in Jersey work better for the consumer.

Deputy K.F. Morel:

With that in mind, Minister, could you explain why you chose to make the decision and what benefits do you expect the Jersey-only regulator to bring?

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

I think I just outlined at a high level. One of the challenges we saw from Jersey was physical presence in Guernsey. That was not always ideal. Guernsey have different legislative and political cycles. That was also challenging at times. We have different priorities in our economy and economic thinking and different plans. So I think all of that has led to, I believe, certain markets in Jersey, and perhaps in Guernsey too, not being probably investigated or given the attention by C.I.C.R.A. that they perhaps needed. I mean competition along with investment and innovation and enterprise is a key driver in anti-inflation and I think, as I have explained before with the new J.C.R.A. we are currently constructing, we would be much more attuned to local requirements.

Deputy K.F. Morel:

Those are the benefits. What do you expect will be the negative aspect of this decision, Minister?

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

I hope none. I hope there will only be beneficial results from the change.

Deputy K.F. Morel:

So could you tell us what information did you use to inform your decision?

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

I based it on pretty much the reasons I have just explained.

Deputy K.F. Morel:

So they were reasons that you thought of but did anyone else help you make that decision? Did you gather information from outside to help you inform that decision?

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

I think it is fair to say that on discussing the matter with officers that we outlined some for and against and the only against was the fact that it could cost a bit more. But the cost, and I have estimated that as I stated in the States Assembly recently, it could be between £100,000 and £400,000 a year more to run our own authority. That is not an inconsiderate amount of money but when we look at the value of our economy and the potential benefit of good, properly administered, well-focused and attuned competition to our markets I think that will be a small price to pay. The benefit from that, if it is done properly in the years ahead, could deliver significant dividends. Sometimes Ministers have to make decisions not always ... sometimes we can get tied up in too many areas and put off making decisions. This was not an easy decision to make in terms of perhaps our working relationships with Guernsey. Having said that, I think after the initial discussions Guernsey also came quickly to the reasoning that this was a good move and pressed ahead with it very quickly. So I think now what the onus is on our department, and ministerial team in our department, now to make sure the J.C.R.A. is quickly constructed and put to work. That is what we are doing right now.

Deputy K.F. Morel:

Can I ask what consultation with stakeholders took place?

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

Very little.

Deputy K.F. Morel:

Did you speak to C.I.C.R.A. about the decision in advance of making it?

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

Officers had had conversations with C.I.C.R.A. but I had no direct communication with them. Actually when I spoke to Guernsey, it was not a *fait accompli*. It was a discussion and we said we were minded to pull out of the arrangements and I explained the reasoning behind that. We asked them to think about it and Guernsey came back with a firm timetable. Although I asked them to consider delaying it, they decided to go ahead so it moved quickly on from there. C.I.C.R.A. is independent and we respect that position but it is a political responsibility to ensure that competition works for consumers.

Deputy K.F. Morel:

We have corresponded with the C.E.O. (chief executive officers) of C.I.C.R.A. whose view is that a combined authority is the optimum and most efficient structure for competition and economic regulatory oversight for both Islands. How do you respond to that?

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

I disagree.

Deputy K.F. Morel:

So you believe it can be more efficient and optimum to have an independent regulator entirely focused on Jersey?

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

Yes, absolutely and I, together with the Assistant Ministers and officers, will work hard to make sure we have the right legislation and policy in place for them to produce the results we are looking for.

Deputy K.F. Morel:

You mentioned £100,000 to £400,000 increase in the cost of running the organisation but how much will the separation and rebuilding of the new competition regulator cost the public of Jersey?

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

The cost of the regulator is covered by the businesses in the markets they regulate. So there will be additional cost to certain businesses but I am sure that will be relevant to the work that is being done and the benefits that are being brought to the market. I am not sure if Richard or Colin would like to add to that.

Group Director, Financial Services and Digital Economy:

The work of a competition regulator, I think it is important to say that the J.C.R.A. has always existed in law under the Competition Authority Law. C.I.C.R.A. exists by way of a M.O.U. (memorandum of

understanding) between the respective Jersey and Guernsey regulators. The work of the J.C.R.A. has always been a proportion of economic regulation and competition regulation. The economic regulation is paid for by entities that fall under that regulation, such as telecoms companies, and therefore the new J.C.R.A. will have to consult on the proportion of fees that are levied towards those sorts of sectors. The competition policy work has always been done under a grant from Government and those grant arrangements would be seen to continue. If there is a need in the short term to provide some supplemental grant to the J.C.R.A. to ensure they are properly resourced for that competition brief, given the importance the Minister has asserted on it, we will look to secure that funding from within Government and through a reprioritisation of expenditure or through a bid into Treasury for additional funding.

Deputy K.F. Morel:

How much do you expect that additional funding to be?

Group Director, Financial Services and Digital Economy:

The Minister has given his estimate. We would be looking for an estimate from the J.C.R.A. as they go through building up their own expertise and then we ensure that we have a properly funded authority that is meeting the objectives of the Minister.

Deputy K.F. Morel:

There seems to be some confusion. I am asking you specifically, right now, what the cost of separation and rebuilding of a new competition regulator will be.

Director, Financial Services and Digital Economy:

Perhaps I could say, I have corresponded with the chairman recently so that the current - these are estimates - estimates of the additional cost of the authority operating under an insular model is £200,000 to £230,000. They are obviously still refining those figures. But they are proposing to meet with the department after their board meeting on 11th June to discuss those figures and how they would be deployed among licence fees, grant income and they have also mentioned that they have kept those lower as a result of cost control.

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

I am going to attempt to answer the part of the question that is not being answered. The Deputy is asking effectively what are the divorce costs, not what are the ongoing costs but what are the divorce costs, so if one of you could answer those please.

Group Director, Financial Services and Digital Economy:

There is not as such a divorce cost. There is a cost establishing the new regulator going forward, so there is no cost of separation per se, in that the J.C.R.A. existed; it rented premises here, those premises remain sufficient for the needs of the J.C.R.A. going forward. What there will be a need to do is where the telecoms expertise was concentrated here and shared with Guernsey and competition work was generally covered from Guernsey and shared back here, that we need to do some rebalancing of those 2. The J.C.R.A. are working on a revised M.O.U. with the G.C.R.A (Guernsey Competition Regulator Authority) and looking to find out where they can optimise resources between the 2 authorities as appropriate.

Deputy K.F. Morel:

Of course, for instance I am thinking of things like having to hire new staff. For instance, the legal adviser to C.I.C.R.A. was based in Guernsey and I believe will probably want to stay in Guernsey. How much of those sorts of costs, hiring new people, going to cost?

Group Director, Financial Services and Digital Economy:

As Colin I think has referred to, the estimated cost from the authority is somewhere in the order of £200,000 to £230,000.

Deputy K.F. Morel:

On top of the £200,000 grant that is given every year anyway?

Group Director, Financial Services and Digital Economy:

Yes, but noting that that grant has not always been fully allocated, which comes back to the Minister's primary concern in achieving its split of the authorities he did not feel the competition brief was being fully discharged and therefore there was a level of underspend traditionally in the grant that was being awarded or allocated for spend by C.I.C.R.A.

Deputy K.F. Morel:

In 2018 the underspend was £1. The cost of running J.C.R.A. in 2018 was a tiny bit over £1 million. How much do you expect it to cost in 2021?

Group Director, Financial Services and Digital Economy:

That is back to the revised budget from the J.C.R.A., which will be delivered to us after their board meeting on 11th June.

Deputy K.F. Morel:

So would it be fair to say that this entire exercise has been undertaken without a real understanding of the costs going forward?

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

Can I just come in here because I am not sure what we are trying to achieve? You seem not to be accepting the estimate of between £100,000 and £400,000 initially and then the further officer estimate just shared with you now of £230,000. So if it cost £1 million last year and it is going to cost between £1.1 million and £1.4 million that detail is not available yet. I made the decision ...

[12:30]

Deputy K.F. Morel:

Minister, if you would let me speak please.

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

Well I am speaking, if you do not mind.

Deputy K.F. Morel:

I do mind actually.

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

The decision on the clear understanding that there would be an increase in cost. What we have to do now is put C.I.C.R.A. together and let them re-budget their organisation and as soon as we have done that we will come back to you with the detail and the breakdown of the new cost.

Deputy K.F. Morel:

The point I am trying to understand, Minister, is that while you have provided an estimate of £100,000 to £400,000 it is clear that the J.C.R.A. has not undertaken that work and so that budget has not been seen because you are going to provide it. You have not yet seen that budget so I would like to understand how you understand this £100,000 to £400,000.

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

It is an estimate.

Deputy K.F. Morel:

An estimate based on what, Minister?

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

I am sure you understand the concept of what an estimate is.

Deputy K.F. Morel:

Yes, and I would like to know what that estimate is based upon, Minister.

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

The estimate is based upon the additional staff and the cost of recruiting those staff. Now it is going to be down to the new J.C.R.A. and their interim chief executive officer and the new chairman - which we hope to make an appointment imminently - on how, given the brief, the Competition Law and the policy surrounding it, it will be down to them to decide how they want to structure the J.C.R.A. moving forward. So we need to get them in place to do that work, to come back to us with their preferred structure. That is how we will come to final costs.

Deputy K.F. Morel:

Do you expect regulatory licence fees to increase as a result of this decision?

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

It all depends. They might not increase in the sectors that are being regulated now but if they go and start regulating and looking into other sectors there might be some new fees for those sectors, so yes.

Deputy K.F. Morel:

Did you make those estimates before undertaking this decision?

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

No, because we knew there would be additional costs to the business sector but until we start the work, until the J.C.R.A. start the work, the crystal ball is not that good I am afraid.

Deputy K.F. Morel:

Did you even make an attempt, Minister?

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

Of course we did and we have sort of given you the estimates on the staff costs but it is absolutely impossible to give details and make a clear estimate until we understand or start to see the programme that the J.C.R.A. want to lay out.

Deputy K.F. Morel:

You have mentioned, Minister, the co-ordinated oversight between jurisdictions will be operated through an M.O.U. Do you believe that the 2 separate organisations can effectively regulate things

like pan-Channel Islands telecoms networks as effectively as separate entities as they did as a combined entity?

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

We are different jurisdictions. So really my focus is on our telecoms networks and the benefits of service and price to our consumers. That should be all of our focus.

Deputy K.F. Morel:

Would that be completely blind to the fact that telecoms operators operate across jurisdictions. They see the Channel Islands effectively as one market and you are now dividing that market in 2 quite clearly. How do you expect them to operate effectively across both markets and Jersey can benefit from that greater co-operation?

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

I am not sure of the relevance of that question in the context of the fact that Jersey and Guernsey are, to all intents and purpose, different countries. We have different laws, different political systems and many businesses in many industry sectors have a presence in both Islands but work successfully under different regimes.

Deputy K.F. Morel:

It is interesting to hear you say, Minister, that you do not understand the relevance of that. Let us take 5G ...

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

No, I do not understand the relevance of your question in that context. We have asked for an M.O.U. to be put in place to enable good communication to continue where it is necessary.

Deputy K.F. Morel:

The relevance, Minister, is that, for instance, with the rollout of 5G if that is not highly co-ordinated across the 2 Islands or the 2 Bailiwicks, I should say, then I would suggest to you, Minister, that the telecoms operators will be less likely to make the investment because there is not enough co-ordination between both Islands. That is the relevance to the separation.

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

I am not sure I concur with that completely and perhaps Colin might like to add something at this stage, if that would be all right with you.

Group Director, Financial Services and Digital Economy:

If I can add, as I said previously, the authorities were different authorities before, they remain different authorities now. The difference will be that there will be a chief executive of the Jersey Competition Regulatory Authority and it will have its own insular board. There will be an overarching M.O.U. and we should not pre-empt the ability to co-operate with Guernsey ahead of those M.O.U.s being agreed and shared with Government and between the 2 authorities in due course. But I see no reason why the 2 entities cannot collaborate properly to ensure that future derivatives of mobile telephony cannot be delivered in a suitable manner for the benefit of Islanders. But mobile telephony is just one aspect of the telecom sector and certainly fixed line and fibre broadband are a proprietary product within Jersey, just as they are entirely separately within Guernsey as well. Those fall under the scope of regulation locally within the Island. Indeed, there are very different markets for those services between the 2 Islands.

Deputy K.F. Morel:

That is absolutely correct, but of course mobile telephony is very likely to replace fixed broadband over the coming years, and in fact the idea of therefore having combined networks, we know already that telecoms operators run single networks across the Island. If there is a divergence of regulation, that could absolutely lead to a divergence or a diminishment, I should say, in investment in the Island.

Group Director, Financial Services and Digital Economy:

Regulation of telecoms is already different in terms of 2 different pieces of legislation in each of the Islands.

Deputy K.F. Morel:

That is correct, but at the same time, from a licensing perspective and from an understanding of the regulator's position, having one person to go to and one team to go to as opposed to 2 separate teams clearly makes it easier for the telecoms operators to gain a level of certainty with regard to their investment, their multi-million pound investments. That, I would suggest to you, will now be diminished.

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

Can I come in at this stage, if I may? It is an interesting question, but I do not think so because when you look at the investment Jersey has made in fibre, in the fantastic ground-breaking, world-class fibre network - the importance of which has been specifically highlighted in the recent pandemic - and the fact that we have that, Guernsey does not have that, which means they have a different view perhaps on how they might develop their networks, including 5G in the future, to what we have now. It is a completely different question for each jurisdiction. Sorry, Richard, I think you were going to ...

Deputy K.F. Morel:

Sorry, Minister, if I could say, I suggest that answer shows a lack of understanding about the way mobile networks are rolled out and the way that investment around those mobile networks is undertaken by the telecoms companies themselves. It is fundamentally different to rolling out a landline network such as fibre.

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

You are entitled to your opinion, Chairman, but that is certainly not an uneducated take on the position from my part. Richard, would you like to add something?

Group Director, Financial Services and Digital Economy:

Yes. With all due respect, Chair, there is an element that is a single network across both Bailiwicks in terms of the actual mobile telephony network, but underpinning that is the linkage between masts. That relates, certainly from the Jersey perspective, back to the use of backhaul capacity and the J.T. (Jersey Telecom) network. The fibre network that is a national asset here in the Island carries a substantial part of backhaul activity now and in the future and the solutions there on backhaul are very different between both Jersey and Guernsey. I think this is a case of both being partially right. We recognise ...

Deputy K.F. Morel:

I would like to point out to you, Richard, that there is more than one telecoms network in this Island in terms of mobile. There are 3 and they may not all use J.T.'s network or they may choose to not want to use that for their backhaul.

Group Director, Financial Services and Digital Economy:

That will be entirely their prerogative if they wish to have their own backhaul. Some indeed already have that.

Deputy K.F. Morel:

Of course they do.

Group Director, Financial Services and Digital Economy:

That will be their prerogative.

Deputy K.F. Morel:

But of course the fact is that some networks take that backhaul via Guernsey even though they are operating locally in Jersey, whereas other networks take that backhaul via Jersey and there is the division that I am concerned you are missing.

Group Director, Financial Services and Digital Economy:

I do not think we are missing it. I am entirely satisfied with where we are around telecoms regulation now and going forwards under the arrangements that the Minister is advocating.

Deputy K.F. Morel:

Minister, on what date was your department given responsibility for C.I.C.R.A.?

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

The exact date? The decision was made ... the officers will have to help me here. I cannot recall when the decision was made and indeed the situation in relation to the final sign-off. Colin.

Deputy K.F. Morel:

We are waiting for officers here.

Group Director, Financial Services and Digital Economy:

I do not have that date to hand. I do not know if Colin has or we would revert to the panel with it.

Deputy K.F. Morel:

I understand it was in early February. The chair of C.I.C.R.A. was advised of the split on 13th February and he was then informed on 17th February of the final decision of the split. Minister, do you think such a short timescale is appropriate for decision-making?

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

Yes, I obviously do.

Director, Financial Services and Digital Economy:

If I could just add that the responsibility for telecoms transferred in July 2019. Competition was ...

Deputy K.F. Morel:

That was C.I.C.R.A. for competition?

Director, Financial Services and Digital Economy:

C.I.C.R.A. was later this year. It was obviously earlier this year, but the telecoms responsibilities transferred much earlier.

Deputy K.F. Morel:

Yes, but we are talking about the decision for competition as well here and that telecoms is only one aspect of that. Thank you. What impact, Minister, will the separation have on current C.I.C.R.A. workstreams? What key workstreams are in progress?

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

Colin has that information.

Director, Financial Services and Digital Economy:

We have been advised on the transition plan that there were some key things going on. I cannot specifically recall what they are, but I think they were things like M.T.R.s (mobile termination rates); there was an Article 8 Competition Law investigation going on; there were one or 2 other things. They are on the transition plan, which I believe has been provided to Scrutiny or was in the process of being so provided. We understand from the J.C.R.A. officials that there should be no interruption in those things that were carrying on.

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

You should have received the transition plan, but can we double-check to make sure Scrutiny have, please?

Deputy K.F. Morel:

I have that transition plan, thank you, Minister. Minister, did you speak to anybody from the telecoms companies before just making this decision and announcing to Guernsey that you were making this decision?

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

I am sorry, did I speak to any of ... I have regular contacts with the telecoms companies.

Deputy K.F. Morel:

Did you speak to them about this decision?

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

No, I did not speak to anyone outside of the Government about making this decision prior to the conversation I had with Guernsey, to the best of my knowledge.

Deputy K.F. Morel:

So telecoms companies ...

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

I think I discussed it politically with fellow Ministers.

Deputy K.F. Morel:

So telecoms companies played no part in you making this decision? No information from telecoms companies played any part in you making this decision, is that correct, Minister?

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

Yes, that is correct, but having said that, I think my concern about the way the telecoms markets were being regulated I think was one of the frustrations that I had had, that there was ...

Deputy K.F. Morel:

Why did you have that frustration?

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

Because of the huge focus on C.I.C.R.A. of regulating or attempting to regulate the telecoms markets, but yet we were not really seeing huge benefits to consumers in the lowering of costs in Jersey. We had seen a significant impact in the levels of service through the investment we made in infrastructure, but there was one particular idea in relation to services and the lowering of the speeds to do with pricing. I was not understanding why consumers were not getting more benefit, so there was a frustration that in the years of attempting to regulate telecoms we had seen a continuous increase in the cost of those services to consumers in Jersey. Despite there being 3 operators now, competition did not seem to be working particularly well, although I do say we generally get very good service here but it is expensive in comparison to other jurisdictions.

Deputy K.F. Morel:

Were those cost increases above inflation, Minister?

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

I think we were discussing this earlier when we were looking at the graphs and the impact of inflation from when we introduced the Competition Law in 2005. I have asked officers this morning for a breakdown, but I believe in some instances there were over-inflationary costs to the consumer of the cost of telecoms, but I need some up-to-date confirmation of those figures.

Deputy K.F. Morel:

If you are only now asking for those figures, how did you have that information beforehand, Minister?

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

I do not think you need to be a rocket scientist to understand and to know that the fact of the cost of telecoms for Islanders is very high compared to ... well, I say it is high, generally speaking, than other jurisdictions.

Deputy K.F. Morel:

Did you not think of speaking to the Minister for Treasury and Resources, given that obviously wholesale prices for most non-mobile networks are set by J.T.?

[12:45]

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

I have made a decision to go along this route, as is my right as the relevant Minister, and the fullness of time will tell whether it is right or wrong. I am sure you are going to scrutinise this very carefully as we move forward and that is really all I have to say on the matter. I cannot ...

Deputy K.F. Morel:

But do you mind answering my question, Minister? Did you speak to the Minister for Treasury and Resources about J.T.'s wholesale pricing, given that they do set that, Minister?

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

That is all I have to say on the matter at this stage.

Deputy K.F. Morel:

Given that within a month or so of being given responsibility for competition regulation you have deconstructed an independent regulatory body, how will you assure the Island's public that the J.C.R.A. will be truly independent and beyond political influence in the future?

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

Because it states that in the law, unless I am mistaken.

Deputy K.F. Morel:

It states that in the law and yet, Minister, you have clearly made a decision which affects competition regulation within that law, of course. I am not suggesting outside of the law.

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

Within the law, which I hope will improve it for the benefit ...

Deputy K.F. Morel:

How will you ensure that independence is maintained in the future, Minister?

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

The way it has been in the past. It is not interfering. Deconstructing the administrative arrangements between Jersey and Guernsey is not interfering with the Competition Law.

Deputy K.F. Morel:

Minister, who will chair the J.C.R.A.?

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

Richard, can we have an update on that process, please?

Group Director, Financial Services and Digital Economy:

We have been in the process of interviewing this week. We cannot announce a candidate at this stage. It has to be finalised and laid before the States Assembly and we hope to do that in the coming weeks.

Deputy K.F. Morel:

Who will be chair on 1st July 2020?

Group Director, Financial Services and Digital Economy:

We hope to have a new chair appointed within that timeframe.

Deputy K.F. Morel:

Who is chair today then?

Group Director, Financial Services and Digital Economy:

Paul Masterton is the chair at the present time.

Deputy K.F. Morel:

How long do you expect him to chair for?

Group Director, Financial Services and Digital Economy:

Paul will be chair until we have a new chair appointed.

Deputy K.F. Morel:

Who is the C.E.O. of C.I.C.R.A.?

Group Director, Financial Services and Digital Economy:

Tim Ringsdore is the interim C.E.O. of the J.C.R.A.

Deputy K.F. Morel:

When was that decision made?

Group Director, Financial Services and Digital Economy:

That decision was made by the board of the J.C.R.A. a month or so ago.

Deputy K.F. Morel:

That was signed off by the Minister, is that not correct?

Group Director, Financial Services and Digital Economy:

That was a decision that was made by the board of the J.C.R.A.

Deputy K.F. Morel:

But was that decision not signed off by the Minister?

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

I gave my approval to the ...

Deputy K.F. Morel:

When did you give that approval, Minister?

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

Colin.

Director, Financial Services and Digital Economy:

Yes, I do not know the exact date, but it was a few weeks ago.

Deputy K.F. Morel:

That is correct. Minister, was there any thought about mentioning this to the wider public - because I do not believe this has been mentioned to anybody - that there was a new C.E.O. of the J.C.R.A.?

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

In case it has slipped your mind, I have been somewhat busy over the last few weeks.

Deputy K.F. Morel:

Which takes me back to the very question: is this an appropriate time to be deconstructing the J.C.R.A., given that we are in the midst of a health and economic crisis, Minister?

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

Yes, I believe it is.

Deputy K.F. Morel:

Minister, I knew when you made the decision to accept the new C.E.O. and I have been waiting quietly for you to tell the Island and this panel that you have made that decision about the new C.E.O., Minister. It is 3 weeks ago. It was on the Thursday before the bank holiday weekend in May. Minister, when were you planning to tell the Island that the J.C.R.A. had a new C.E.O.?

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

The J.C.R.A. made the appointment of the interim C.E.O. I have no plans to issue any media release on that. We may well issue a media release if and when we appoint a new chairman. I have not decided yet.

Deputy K.F. Morel:

Minister, given this unusual situation that we find ourselves in, do you not feel it is appropriate to keep Islanders completely updated with the changes that are happening within the competition regulator that oversees competition in Jersey?

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

Yes, I do, and when we have got it to the position where we have completed the appointments and we have some structure in the J.C.R.A., I will make the relevant announcement, but I do not see the benefit ...

Deputy K.F. Morel:

But you have not announced the appointment of the C.E.O.

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

... of doing it piecemeal all the way through just to satisfy your curiosity, Chairman. I will do it ...

Deputy K.F. Morel:

It does not satisfy my curiosity.

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

I will do it not piecemeal and in my own way, as Minister.

Deputy K.F. Morel:

Minister, as we have suggested, this is an independent regulator and you are now talking about doing things in your own way. Minister, I cannot understate the importance of independent regulation being seen to be independent, and right now the answers you are giving me are suggesting that that is less than the case.

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

I am sorry, you are twisting things, I am afraid, Chairman; the habit that you have become so good at recently. You are trying to put words into my mouth. You are trying to suggest that I am acting improperly. I am sorry, I will not accept that.

Deputy K.F. Morel:

I am not suggesting you are acting improperly. I am giving you the opportunity to explain why ...

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

You have just done it.

Deputy K.F. Morel:

... it was not mentioned that C.E.O. position had been appointed.

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

You have just done it, I am afraid, so ...

Deputy K.F. Morel:

I have not.

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

Yes, you have. We will have to agree to disagree.

Deputy K.F. Morel:

You can believe that, Sir, but I will let the public decide for themselves. Minister, we will bring the C.I.C.R.A. questioning to an end there for the moment.

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

Good idea.

Deputy K.F. Morel:

I will now hand over to Senator Moore to ask some further questions about tourism.

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

Okay, thank you.

Assistant Minister for Economic Development, Tourism, Sport and Culture (1):

Chairman and Senator, as I said at the start of the meeting, I have to leave to go to another briefing. I just want to apologise for having to leave, but I think you were aware I had to go.

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

Thank you, Steve.

Deputy K.F. Morel:

Absolutely, thank you.

Senator K.L. Moore:

So tourism. Senator, in the Government Plan of last year there was a project called Promoting Jersey, which focused and allocated investment to introduce increased air route connectivity while encouraging businesses to open outside of the summer months. Given the current decrease in flights and of course uncertainty in general aviation, what will happen to that project at this stage and also the investment that was approved alongside it?

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

Really the tourism planning and the Visit Jersey planning will all depend on how and when the transport in and out of the Island starts to resume and we get back to some sort of normality, so it is very difficult to put any dates to it until we get a better idea of that and I am not sure we are going to know that pretty much before July. A lot of it, as we said earlier, is dependent on the spread of the virus and containing and what the spread of the virus looks like in the containment in the countries that are our key tourism markets. It is very challenging times for the tourism and hospitality sector. They are going to effectively be facing 3 winters in a row. I hope that as the testing programme is rolled out, subject to it of course being effective and successful, I predict we can see some sort of slight recovery as we get into the summer, but of course nothing like what we had or what the sector would need to survive. Visit Jersey are working on repositioning their plans now. They see the fact that we are part of the Common Travel Area, they would be well-positioned to take advantage of that as we move forward. Sorry, go on.

Senator K.L. Moore:

I was going to ask you some questions about transport and the opening up of transport routes in a second, if I may, but if we could just focus on this particular item from the Government Plan and what is going to happen to it. At the time of the Government Plan this panel questioned the deliverability of the project, given the necessity that it placed on maintaining hotels and tourism facilities open during the winter season, and of course given the very well-known position of the hospitality sector in these times, I just wanted to ask you whether you feel that this project in particular is still realistic, given the current circumstances.

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

Can I just seek clarification on exactly which ... were you talking about additional funding in relation to promotion of the development of the air links?

Senator K.L. Moore:

This was a project to promote the Island as a destination through the year and increasing air routes in order to achieve that longer season.

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

Sure. I think it is more important in the current situation, in the current pandemic, to develop Jersey in the shoulder, in winter months. I think that is going to be really, really important, if we can get some more business, especially over this winter. I am not sure that that has changed. We were doing that anyway to improve productivity in the sector and we wanted to make more of the tourism asset year-round and being able to operate profitably year-round, so that has to continue. But I am not quite sure where we are. Dan might have to come in - Dan is taking the tourism brief today - on the additional funding for airlines, as agreed in the Government Plan. I think that might have been put on hold until we have more certainty about how air links will be resumed.

Senator K.L. Moore:

Is the group director able to give us any further information, i.e. are the funds on ice at the moment and are any discussions continuing with airlines and airports to increase connectivity?

Group Director, Economy:

Thanks very much. Effectively we have been continuing conversations across Government, but also with Ports of Jersey and working closely to support our airline and ferry partners to ensure air and sea connectivity returns as soon as possible. I think many of the Government Plan initiatives effectively have been usurped by the circumstances relating to COVID-19, but we are working very closely with Blue Islands and easyJet and other partners through Ports to ensure that we bring commercial services to and from Jersey back as soon as it is safe to do so.

Senator K.L. Moore:

I do not think we have really got the ... so essentially the project is on ice and you will revert to it when the situation is clear. Is that my understanding? Just a yes or no.

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

To be clear, we agreed some additional funding for the development of air routes in the Government Plan as an addition to the Visit Jersey budget. I think it was £500,000. They were going to work with Ports of Jersey to use that money to extend or develop air routes through the summer and into the winter and also increase, wherever they possibly can. Now, as I understand it, that has been put on hold until there is more certainty about how and when the airlines start to operate again. I hope I have got it right, but Visit Jersey, the other aspect of their marketing plan is still holding good, although sort of the caveat is they may wish to change that, depending on how long the virus continues. But of course the hope is that the world can return to normality, vaccines will start to become available and we can all get back to normal. Visit Jersey want to remain prepared to exploit that position when it happens.

Senator K.L. Moore:

I take it from your answer there that you are working on the basis that travel among the general population will return to the way it was pre-COVID in the post-COVID world. Obviously opening the ports and the airport and returning to people being able to travel without seeking the permission of Government is very important. I think that people would like to understand more about where we are and where we are going. There is of course a proposition now before the Assembly from an Assistant Minister, not in your department of course, but Deputy Maçon has placed a proposition suggesting it should be the Assembly who decides when those restrictions are lifted. Will you and your fellow Ministers be supporting this proposition, Minister?

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

I think it is hard to say currently. The decisions will be based on the best health advice; we have always said that. The challenge for airlines is in relation to the 14-day period, of course, and a good testing regime. My position right now is I would not like to undermine in any way, shape or form the progress we have made in containing the virus, so if we can find a way to allow passengers, Islanders and visitors, to travel on and off the Island safely and effectively, I would be pleased to support that. I cannot see the numbers and the sizes and types of air and sea links being the same as they were prior to this for some time to come. I think we are looking at medium to long term, but in relation to the ... I am trying to think.

[13:00]

The proposition was any change, it has to go back to the States. I understand there was a meeting between Senator Gorst and Deputy Maçon yesterday afternoon where they were perhaps looking at ways they could agree to the Deputy's proposition or provide some amendment that might provide a useful compromise. But I am not sure: until the final position on the proposition or whether it is amended or not, I cannot really answer whether I support it or not. It might be one of those where we have to listen to the debate to get the views of Members.

Senator K.L. Moore:

So at the moment there is no specific date set for the ports and travel to be opened up; that is the message to the public?

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

Yes.

Senator K.L. Moore:

There is no timeline as to when that decision is going to be made either, I take it?

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

No, there is nothing. My understanding is there is nothing fixed or firm.

Senator K.L. Moore:

Sure. It is now a week since the testing regime got up and running at the airport for those inbound passengers. Are there any conclusions now that we are a week into that testing regime whether it has been sufficient and whether it has provided adequate certainty around the health and wellbeing of passengers entering the Island?

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

I think it is fair to say that it has improved as the week has gone by. Obviously it was something new. It takes a little bit of time to settle in. I understand it has been well-received by passengers. There are 10 testing stations at the airport so they are able to get through flights and the passengers who choose to be tested in up to 2 hours, which I think is acceptable. Of course the big challenge will be the viability of scaling that up to deal with any increases in transport that may come. I think we are all starting to get emails from Islanders who are starting to get a little bit stir crazy and want to get on and off the Island to see friends, loved ones and relatives and even just get a break, so I think there are pressures from all areas, but it does ...

Senator K.L. Moore:

The correspondence I have received has been a little stronger than that. Some are seeking legal advice now about how the Government can persist in keeping them, as they suggest, in their view, locked in the Island.

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

I know. Sorry, I think ...

Senator K.L. Moore:

What pressure are Government Ministers putting on officials and themselves in order to give some determination and direction to this issue?

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

Senator Gorst and his team are leading on this and they, I think, are looking for a testing solution that means that we can guarantee the health situation of people coming in and off the Island so as not to undermine the very good position we are in with the containment of the virus at the moment. That is the position. Ports of Jersey are in constant communication with their airline partners and the airline partners are keen to resume flying to destinations as soon as they possibly can. But I think the message from the Government is that we want to do it safely and not undermine the current position, but there is a realisation that we have always said that we must be mindful that the non-COVID related harm to people's health and well-being does not become worse than the course of the pandemic itself. It is a difficult balance to strike with so many opinions on the matter.

Senator K.L. Moore:

Apologies, I have just seen that the Assistant Minister wanted to make a comment with regard to Deputy Maçon's proposition.

Assistant Minister for Economic Development, Tourism, Sport and Culture (2):

Hello, yes. I think the Minister has probably covered a lot of it. The only reason I interject is because I have received correspondence as well and there are people in the U.K. who have family members in Jersey who want to come into the Island. The person who contacted me has a 97 year-old mother who she has not seen for months. When she heard about Deputy Maçon's suggestion, it seems to raise a lot of questions, because she lives in the sticks really over there and so even if she were able to get a test - and she says she cannot get a test because they are only being offered to people who think that they got the virus - there is a question about ... I think it is a really good issue that the Deputy raises, but there are so many questions about who provides the tests. Do we pay for the tests? Is it best to do them once people have arrived? Do the airlines need to pay for them? I think the message at the moment is quite unclear. Clearly from a cultural point of view, it is key that we have, as soon as possible, a level of tourism because we do not have a student population here that

can contribute to the cultural sector in the same way as elsewhere, for example, but to do that safely. So it is just to say that it is a 2-way street and I think it is some of the practical considerations, so even if Jersey Ministers said tomorrow: "Right, okay, you can all travel off-Island" no one is going to want to travel somewhere if they got to stay in quarantine for 2 weeks or if they cannot get back, depending where they are going. I completely sympathise with the questions that the Scrutiny Panel are asking and there needs to be a joined-up solution, which I understand is being worked on by Ministers, as we have heard.

Senator K.L. Moore:

Okay, thank you for that. Shall we move on? While the Assistant Minister is there, I guess, Chair, we ought to check on the time and that everybody is content to continue.

Deputy K.F. Morel:

Yes. It is a surprisingly short session we have here, but we started 5 minutes late anyway, but is everyone happy to continue for a short while?

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

I have another commitment at 1.30 p.m. so we can go until then.

Deputy K.F. Morel:

We will certainly stop before then. Thank you.

Senator K.L. Moore:

That is marvellous. So heritage, arts and culture. Minister, we have noticed in the level 3 lockdown statement that museums and galleries are to remain closed. Could you explain why that is, given that shops are allowed to be open? Surely one could imagine that people have more face-to-face contact in a shop environment.

Assistant Minister for Economic Development, Tourism, Sport and Culture (2):

Yes, so it is slightly difficult to explain. I think the first point is that there is a question of need. Clearly we have had retail open in the past in terms of food. That is considered essential, so in terms of the risk I would argue that it is a case of balancing them, so you are probably much more likely to catch COVID, I suggest, in a busy food shop than you might be working in an office where very few people are working there.

Senator K.L. Moore:

If I could just interject there, that sounds a bit like it is rather than need, it might be related to cost.

Assistant Minister for Economic Development, Tourism, Sport and Culture (2):

Yes. I would look at this way: I am not the medical adviser so I cannot explain what the rationale is. Clearly sometimes questions seem to go unanswered about what the medical advice is and what happens politically, but I would simply say I do not think there is the demand out there for cultural organisations to open all their doors. They have clearly taken an approach to open the larger outdoor ones, so we know that Mont Orgueil opened its doors last week or its portcullises, if you like, and the La Hougue Bie has opened also in the last few days. There are issues with Elizabeth Castle, but not because it is outside but because it is difficult to get to. I think at the moment there is not a demand. From Jersey Heritage's point of view, they would not gain anything, because most of the people who will be visiting will be Jersey Heritage members already. There are not any tourists who are going to contribute, so they are having that dialogue with their members, I think, to see what they can produce as well as doing stuff online, but I cannot say any more than why they would not be allowed to open.

Senator K.L. Moore:

We find ourselves in a position where some people have more free time than they did previously and, as we have seen with the zoo, they seem to have opened to their members in a very productive and positive manner.

Assistant Minister for Economic Development, Tourism, Sport and Culture (2):

I know work is going on and things change quickly. For example, Jersey Archive are looking to see if they can open as quickly as possible. That makes sense if you think that the library is going to be opening, socially distancing. It seems to make sense with Jersey Archive, but I guess that there are H.R. (human resources) issues, that they need to make sure that their staff, that their health and safety is also looked after, so it is not just a question of members of the public accessing. But I am happy to ask some more questions about that if I do not have all the answers today and get back to you.

Senator K.L. Moore:

Okay, thank you. Has any progress been made over this period on the culture strategy that I believe was being worked up?

Assistant Minister for Economic Development, Tourism, Sport and Culture (2):

Certainly on the heritage strategy, as far as I know that was already started before the pandemic became more critical. I think with the cultural strategy, it has not formally been started, so what we were looking at, the conversations still exist. I am meeting with my key officer, Chris Kelleher, later today to discuss some of those issues around the cultural strategy. What I wanted to do is focus more on an arts strategy and a heritage strategy separately. I think there is a risk with culture as a

portmanteau word, which is it can become meaningless and it can also alienate some of the cultural organisations who have a specific role. I am more keen to focus on a separate arts strategy and a separate heritage strategy and that is the point we are at. So the heritage one is much further along and the arts strategy is still in an embryonic stage. We are having that conversation with my other ... well, with the Minister, Deputy Labey of Grouville - I cannot remember her exact role now - but she has clearly got a piece of work going on about cultural identity and there are some synergies there, so we have just got to get the clear demarcation about what she is doing in that role. The arts strategy will be separate, but then there will be a subsequent piece of work to be done around cultural identity and Island identity which will feed into each other.

Senator K.L. Moore:

Will the work around the arts strategy extend to the creative industries also? There was some talk about it in the recovery ...

Assistant Minister for Economic Development, Tourism, Sport and Culture (2):

Yes, there is the potential for that. I know that is something that you have shown an interest in and you have championed and I certainly appreciate your input on that. It is something that I have raised whenever I have got the opportunity. Certainly the focus of the arts strategy needs primarily to be on value for money and good governance, so we are giving taxpayers' money to fund A.L.O.s (arm's-length organisations), so I think the prime focus has to be on how those organisations are delivering and whether there are new ways for them to deliver in areas of the public that we are not reaching, so in terms of the demographics, but I have said early on that I want to include the creative industries in that. Now, that could be a fairly abstract term for people who do not know what that entails, how wide you go with the creative industries, but I think it is really important that in a wider role, in a wider sense we need to make sure that there is seed funding out there for people who fall outside the A.L.O. so that there is not a monopoly: "Just because you have always been there, this is the way we are always going to do things." I think we have got to keep the support for our pre-existing organisations but if someone comes along with a great idea that could involve either physical or slightly more abstract creative initiatives, I think we need to value that and assess it on its merit and also be there to support them. I am very keen to support new initiatives early on rather than waiting for things which are obviously successful and then we say at the end: "Okay, now you have been running a successful festival for 5 years, we are going to give you some money" whereas I think we need to be a bit more sophisticated and open-minded about that.

Senator K.L. Moore:

If I could just ask you one more question about that, I was interested that you suggested that value for money and good governance was at the forefront of setting an arts strategy. Are there any other priorities there?

Assistant Minister for Economic Development, Tourism, Sport and Culture (2):

Yes. I think that is the expectation, but clearly that is just one of the factors that we need to ensure. The other overriding factor I think for me is that we need to make sure that art, culture and heritage are reaching everyone in the Island and also people who do not live in the Island. So it is quite clear that there are certain demographics that do not engage with certain types of culture. So it is a case of looking at, for example, what do they engage with and how do we make our offering that we support as a Government more accessible to all of our Islanders, so it ties in with the strategic priorities, but also I think the common sense that we want to have a more inclusive community which engages with the whole cross-section of culture.

Senator K.L. Moore:

Thank you. While we are talking about strategies, is there any update on the retail strategy, please?

Assistant Minister for Economic Development, Tourism, Sport and Culture (2):

Is that for me or ...

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

I am quite happy for you to take it, Monty, if you would like. I think we probably could almost be in starting again territory with the retail strategy, the sector has been so hard hit, so perhaps we could give you an update at our next hearing. There is a lot of work to do with retailers, so I think we are going to have to really rethink that one very quickly.

[13:15]

Senator K.L. Moore:

Thank you for that. Shall we move on to then to the economic indicators? The weekly report was produced this morning at about 10.00 a.m., I think. That sees a slight improvement in terms of those actively seeking work, a slight decrease of 90 people. However, of course the figure is still way in excess of where it was last year, with over 1,400 people in addition to those who were actively seeking work at the same time last year. How do you see the latest figures?

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

They are a very slight improvement. I expect them to very slowly begin to improve now as we start to unlock more of the economy, but of course they are very serious. One could say they could have been a lot worse. I am pleased they have not been. I think specifically the payroll support scheme has played an important part of protecting most jobs or gone some way to doing that, which is why I am so keen how we manage the payroll support now is so important. As businesses are getting

more into the crisis, there may be more pressure from creditors and certainly most businesses are not able to catch up with the debt that they have accrued during the last 2 or 3 months. That is why it is so important to continue the support and adjust it and tune it to make sure we continue to protect jobs. I think it would be unacceptable for businesses now that would be beginning to show some sign of recovery to lose support which meant they might have to make redundancies just as we are starting to enter the recovery phase. I am specifically looking at the payroll support scheme and there is a 30 per cent detriment. As businesses start to recover, they might just slightly be pushing at that detriment and I think we have got to look at a graduated phase-out of the payroll support scheme to avoid that cliff-edge. There are also some challenges ...

Senator K.L. Moore:

Can you give us a bit more information there? Because there has been some feedback that some businesses struggled with having to get themselves into a position that was bad enough to be able to request help from payroll support when they could see the decline was there and they literally had absolutely no way of operating their businesses, particularly at the outset.

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

There have been a range of circumstances for businesses. Some sectors have thankfully traded without significant impact; some sectors have done slightly better because of the circumstances. Some sectors have lost 30 per cent, 40 per cent, 50 per cent of their business, but managed to continue trading. Of course some sectors, such as accommodation and tourism and hairdressers and hair and beauty, have had literally no income for 2 months. So there is a mixture of circumstances. The payroll scheme looks at a detriment on a monthly basis, so if you are not 30 per cent down, then you do not qualify. For example, as we get into the second and third and fourth months now, businesses that were trading very low have been able to keep jobs on, but they might be trading at 70 per cent, 71 per cent, 72 per cent, which technically might disqualify them from getting support, but they are still not at a level with ... still almost 30 per cent down on the same month last year where they can retain all of their staff, so we have asked officials to look at how we might graduate that. For example, if they go over the 70 per cent and might achieve 72 per cent or 73 per cent, they might still be able to qualify for the scheme under a graduated change, rather than not get anything. Instead of getting 80 per cent, they might get 50 per cent of the payroll cover. Those are the sort of considerations we have asked officers ...

Senator K.L. Moore:

So you see this very much as a flexible scheme that has room to go with the flow, as it were, as time progresses?

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

I think it is essential we ensure that businesses that have been supported, as they start coming back, are not forced to make redundancies at a later stage.

Senator K.L. Moore:

Yes. Looking back from this stage where you are now, would you have set up the structure as it was initially or do you think it should have been slightly different, in hindsight?

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

I think we got it about right. I would have liked to have seen more groups included in phase 1. That was the first iteration of the payroll scheme, which took care of the last 2 weeks of March. For example, with hindsight, the hair and beauty sectors were left out of that, but they were effectively closed. I think we could have been more inclusive there, but the payroll 2 scheme I think has been very good and we have had generally very positive feedback from businesses. Businesses are not comfortable, they are still fighting for survival, but we have managed to retain a lot of jobs across the sector. Unlike the U.K. furlough scheme, because we pay the contribution to payroll whether a business is open or closed, it has enabled the economy to start opening up again. Many businesses that are opening now and planning to open can only do so because of the payroll support scheme. I think we got it about right.

Senator K.L. Moore:

There are some businesses that are concerned that they might open and then the second wave will come in and therefore they will have to close again. What are you putting in place to support businesses if and when that scenario occurred?

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

That is why we have initially extended the current support to the end of August and we are reviewing that, just as we are monitoring the spread of the virus. We call it the second wave, but we have not really had a first wave, so we need to make sure that we contain the spread. But again, I think that is why the levels 4, 3, 2 and as we head towards level 1, we have always got the flexibility to step back. I hope we do not have to step back because it will be damaging for businesses, but if we do, the support will remain in place and potentially some additional support, but that is part of the deliberations and the task we set officers now, so my officials in my department, Treasury, Social Security, are working on that. Can I just quickly thank the officers at the Customer and Local Services Department? I think the process for claiming the payroll support has been excellent and very helpful to businesses. I just wanted to say that for the record.

Senator K.L. Moore:

The op-ed in the newspaper this morning was suggesting that we are in a good place, but it was largely through luck rather than judgment that we had found ourselves in this fortunate position. Given the inability to set a specific number that is the target in terms of the infection rate for the Island going forward, do you feel that between you and your colleagues you are able to give adequate reassurance to those businesses that it is sensible to open up and continue into the future?

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

I do believe that, simply because the virus is literally non-existent here, according to the figures.

Senator K.L. Moore:

But you will go no further than saying: "Well, we are aiming for a low number" without being able to name what that number is? Some people will see it as quite significant. There has been a 50 per cent jump this week in active cases. We have gone from 2 to 3. They are still low numbers, but people want to know what is and is not acceptable in the eyes of the Government.

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

I think for everybody, as far as I am concerned, with all the sacrifices that we have made, the only acceptable number is zero. If we all could make that happen, we would, and I think the restrictions and the actions that have been put in place ... there might be an element of luck to it, I am not sure. How our community interacts, there might be an element of luck, but the actions taken have played, I am sure, a huge part in ensuring that the spread of the virus has been kept to a minimum. We have almost medically eliminated or eradicated it, but the fact is the virus is on the planet and it is among the human race and we are part of the human race. There are still, I think, elements of it we do not understand, so I would say the only acceptable number is zero, but is that a reality given that it exists now? I hope we get vaccines coming through now to give people more confidence to travel again. I reiterate that we have to keep a perspective because it is widely agreed now among the medical profession and medical scientific profession that the virus, thankfully, has a very minimal impact on a large proportion of the population. I think we are getting to the stage where ... and I have said before we want to make sure that the non-COVID related health issues do not outweigh the COVID health-related issues. We have already heard some very sad facts about suicide attempts on Jersey because of COVID-19 and the massive impact it has on people's livelihoods and well-being. Some people have lost their life's work. Now, how does that impact on people? That is because of the actions we have taken as an Island to protect especially the most vulnerable. I just hope that, as a human race, we can start to co-exist and mix again as soon as we possibly can for the benefit of all of us but if I had a wish it would be for zero; it would be zero on the planet but of course that is not realistic.

Deputy K.F. Morel:

Thank you. With that, thank you, Minister. We have just a few questions left which we will not go into now, but we will probably send across. They are about the funders group and a couple of questions about Ports of Jersey but we will probably send them just for written answers. Thank you so much for your time and thank you for staying over time as well. It was really kind. Yes, enjoy the rest of your day. Thank you.

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

Thank you.

[13:27]