

# STATES OF JERSEY

## Economic Affairs Shadow Tourism Board Review

**WEDNESDAY, 14th NOVEMBER 2012**

**Panel:**

Deputy S.G. Luce of St. Martin (Chairman)  
Connétable S.W. Pallett of St. Brelade  
Connétable M.J. Paddock of St. Ouen  
Mr. T. Oldham - Scrutiny Officer

**Witnesses:**

The Minister for Economic Development  
Chief Executive Officer, Economic Development  
Scrutiny Liaison Officer  
Director of Tourism

[9:36]

**Deputy S.G. Luce of St. Martin (Chairman):**

Good morning everybody. Just to run through a few of the preliminaries before we start. Members of the public are obviously very welcome, but if you do decide to leave, if you could do that quietly, that would be appreciated. All phones and electronic devices to be switched off. But there is a slight change to the rules for hearings: now that the Assembly are allowed to use tablets, Scrutiny have decided that tablets will be allowed, provided they are on quiet mode and they are only used for relevant subjects. We do not expect people to be playing Tetris, or whatever they do, during the hearing. Before we kick off, we will do the usual again and go round the table, if we could, and just give our titles, who we are and, if possible, if you could find yourself relatively close to a microphone when you talk, that would be useful. You hope that one day somebody will address the situation of everybody having a microphone in front of them, but anyway, there we are. My name is Deputy Steve Luce, I am Chairman of the Economic Affairs Scrutiny Panel.

**Connétable M.J. Paddock of St. Ouen:**

Connétable of St. Ouen, Michael Paddock.

**Connétable S.W. Pallett of St. Brelade:**

Steve Pallett, Connétable of St. Brelade.

**The Minister for Economic Development:**

Senator Alan Maclean, Minister for Economic Development.

**Chief Executive Officer:**

Mike King, Chief Executive of Economic Development.

**Director of Tourism:**

David de Carteret, Director of Tourism

**Scrutiny Liaison Officer:**

Sarah McDonald, Scrutiny Liaison Officer.

**The Deputy of St. Martin:**

Okay. Thank you very much. Well, Minister, thank you for coming this morning with your team. This is going to be a relatively short meeting but, as you know, we have decided to look a little bit closer into the development of the Tourism Shadow Board. You are aware that we are not trying to hold you up, but we just felt there is more information that we require here before we just sign off and move to the report and proposition in the Assembly. You will have seen our terms of reference and the intention of the meeting this morning will be just to roughly run through those headings, and our intention this morning from this side of the table is to do more listening than questioning. We hope that when you come back again in a very short period of time, we will have more questions for you but at the moment, as I said, we will be doing more listening. This is the first meeting we have had on this subject, and we will be meeting more people next week and then you again very shortly after. So if I could start off, Minister, by just asking you to run through the reasons of the constitution, the purpose and the aims of the shadow board, which was something that was mentioned in the Green Paper in the summer that is now moving forward.

**The Minister for Economic Development:**

Yes. Of course. Thank you, and thank you also for your comments in terms of the way in which this particular hearing is going to evolve over the coming weeks. In fact, initially we had overlooked the fact that a recent proposition in the States by the former Deputy Le Claire had required such bodies to be brought forward to the States in the form of a proposition, and hence the late lodging of this particular

proposition, as such. Previously, we of course had introduced the shadow board to the Ports of Jersey, the airport and the harbour, and indeed this shadow board follows a very similar model. You will note the memorandum of understanding, for example, as an aside, which broadly mirrors the Ports Shadow Board memorandum of understanding, so it is a similar model. I think the first and most important point to make about the concept of this shadow board is that, first of all, it is exactly as it says on the tin, a shadow board, it is an advisory board. It does not make decisions, it simply provides advice to the Minister on areas of relevance for the tourism industry. The intention behind the introduction of a shadow board in the first place was borne over some considerable discussions, debate and research into the possibility of a new structure for overseeing the tourism industry, which has been going on for some years. That led eventually to a proposal in principle for a private/public partnership. The economic climate changed; the view was that your former panel, Economic Affairs Scrutiny Panel, looked at the concept and felt that the timing was wrong and the cost was too great in terms of bringing such a model forward at that time. But we did, I have to say, agree with that conclusion. But what we did, we looked very closely at the fact that the oversight of tourism as an industry needed more focus and, indeed, needed to grab the benefits that the private sector expertise could bring to the party. As such, the concept of a shadow board is to attract individuals with business experience, and particularly business experience in the areas of tourism and marketing; not just necessarily within the Island but on a broader basis that could provide valuable advice to the Minister on the future strategy for tourism and, indeed, oversight to the existing executive of Jersey Tourism to hopefully increase and improve on the future development and performance of the tourism industry.

**The Deputy of St. Martin:**

Who is doing the jobs currently that you envisage the shadow board will be doing in the future?

**The Minister for Economic Development:**

Well, quite simply, at the moment we have a Tourism Department; the Director of Tourism, David de Carteret, is sitting to my right. He and his team provide the executive function of operating the Tourism Department. The ultimate oversight from a ministerial point of view falls to myself as Minister and my 2 Assistant Ministers. What we are seeking to do is to add an extra layer of expertise between the function of the tourism structure at the moment and, indeed, the Minister. So the Minister's advisory role.

**Chief Executive Officer:**

We currently do have a Tourism Marketing Panel which is drawn from industry representatives both in the Island and off the Island who advise David as the Tourism Director, and his team (and, indeed, us) regarding the destination marketing alone. So the role of the shadow board is to broaden that private sector input to cover all aspects of tourism.

**The Deputy of St. Martin:**

The shadow board will replace them, or ...?

**Chief Executive Officer:**

The shadow board, effectively, yes, will replace them, but there will still be, I should imagine, within the shadow board constitution a role for broader marketing representation from people in the Island to provide input.

**The Deputy of St. Martin:**

Minister, you used the word “advice” just now and the how the new shadow board are going to advise you but, in the key aims and purposes of the shadow board, we have got things like: “In the first instance the board are going to define the optimal operation and governance structure” and: “They are going to challenge and support the executive team”, they are going to do all sorts of things. I think there are going to be some questions over where the advice stops and the ... “orders” is the wrong word but, you know, where does the authority lie? I understand it lies with you, ultimately, but you would understand people will say: “This shadow board is going to be a very powerful group of people” in as much as their informed advice will hopefully lead you to make decisions.

**The Minister for Economic Development:**

Well, I am sure they will have a significant influence, that is the intention of establishing a board, I hope, of the highest quality that will be able to provide and add significant value in terms of advice to the Minister. But the actual decision-making functions remain as they currently are.

**Chief Executive Officer:**

Could I refer, perhaps, Minister, to the draft memorandum of understanding that you have sent to the ...

**The Deputy of St. Martin:**

Can I talk to you about that, because I am not aware that we have had that?

**Chief Executive Officer:**

Under section 2 of that ...

**The Deputy of St. Martin:**

I do not have it.

[9:45]

**Chief Executive Officer:**

Would you like me to leave a copy with you now?

**The Deputy of St. Martin:**

Well, I certainly would if that is possible, please, because obviously we had some questions about the lack of ...

**The Minister for Economic Development:**

Chairman, there is another copy to the side there if ...

**Chief Executive Officer:**

Would it help for the record, Chairman, if I read out the relevant section ...

**The Deputy of St. Martin:**

Yes. That probably would be very good.

**Chief Executive Officer:**

... which refers to the roles, which is section 2 of that draft memorandum of understanding, 2.1: "The shadow board is an advisory and a not a supervisory body, and the terms of reference are ..." and I think this clarifies the point about where responsibility of the role of the shadow body is relevant to the Minister: "To define the optimum tourism strategy, operational and governance structure and make recommendations to the Minister for Economic Development to implement changes as necessary." Clearly explicit in that is the fact that the board is advising the Minister: "Strengthen governance and good practice in all areas of Jersey Tourism

operations, provide a robust challenge and effective support to the executive teams, to develop a strategy of business operations and to ensure they are subject to rigorous independent commercial challenge in a manner which enhances governance at a pivotal time, and to ensure the optimum performance for the sector in delivering cost-effective operational solutions for the development of tourism in Jersey.” Then: “To undertake any other appropriate roles and activities as agreed with the Minister for Economic Development.” That clearly has regard to the primacy of the Minister and the advisory nature of the body rather than a supervisory nature.

**The Deputy of St. Martin:**

Okay. Well, thank you for that. We will obviously be referring back to that in the next week or so when we meet the others. Maybe I could just ask a question, Minister, about the link between the board and the strategy. Certainly, from our side of the fence, there are questions to be asked as to whether the strategy comes first and the board comes out of the strategy ... and I know you feel that the board is required to complete the strategy. So could you just talk to us about that, please?

**The Minister for Economic Development:**

Well, in simple terms, it would be the latter point, the process leading to the strategy in terms of the consultation. We are talking, of course, about the tourism strategy here. The process has started, there has been a Green Paper. The results have come in, there has been an unprecedented response, which is very encouraging; more than a thousand responses, which is far and above what one normally expects to get from most States consultations. But it does perhaps indicate the feeling and the strength of feeling behind the tourism sector which, as I say, is encouraging. We then will be moving towards a White Paper. My intention very clearly is that I would like to have the board in place. They are an advisory board. If we get, as I fully intend, a strong board with excellent range of expertise in tourism and marketing and so on, then I would like and feel it appropriate that they should oversee the strategy and make final recommendations to me as to whether they feel that the basis of the strategy is correct or any input that they feel is relevant in that regard.

**The Deputy of St. Martin:**

You made a reference there to strategy, and on page 7 of the report it states that: “It is likely that shadow board sub-committees will be formed.” Could you give us a little bit more information about the roles of those sub-committees and in what particular areas you feel you might need sub-committees?

**The Minister for Economic Development:**

Well, tourism is quite broad, the hospitality sector as such, and there may well be areas that need more focus and, as such, a sub-committee could be set up, for example on transportation, and they could look at different ways in which transportation issues that affect the tourism sector might be addressed, so that could be a particular role and focus for a sub-committee, and there could be many more, of course.

**The Connétable of St. Brelade:**

Obviously, the department has been overseen by various performers in the past and I am all for seeing a different approach, but what is this board going to offer that is specifically different to the way it has been run in the past? I think that is what people want to know is what is the key role? I know you got many aims, but in your view where is this board going to drill down into and do differently than they have done in the past?

**The Minister for Economic Development:**

I think from my point of view, it is a case of “try before you buy” if I can use that phrase, and by that I am referring to what Mike King mentioned a moment ago which was the advisory marketing panel that we set up. We set up that to give some additional external advice to Tourism about specifically destination marketing, and that drew upon primarily experts within the tourism sector within the Island. There were a couple of external individuals from a marketing perspective. Now, the value that they added to the destination marketing area was very notable; there was a significant value and we thought to broaden it ... that was the genesis, if you like, together with what had happened over the private/public partnership deliberations, but this was a way to progress forward to introduce specific industry-sector expertise to the decision-making and the operational oversight, governance and so on of our Tourism Department in a way that had never been done before.

**The Connétable of St. Brelade:**

Well, I was going to say, is that something that Tourism had never tapped into before, not specifically?

**The Minister for Economic Development:**

Not in this way; this is very much a different and more focused way and more structured way of operating. Well, that is the intention, assuming one gets it up and running.

**The Deputy of St. Martin:**

Maybe we could just briefly deal with the make-up of the board, Minister. There are a lot of references in some of the responses to the strategy, which referred to things like Harbours and Airports co-operation, and I think you have already mentioned the transport links and the importance of that. But as you also mentioned, there are a lot of other strands in the Island which are affected and involved with tourism. Do you see the people on the board as purely tourism and then the sub-committees or the sub-panels as Harbours and Airports, beaches, retail, what-have-you, or do you see, for example, a representative of Harbours and Airports sitting on the shadow board itself?

**The Minister for Economic Development:**

I think there is some benefit in having a representative from the ports because of the importance to the Island on the board, but they can feed into what the board does. For example, the Group Chief Executive of the ports would be a valuable addition to the board structure in terms of giving advice. There needs to be a representative on the board; there will be a representative on the proposed board from Economic Development, the intention is that would be the Chief Executive.

**The Connétable of St. Brelade:**

I know you have gone into this a little bit, but where is the funding of the board coming from and what is the actual cost of the board?

**The Minister for Economic Development:**

The funding is coming from within the department, from within the existing budgetary structure. The board's overall cost is relatively low. The Chairman of the Board is going to be remunerated to the tune of £12,500, the non-executive directors to £5,000 each and expenses for any off-Island N.E.D.s (non-executive directors) that are appointed, taking into consideration their out-of-pocket expenses.

**The Connétable of St. Brelade:**

How often would the board meet and what sort of time would they be putting into this board?



**The Minister for Economic Development:**

The intention is that it will run broadly along the same lines as they Ports Shadow Board, which would be 15 days a year. Having said that, the Ports Shadow Board have met, certainly in the early stages, significantly more than that and I would imagine that when this particular structure is put in place, assuming it gets approved, it will also have a much heavier workload initially and then that will even out in due time to around about 15 days a year.

**The Deputy of St. Martin:**

It says in your report, Minister up to a maximum of 5 non-execs, given that we have got your Chief Exec from Tourism, we have got the representative from E.D. (Economic Development) and the Chairman, that is going to be ... is that 8 that you are envisaging and that would be the number?

**The Minister for Economic Development:**

Yes, 8 is the number.

**The Deputy of St. Martin:**

Could you elaborate on where you might be looking to recruit these 5 non-execs?

**The Minister for Economic Development:**

Well, the recruitment process would be one that would be open, obviously, and transparent. We would advertise widely, both locally and on a more national or international basis in trade magazines, and so on, to see if there was anybody of value that could be flushed out there. But it will be widely advertised and the process will be overseen by the Appointments Commission and, as I say, we are very hopeful that we will get some very high-calibre applications coming in. As an aside, I might point out that the Digital Jersey Board, which we are currently advertising for, we have been very impressed by the quality of applicants that have come forward, and I would hope the same would apply here.

**The Deputy of St. Martin:**

You stated an honorarium in your report of £5,000 per annum plus travel expenses. Do you see that as the level of remuneration that might attract the people you need from possibly outside of the Island, or do you think that might be a bit constrictive?

**The Minister for Economic Development:**

Possibly, but you tend to find that N.E.D.s that are interested in getting involved in such structures do it for far more wide-ranging reasons than purely the remuneration.

**The Deputy of St. Martin:**

If we could move briefly now, Minister, to the rebranding of Jersey Tourism and to Visit Jersey. I just wonder if you could enlighten us (a) as to the rationale behind that move and (b) to the cost implications of that move, please?

**The Minister for Economic Development:**

Well, yes, I think this particular issue has got somewhat misrepresented. Perhaps if I could just clarify: the intention is to ask a shadow board, if and when it is put in place, to advise as one of its initial considerations on the future structure and shape of the tourism facility. Part of that is the potential for rebranding. It must be made clear that what is put here is not suggesting that it is going to be anything other than a suggestion that we could rebrand.

**The Deputy of St. Martin:**

So it is not a fait accompli at the moment, then?

**The Minister for Economic Development:**

No. If you look at page 6 of the report to the proposition, the proposed new structure, it says: "Visit Jersey is the working title of the new organisation" but the organisational structure that may well flow from that is something to be advised upon, decided upon, and ... this is the most relevant point as far as I am concerned: if there was going to be a major structural change to the delivery of tourism services within the Island, then that is a matter that would be brought to the States for a States decision. I made the same undertaking, incidentally, with regard to the ports, which is why we had the ports incorporation in-principle debate recently and, indeed, if there was going to be a major structural change for tourism, that would be the same.

**The Deputy of St. Martin:**

Is there any general evidence to support the benefits of rebranding and the cost of rebranding? We have done a few in the past few years. Do we have any ballpark figures on what the cost of something like rebranding would be?

**The Minister for Economic Development:**

Rebranding can cost a considerable amount of money; it can cost a lot less depending on how you do it. I think from my point of view, I would be interested in the whole issue being looked at and a clear recommendation coming forward as to what the cost and benefit analysis was looking like. I am not an expert in the field; that is why I want to appoint good-quality advisers to make sure that I get the best possible advice before making a decision.

**The Connétable of St. Brelade:**

When you mention good-quality advice and advisers, where do you see those people coming from? Do you see them being local or do you see them coming from the U.K. (United Kingdom)?

**The Minister for Economic Development:**

I think there is significant expertise within the existing hospitality sector within the Island and I think we will, without doubt, get some good applications coming forward locally. I think it is most important to have local representation; equally, I think there is every chance that we can get some broader expertise from outside of the Island which would add valuable insight and expertise from the broader tourism field.

**The Connétable of St. Brelade:**

Do you see that more as a role for the Chair being somebody from outside the Island coming in with a new view?

**The Minister for Economic Development:**

No. I think the Chair is more of a local role. I think it is important that there is a clear understanding of the Island, the processes and so on.

**The Deputy of St. Martin:**

Is there a view that we need rebranding at the moment, Minister?

**The Minister for Economic Development:**

I think if you are looking at a new direction, a new way of operating, then it is quite possible that a rebranding would add some value to that but, again, one would need to have the appropriate advice once it had been properly analysed.

**Chief Executive Officer:**

Can I add to that, Minister?

**The Minister for Economic Development:**

You can.

**Chief Executive Officer:**

I think we need to be careful what it is we are referring to when we talk about rebranding. We spent a considerable amount of time and money developing the new Jersey brand, which is broadly used, widely used, in all of our advertising.

[10:00]

That is not what we are talking about; this is just a change of name rather than rebranding of the destination, so there is no intention to look at the Jersey brand and the flying bird and everything that has flowed from that in terms of the way we have rebranded the Island and all of the collateral. This is about if we are to make significant changes to the organisation, would we take the opportunity to refresh the name of what is currently Jersey Tourism, which describes a part of a government department.

**The Connétable of St. Brelade:**

So you are not looking at a major cost in new logos and ...

**The Minister for Economic Development:**

It does not have to be

**Chief Executive Officer:**

David has always been one of the great advocates of this, of using that Jersey brand, as we do for Careers Jersey, Locate Jersey. The main Jersey brand, if it were me and if we were to change it, I would just write the word "visit" above it, and the incremental cost of that should be quite small.

**The Minister for Economic Development:**

The benefit, of course, is to bring it more into line with the Visit Guernsey, Visit Britain, which are brands that are well-known, a significant amount of money has been invested already. So to align ourselves with that makes obvious sense and does not have to, as Mike said, necessarily be expensive.

**The Deputy of St. Martin:**

I should have asked this question previously, but I am just going to go back to the make-up of the board. Do we see it as essential that at least one person on this board is from the U.K.?

**The Minister for Economic Development:**

Nothing is deemed to be essential, as such. I think it would be useful and valuable to have expertise and a view on the board from somebody or people from outside of the Island.

**Chief Executive Officer:**

I think it is worth mentioning, Minister, the key here, as far as marketing is concerned, is to align the product and the way we market it with the demand, and the demand from our primary market in the U.K. is changing; it has changed dramatically over the last 5 years and very significantly, so it is an issue of getting some market intelligence on the board from that dominant market, which is still about 80 per cent of our total market. That is the logic, I think.

**The Deputy of St. Martin:**

One of the key aims of the shadow board, Minister, is to ensure the optimum performance of the sector in delivering cost-effective operational solutions. We see in the report that the budget of £6.6 million. I suppose you can sort of work out where the money is going to, but the headings do appear to be particularly vague to me. Is it your intention that the new board will look very carefully at cost and try to drive down cost and reallocate priorities when it comes to funding?

**The Minister for Economic Development:**

Cost or value; it is always an interesting debate. It is extracting the greatest possible value from the resources that we have to make sure they are targeted in a way that meet the aims, and the aims are to drive more visitors to the Island to spend more money. So yes, one of the board's roles will be to work very closely with the executive side to make sure that value is being delivered, to make sure that proper scrutiny and oversight of all functions within the department are carried out to the optimum.

**The Connétable of St. Brelade:**

Going down the private board route obviously is a bit like the harbours and airports; it is very much a culture change in many regards, all commercial-type operations, and presumably tourism is the same thing. Do you think we have acted commercially enough in the past or do you think there needs to be a bigger commercial element in the way Tourism approaches the development of their product? I do not want to be over-critical of what we have done in the past, but I am just thinking from ...

**The Minister for Economic Development:**

Yes. I am hesitating because the performance in many respects has been very good, particularly in recent years. I know if you speak to the industry, it is very easy for me to sit here as a politician and say the performance has been very good. If you look at the raw statistics, you could draw the conclusion from statistics that we do not look as if we perform too badly compared to other places. That does not mean that members of the industry have not found the conditions of the market to be very challenging in recent years. Margins have been squeezed, there have been all sorts of other challenges that have gone on, and I think that by adding the broad spectrum of business expertise and so on that you would get from a shadow board, we hope the quality of a shadow board would add additional value to ensure and improve on performance.

**The Connétable of St. Brelade:**

You are right, I think we have held up pretty well in the market compared with other places.

**The Minister for Economic Development:**

Statistically, yes, but bear in mind the actual challenges that ...

**Director of Tourism:**

Could I just add something? Just to say that one of the key challenges inevitably is going to be to encourage the industry to contribute more to the overall financial position. At the moment, we have got a situation where the majority of expenditure comes from the States budget. What we would like to try and encourage, as we looked at previously with the proposal for the P.P.P. (Public-Private Partnership) which, as has been explained, we are now no longer following through, but the principle of that, of encouraging private investment alongside States investment, I think has to be one of the top priorities.

**The Connétable of St. Brelade:**

I can understand why it would be a priority but I think local business is strapped at the present time, and do you think they can afford to put that type of commitment into supporting the industry? It seems to have fallen very much on the government's bill in the past.

**Director of Tourism:**

I think if the right projects are there, yes, the answer will be yes that they will, but what we have to do is to find the right projects; things that they are prepared to contribute to.

**The Connétable of St. Brelade:**

Well, they need to see the value of them, presumably.

**Director of Tourism:**

They will not contribute to a central pot but they will participate in an activity if it suits their own particular business needs.

**The Minister for Economic Development:**

On a product-by-product basis, you can see examples, for instance, of the rugby sponsorship. Some businesses, some hotels and others, have got involved in joint initiatives with regard to that particular project and they have driven significant value. That is the type of niche market collaboration between government stimulating a particular idea or niche and working in partnership from a funding point of view to deliver maximum value and maximum return.

**The Connétable of St. Brelade:**

Are you trying to draw in, or draw back in, some of the businesses that currently do their own thing, try to get them back into doing things together rather than off their own bat? Because there has been a suggestion from one or 2 people that I have spoken to talking about because they have not been listened to in the past, they go and do their own thing, they go and do their own marketing. Will this private board be looking to get those businesses back on board and work together?

**Director of Tourism:**

Yes. I would challenge that people have not been listened to; I do not think that is the case at all. I think I would interpret that as being people have perhaps made

some suggestions that have not been the right ones and therefore they have not been followed, but there is a difference between that and not being listened to. We have certainly had more than one ear to the industry. Even though we are part of the States, I think we consider ourselves to be very much also part of the industry; we work in collaboration, we work in partnership the whole time. So if there are schemes that we can bring forward that perhaps have not been looked at before or perhaps need to be worked upon, then we are going to be completely open to doing that.

**The Connétable of St. Brelade:**

Do you think that is where maybe the private board might have a slightly different view to marketing in the past, the way things have been done, and be a bit more open to ...?

**Director of Tourism:**

We have a lot of experience of working with different bodies and boards, as the Minister has suggested: we have already a marketing panel with whom we work very closely, our Conference Bureau has a conference board, we have got the Tourism Development Fund Board. It is part of our culture to work in partnership in that particular way, and I think this will just help us do that to greater effect.

**The Minister for Economic Development:**

To answer your question, you have probably hit exactly on one of the points, and the point is that the board is there, or would be there, to provide a challenge, if you like; so ideas coming forward from industry, they will look at them, assess them and challenge the executive on decisions that are arrived at.

**The Connétable of St. Brelade:**

How will the board work with the boards that are currently there, like the Conference Bureau, for example? Presumably they would just work in partnership? It would be more of an umbrella group over it with the other ones working below.

**The Minister for Economic Development:**

Yes. If you look at the proposal that was contained within the P.P.P., that obviously was not progressed, that was ultimately viewing the Conference Bureau as coming within the fold of the P.P.P., so it would be much closer, but yes it will work as an umbrella over the 2. It is an important function, the conference part of the sector.



**The Deputy of St. Martin:**

The shadow board, Minister, is going to sit much higher up the level, if you like, than the Conference Bureau and the other various boards that we have spoken about. They are going to be up there advising you on the policy. In the past some of these boards have not been very accountable; I presume that this board will be accountable to you, you will take their advice. You mentioned members of the board will have contract for 3 years and, at the end of that time, they will be re-employed, essentially, or not, as otherwise.

**The Minister for Economic Development:**

Yes.

**The Deputy of St. Martin:**

Okay. That is fine.

**The Connétable of St. Brelade:**

Will the board advise on all areas, including transport links, issues of that type as well?

**The Minister for Economic Development:**

Yes. The shadow board for Tourism would include certainly transport links; that is key to the hospitality sector, clearly. As we have touched on earlier, there may well be some sub-groups set up to focus on specific areas and that may well be one of them.

**Chief Executive Officer:**

It is worth mentioning for instance that links and transport links, what we have seen this year with the German market, driven by an expansion in the network of air routes from Germany, has proven that market. There is a question as to whether or not the expenditure that is put in place is better spent on destination marketing or stimulating transport networks, or indeed subsidising transport networks, providing the cost of that subsidy is passed on to the consumer. But that again is something that one could seek advice on and get opinion on from ...

**The Connétable of St. Brelade:**

Would they also advise on policy in terms of whether support is needed for certain parts of the tourism sector? When I say “support” it may be that we need to grow the hotel market to some degree, and maybe some investment in the hotel market. Would they be advising you on that if they thought there was a need there?

**The Minister for Economic Development:**

I would certainly encourage them and expect them to provide advice on all aspects of growing our tourism and hospitality sector. I think nothing should be counted out, nothing should be counted in. It is completely open and a fresh canvas, as far as I am concerned, and that is the type of advice that I expect would be important. If they see an opportunity, then they should be challenging the executive on it and coming forward with some advice to the Minister.

**The Connétable of St. Brelade:**

Obviously, this is a very positive aspect of tourism. Do you see E.D.D. (Economic Development Department) in general finding any more money to invest in tourism? I know you invest a great deal at the present time, but I think the market would always want more money, but would there be opportunity there? There will be new budgets, I know.

**The Minister for Economic Development:**

You do. Every sector, first of all, wants more money. I think from my perspective, the important thing is to make sure that we get maximum return for the money we have to invest, so we get the maximum amount of money in the frontline area of developing the sector, marketing the Island, and so on. I should point out that I did take the decision during the C.S.R. (Comprehensive Spending Review) process to ring-fence the tourism budget. Tourism had taken a hit for many years, seeing their budget reduced and reduced and reduced, and I called time on that and said: “No, we need to circle the wagons. We are looking at a new way of overseeing structuring potentially the tourism sector, so we need to ensure that the budget there at the moment is maintained”, and that is what we have done. Again, the board themselves, hopefully, if the proposition goes ahead, when they are in place, I would be looking for them to give some advice on their views about the budget we have currently allocated and the best use for that budget, and other opportunities. If there are other opportunities that the board are persuasive would derive significant value to stimulating the tourism sector, then I think we need to look at it and we need to see ways in which we could perhaps find some funding. There are other sources

potentially for projects that could find funding through, for example, the Innovation Fund, if we get that progressed. In the past, of course, aside from the baseline budget that Tourism have had, when there have been moments of particular crisis (because of the nature of the budget that E.D.D. has there is an element of discretionary spend) we have been in a position to be able to put in some extra money. For example, when the volcanic ash incident occurred, when there were airline strikes, we were able to get some money to put into tourism. But key to all is value and making sure that we use the money wisely.

**Chief Executive Officer:**

It is worth adding, Minister, that you recently extended the protection and the ring-fencing of the Tourism budget beyond the C.S.R. period to cover the whole of the M.T.F.P. (Medium Term Financial Plan) period.

**The Minister for Economic Development:**

Yes.

**Chief Executive Officer:**

In addition to that, the M.T.F.P. growth bid includes an annual £500,000 in addition to the Tourism Development Fund as part of the growth bid, so I think that is as long a term commitment as it is possible for us to give, for the Minister to give.

**The Connétable of St. Brelade:**

Do you think we could have reduced the contraction in the tourism industry over the years by more investment? I know that is a big question. Again, you could throw money at things and it does not always work, but obviously you have stopped any less investment and, like you have just said, you have made sure that investment is there for the next 3 years. But do you think sometimes we look back and maybe we have got a little bit more to add?

[10:15]

**The Minister for Economic Development:**

It is difficult. I can go back to my tenure, if you like, and I think we have arrested the decline in funding, we have put extra money in as and when it has been possible to do. We have also changed the emphasis very much, for example with regard to the ports. Outside of the core Tourism budget, E.D.D. has put additional money in on top

of the airport, for example, doing incentive programmes with airlines in terms of landing charges, and so on, we have put in money to support the Heath-Ruder Link(?) a few years ago; a significant amount of money to bring that link in. So we have constraints and I am sure if you just continued to throw money at it, it may have had a different outcome. But I think if you look at the core challenges that the industry as a whole has faced over the last decade or more, it is more than just money that would have arrested a structural change to the industry which was far beyond Jersey. Low-cost airlines, for example; from our donor market in the U.K., suddenly people could travel to all over Europe, Eastern Europe, for a few pounds at one point with low-cost airlines. It was very difficult; we were a higher cost destination and it was difficult to meet that. There was a period of change that was going to happen regardless, I think.

**The Connétable of St. Brelade:**

In terms of low-cost airlines, is that something that maybe if this new shadow board supports a progressive way forward, is something that you would consider? Because I know low-cost airlines have not always been ... obviously not unkeen to come here, they are probably keen to come here, but they just find it too expensive to come here.

**The Minister for Economic Development:**

Well, the bottom line is, first of all, we have low-cost airlines now which we did not a few years ago. I think that was a very positive proactive step that we took through the airport to go out and start looking for new routes and realising that we could not expect airlines just to think Jersey was a jolly good idea, we had to go out there and persuade them and incentivise them, because that is the way they work. The bottom line is you have to pay them to come here, and that is what we did; that is why we have got the likes of easyJet, jet2.com ... there are a number of them that have come, and we continue to look at opportunities to expand those networks, and they are very valuable. What we should not forget is the value of the low-cost airline model, particularly the likes of easyJet, is the strength of their own marketing. The consumer makes a decision quite often by going on to the airline website and deciding where they are going to go and if you are on the airline website that is a very valuable piece of additional marketing that the Island gets, that is why we invested in the likes of easyJet.

**Chief Executive Officer:**

We continue to nurture that relationship with easyJet through the airport, and there have been recent expansions of the easyJet network and we expect to see that continuing. It is a very successful model for us, indeed, and for them.

**The Minister for Economic Development:**

I think my point about is there more money available, if there is a compelling argument, for example, of an airline that is going to deliver value and we can get a return on investment then we will look to invest in it above and beyond what we have got here. We have done it in the past and we will do it again. So again a very important role the shadow board will have will be looking at some of these opportunities for driving greater amounts of traffic of value to the Island. We will invest more if we can get a return on the investment. Just throwing money at something in the hope that it might work is difficult.

**The Connétable of St. Brelade:**

You need the expertise put in for it to convince you that it is the right thing to do.

**The Minister for Economic Development:**

Absolutely.

**The Deputy of St. Martin:**

If I could just return to the appointment of the board, Minister, and our return on investment of the people that we put on that board. Could you just run through again, did you say that they are going to be appointed by the Appointments Commission?

**The Minister for Economic Development:**

The Appointments Commission will oversee the whole process.

**The Deputy of St. Martin:**

What input will yourself, E.D. (Economic Development) and the industry more generally have in the appointments?

**The Minister for Economic Development:**

There is a panel that will be involved in the recruitment process and, as I have said, the Appointments Commission themselves will oversee the make-up of the panel to

make sure they are satisfied with it, and then the recommendations will come forward. I do not know if you want to add anything to that?

**The Deputy of St. Martin:**

I raise the point, no offence to the Commission, but do we not need some tourism experts to look at the names and what-have-you that are coming forward to decide which ones we might want?

**Chief Executive Officer:**

I think it is important that, as the Minister has said, it is absolutely correct that the Appointments Commission oversees the process to ensure fair play of the process. The panel will include people who have the expertise to allow them to both shortlist and interview people.

**The Deputy of St. Martin:**

Sorry, okay. I misunderstood.

**Chief Executive Officer:**

So it is a matter of the Appointments Commission role being properly appreciated.

**The Connétable of St. Brelade:**

In terms of stakeholders and other interested parties, what kinds of consultation have we had with them in terms of the setting up of the shadow board and what response have we had back from them to date?

**Chief Executive Officer:**

I think hopefully what you will find when you talk to the Hospitality Association, which has been our primary point of contact, is that they are fully supportive, and I think they have written to you to that effect. We do consider them to be representative and I think there is a very broad church on the committee. I went to see the committee probably 2 months ago now on this topic and they were universally supportive of moving in this direction. I think they see the ability to link marketing to their activity and to allow their businesses to prosper, because that is what the marketing is about; it is a means to an end, not an end in itself. That is quite an important component, and having more input into that and influence over that is something I think they attribute quite a lot of value to.

**The Connétable of St. Brelade:**

What about the current staff of Jersey Tourism, have they been fully consulted about how the process is going to evolve?

**Chief Executive Officer:**

I think David can comment on that.

**Director of Tourism:**

Yes, they have. I think because of the nature of the change, if you like, it is at board level, the structure of the department at the moment will probably remain quite similar until such time as perhaps new advice comes along. I think people are very comfortable about that. Previously, they were less comfortable because obviously there was talk of a P.P.P., which was a completely different entity; these people remain in the same job, or a similar job at least, and have the same terms and conditions. So I think the staff are comfortable and looking forward to a bright new future.

**The Deputy of St. Martin:**

Finally, Minister, strategy is the main reason we are pushing forward for this board so quickly so that you can come out with a new strategy for Tourism next year. Are we doing anything on strategy at the moment or are we just sitting waiting for the board to make its appearance?

**The Minister for Economic Development:**

No. The strategy has been developing, the Green Paper that I mentioned earlier has obviously concluded. There was a fabulous response, as I mentioned, and it is now moving towards a White Paper stage. All the responses are being collated and put together and a draft White Paper document is being prepared. I am hopeful the board can be approved and in place quickly so that it can then review the White Paper, make recommendations on it and that will go out for further consideration.

**The Deputy of St. Martin:**

So we will see the White Paper after the board have looked at it and fine-tuned it.

**The Minister for Economic Development:**

You will see the White Paper as soon as it is possible; we like to share things early. I am very happy for it to come out in a draft form when it is ready and if we have not

got the board in place, I am also equally happy, if you want to have a look at it once all the details have been collated and it is there in a draft form. I am very happy for you to have it.

**Director of Tourism:**

It might be worth just mentioning that there are 2 phases to this strategy. I do not know whether you have seen the initial phase, which was ... you have done, yes, the *Oxera Report*, which was concluded a year or so ago, and then on from that we have now got the consultation phase. So we are halfway down the line at least, probably two-thirds of the way down the line already.

**Chief Executive Officer:**

I think it is worth me collating the responses to the consultation. It was no mean feat; there were well over a thousand responses, and so that is a very significant piece of work. What we would like to do is have an initial product to allow the shadow board to have something to work with and from rather than it being set in stone.

**The Connétable of St. Brelade:**

I just wanted to come back to the staff for a second. In terms of the proposals obviously with the shadow board, do you think there is going to be any indication to the existing Tourism staff in terms of less numbers or ...?

**Director of Tourism:**

There is nothing envisaged, as far as I understand it. The Tourism staff, like the staff of any organisation, is changing the whole time. We have people leaving, people arriving and so on and so forth, and we are more than happy to make those changes to meet market needs, and that is what we try and do. So we have this sort of ... it is a horrible term, natural wastage, but it happens in every organisation and we deal with that as we move forward.

**The Connétable of St. Brelade:**

So the department sees it as business as usual with a new focus.

**Director of Tourism:**

Very much so.

**The Minister for Economic Development:**



One of the first roles that the board, if appointed, are going to be asked to do is to look at the structure of the department, the organisation, and make a recommendation. We went down a similar route with the ports and that is going to be a key objective that I will be asking the shadow board to look at.

**Chief Executive Officer:**

The thing is that as recently as Friday, I think, David came to the ministerial meeting, which we have on a weekly basis, and recommended that we increase the level of resource in our Events Management element of the Tourism team, which was approved, so I think that probably gives you an idea of how we see big team.

**The Minister for Economic Development:**

It is probably worth pointing it out, if I have not mentioned it before, that it is the one thing we do in Economic Development, we obviously are very conscious about staffing across the whole broad spectrum of activities of the department, and all managers and directors have to come forward to the ministerial group if there is an intention to replace or add to staffing levels so that we can just see what the proposals are and have some oversight.

**The Connétable of St. Brelade:**

Just an overall point in terms of the board: how much political involvement would there be with it, or should I say political interference will there be with it, or will it be allowed to put forward ideas of its own from its own stance rather than maybe from the department itself?

**The Minister for Economic Development:**

When you say “political interference” do you mean from the Minister?

**The Connétable of St. Brelade:**

Well, I did not really want to say that but yes.

**The Minister for Economic Development:**

Well, it will not from this Minister. I mean, I cannot speak for a future Minister, but certainly not from this one. You do not have a dog and bark yourself. The idea is to have this board as an advisory board. It will be providing advice; I will be listening very carefully to the advice and if the advice is persuasive, particularly on more contentious issues of structure or different markets, or whatever it might be, then I

will be listening closely to expertise that we hope we are going to get on to the board. That is the purpose of the board.

**The Connétable of St. Brelade:**

Can we go back to the question before in terms of on the structure of the Tourism Department, and obviously this is going to be very close to it. How do you see the future of tourism and how it is going to work for Jersey if they come back with proposals that fly in the face of some of the things that you are doing at the present time, for example? Would you necessarily oppose those ideas?

**The Minister for Economic Development:**

No. If there is a good, sound case behind it then we would look at it. If it is a difficult decision; we have not shied away from difficult decisions before. If you cast an eye across to the ports that I keep mentioning that were, a very short period of time ago, operating as Jersey Harbours and Jersey Airport, it is now the Ports of Jersey. We have driven through on the recommendation of the Shadow Board an integration process which was difficult, and it was delivered in a difficult climate and it was done in an incredibly short period of time for the public sector. I do not think you will see anything else delivered that quickly, 6 months or so to bring 2 organisations together, starting from the very top of that organisation. It meant change, and people do not like change, but that does not mean we should shy away from it.

**The Connétable of St. Brelade:**

That has been done with a very high-calibre C.E.O. (Chief Executive Officer) in Doug Bannister. Presumably you will be looking for somebody of that same type of calibre to run the shadow board for Tourism?

**The Minister for Economic Development:**

Well, he is not a board member ... well, he is a board member but he is the Chief Executive as opposed to the board, so there is clearly a difference there, but the point is that first of all we had to have, or we felt it appropriate to put a board in place, and the Shadow Board at the ports were the start of the process before the appointment of, for example, the Chief Executive, and indeed the integration that then followed. Now, that does not necessarily mean we are going to follow exactly the same route here through Tourism (the 2 are very different, clearly) but nevertheless the board themselves (and I am hopeful of getting a very high-calibre

board) will be providing advice on the future structure, governance and so on, of the Tourism Department, and we will see where that leads us.

**The Deputy of St. Martin:**

But is it a bit soon to be appointing a shadow board, Minister, in as much as you could put together a similar group of individuals who would come up to the conclusion that we would be best suited by not having a shadow board-type structure, if you catch my drift?

**The Minister for Economic Development:**

Do you mean is there a contrary argument to ...

**The Deputy of St. Martin:**

Well, is there a possibility that the shadow board could come to the conclusion that the best strategy would be to not go down the road that is proposed; disband themselves, in other words?

**The Minister for Economic Development:**

Oh, I see what you mean. I am sure there is a role for a shadow board. I think to have that type of oversight from experts within the industry is valuable.

[10:30]

I think we have seen it with the Tourism Marketing Panel that we set up; this is taking the Tourism Marketing Panel to a new level and I am absolutely convinced there will be value added, without a doubt. What their conclusions may well be to the future structure, governance and so on ... you may be right, they may turn round and say: "Well, what you have got is jolly good, we just need a little bit of a tweak here and a tweak there, but otherwise you are fine", they might come up with something more radical. I think Constable Pallett was saying: "If something more radical comes up, are we going to shy away from it?" The answer is: no, we are not. Well, this Minister is not going to.

**The Deputy of St. Martin:**

Good. Anything further ... Okay, well thank you, Minister and your team, for coming this morning. Early next week we will be meeting Hospitality, Chamber of Commerce, and we have issued a request to a number of people within the industry

for written submissions and impressed upon them the timeframe that we are working to. So we will hope to see you again in the not-too-distant future to wind this up. Thank you very much.

**The Minister for Economic Development:**

So you would like to see us for a panel round-up at the end?

**The Deputy of St. Martin:**

I think the intention is, once we have collated the information from industry, that if you could come back again just for a short meeting.

**The Minister for Economic Development:**

Yes, sure. I am very happy to do so.

**The Deputy of St. Martin:**

We will get things wound up.

**The Minister for Economic Development:**

We will chase up the M.O.U. (memorandum of understanding); I am not quite sure if that got lost down the wires.

**The Deputy of St. Martin:**

No. We will find out where that went. Technology is a wonderful thing. Thank you.

**The Minister for Economic Development:**

"It is in the post", as they say.