

# STATES OF JERSEY

## Economic Affairs Scrutiny Panel

**MONDAY, 8th JUNE 2009**

**Panel:**

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

Deputy C.F. Labey of Grouville

Deputy S. Pitman of St. Helier

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

Deputy J.M. Maçon of St. Saviour

**Witnesses:**

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

Mr. K. Lemasney (Strategic Development Manager)

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

For the record, I will identify myself, Deputy Mike Higgins.

**Deputy S. Pitman of St. Helier:**

Deputy Shona Pitman.

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

Deputy Daniel Wimberley.

**Deputy J.M. Maçon of St. Saviour:**

Deputy Jeremy Maçon.

**Deputy C.F. Labey of Grouville:**

Deputy Carolyn Labey.

**Deputy M.R. Higgins:**

If you could both introduce yourselves, please.

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

Senator Alan Maclean, Minister for Economic Development.

**Mr. K. Lemasney (Strategic Development Manager):**

Kevin Lemasney, Economic Development.

**Deputy M.R. Higgins:**

Thank you for coming. First of all, Alan, how long can you give us this Saturday?

**Senator A.J.H. Maclean:**

I think we are in for an hour, are we?

**Deputy M.R. Higgins:**

An hour. Can you squeeze over that if we go a little bit over?

**Senator A.J.H. Maclean:**

I am just scrabbling to check my diary. Hang on a second.

**Deputy M.R. Higgins:**

We are not saying we will, we just do not know.

**Senator A.J.H. Maclean:**

We are in for 2.00 p.m. until 2.45 p.m.

**Deputy M.R. Higgins:**

We had you down for 1.30 p.m. anyway.

**Senator A.J.H. Maclean:**

Yes, 1.30 p.m. to 2.45 p.m. I have got a 3.00 p.m. meeting.

**Deputy M.R. Higgins:**

That is fine. As I say, this is the first of the public hearings on the private-public partnership or public-private partnership, whichever way it is. What we would like to ask you first of all is, what is the problem you are trying to solve or why are you introducing the measures you are?

**Senator A.J.H. Maclean:**

It is an interesting, if I may say so, negative stance. You just kicked off with a problem we are trying to

solve. I think what we are trying to do is in recognition and discussion with the industry, we realise that the world is changing and it has been for some time. Certainly there have been additional pressures in the tourism markets. Very competitive circumstances mean that all visitor destinations are having to fight for a decreasing slice of the cake. To give industry themselves far more involvement in the process, both in terms of the marketing and advertising and promotion of the destination, we feel in a nutshell and so do the industry because it was after all ... you say, what are we trying to solve? It is the industry, if I am perfectly honest about it, who came up with the idea initially and wanted to have far more involvement in the budgeting and promotion of the Island. So we were reacting, if you like, to requests and demands from the industry to move things on and give it more accountability and involvement.

**Deputy M.R. Higgins:**

Okay, just to explain where the question came from. Obviously if legislation is involved then normally the purpose of legislation is to try to deal with some sort of problem. In the case we are trying to see where it came from and, for instance, why. So could you then go on to explain why you think a public-private partnership is the best way of addressing this issue?

**Senator A.J.H. Maclean:**

There are different models that exist elsewhere. I think we had to first of all consider what options were available. There was a report which was carried out by Locum which looked into the tourism industry and also ways in which it perhaps could be moved forward. The result of that particular report, we asked Locum to come back and look in more detail at the different mechanisms. It was as a result of that and discussions with the industry and the industry themselves considering what options were available that the P.P.P. (Public-Private Partnership) was thought to be the most equitable way in which we could deliver and move from a transitional period. Let us not kid ourselves, this is a major change and a major step forward. So there are a number of factors that need to be borne in mind when considering ways in which you could go through that transitional period. I think in discussion with the industry and the professional advice that was sought and surveying what was going on in other

jurisdictions that this particular model that is proposed meets all ticks in the majority of the boxes.

**The Deputy of St. Mary:**

Can we go back to the original question which is the basic, what are we trying to achieve? You said the world is changing competition and so on. In what way is the world changing now, in the last couple of years, and the competition getting stiffer and so on that it was not 10 years ago?

**Senator A.J.H. Maclean:**

I think there has been an evolution, if you like, in the tourism market. You can see, I suppose, if you track back, the most significant change has been transportation. By that I would draw your attention to low-cost airlines and the impact they have had on our main donor market, being the U.K. (United Kingdom) where traditionally people would come to Jersey for a one or 2-week family holiday. They were suddenly finding that they could travel all over Europe and elsewhere for a fraction of the cost with low-cost airlines and other parts of Europe of course opened up, like Eastern Europe, and we were competing against very many more destinations able to deliver a variety of different products at very competitive prices. I guess that was the core. If you track back to the tourism industry - the tourism market - and the numbers that we have seen over the last 10 or 15 years and if you want to call it the decline of tourism, it is more the changing profile of the tourism market has been affected by external forces beyond our control. So that is the core I suppose.

**The Deputy of St. Mary:**

But you are saying you agree that it has been going on a long time.

**Senator A.J.H. Maclean:**

Yes.

**The Deputy of St. Mary:**

Not only low-cost airlines but even simply charters like bulk carrying to Mediterranean has been going

on for quite a while.

**Senator A.J.H. Maclean:**

We have seen changes in tour operators. The Island used to get a lot of that type of visitor. Those numbers also were impacted by, again, the low-cost airlines.

**Deputy S. Pitman:**

It is my understanding you said that it was originally the industry that was calling for something like a P.P.P., am I right?

**Senator A.J.H. Maclean:**

The industry were keen to see a change and more involvement, I should say, in the way in which the Island promotes itself; marketing, advertising and so on, they wanted more involvement. That was where it initially came from, a call from the industry to become more involved.

**Deputy S. Pitman:**

In the way of a P.P.P. model?

**Senator A.J.H. Maclean:**

As I was saying there are various delivery models, if you like, that exist in other jurisdictions. First of all when we got to the situation where the industry were rightly pointing out that they would like more involvement, the next stage was to look at what everybody else is doing and how we can deliver what they were calling for.

**Deputy S. Pitman:**

What exactly were they calling for? More involvement but in what way?

**Senator A.J.H. Maclean:**

In the spend that Tourism were delivering in terms of marketing and advertising of the Island in particular.

**Deputy S. Pitman:**

Was there any indication from them ... because ultimately this will mean more financial input from the industry, is that what they were suggesting?

**Senator A.J.H. Maclean:**

There were various hoops that occurred from the point you are starting from to where we are at the moment. Those have included, as I have mentioned, the Locum report which was carried out; the review that they did. The industry themselves went out and consulted among themselves on the particular model that was being proposed. It was not just a proposal that was put forward or dictated at the beginning. It is something that in itself has evolved through discussions, both from external professional consultants and the industry within the Island. It has been, as far as I am aware, very much a collaborative approach where industry and government - when I talk about government here, Economic Development - have worked closely together in delivering what both sides believe is a model and an outcome and indeed a future for the tourism industry which is going to help enhance the Island into the future and develop and maintain the industry that we have got.

**Deputy S. Pitman:**

You say that they have done the consultation among themselves.

**Senator A.J.H. Maclean:**

Yes.

**Deputy S. Pitman:**

What was the result of that consultation? Were they happy with the model that your department was proposing?

**Senator A.J.H. Maclean:**

The model was arrived at not just from ourselves and the professional consultants but also input that was received from the industry. The main industry body, as you are probably aware, is the Jersey Hospitality Association. They have consulted among themselves with industry members. The majority of the feedback, as far as I am aware, has been positive. As you would expect, such a major change as this you are going to get one or 2 people who are not so much opposed to it but it has been described to me as a case that one or 2 are worried or slightly apprehensive about the change itself but are supportive of the principle.

**Deputy S. Pitman:**

One or 2 out of how many?

**Senator A.J.H. Maclean:**

Kevin, do you want to help me out on ...?

**Mr. K. Lemasney:**

Yes, if you look at registered accommodation providers, you are talking about 153 accommodation providers. But if you look at the larger industry as a whole, are you are talking about the transport providers, the attractions ...?

**Deputy S. Pitman:**

I am talking about the J.H.A. (Jersey Hospitality Association).

**Mr. K. Lemasney:**

The J.H.A. will have a membership right across that.

**Deputy S. Pitman:**

Yes, how many?

**Mr. K. Lemasney:**

I could not tell you.

**Deputy S. Pitman:**

You do not know the membership number?

**Mr. K. Lemasney:**

That is a question you will have to put to the J.H.A.

**Deputy M.R. Higgins:**

We will ask the J.H.A. that question.

**Senator A.J.H. Maclean:**

It is in here. It is over 400.

**Deputy M.R. Higgins:**

Could I ask you though in terms of the consultation you had on it, yes, you have obviously worked with the J.H.A., who else did you consult?

**Mr. K. Lemasney:**

The department is not consulting in an overt way with the industry. The Locum report - the study you have there from 2006 - began by taking a full audit of the tourism industry in the Island. You can see from the bibliography the amount of industry individuals and companies that were consulted. Out of that report came the suggestion for a change in the delivery mechanism. The second report which was published in 2007 looked at that. That looked into quite a lot of industry representatives again in the Island and how they might see a new model developing. Following that, members of the department



visited certain jurisdictions to see what other sort of models were being employed, principally in the U.K., but based on our experience from other models in other countries. We then set up the working party with delegates from the J.H.A. and that party continued to work in tandem over the 14 months up to the submission of the document 5 to the scrutiny panel and to the Council of Ministers. During that time, there was quite a lot of formal and informal discussion. The Minister has mentioned earlier the forum that took place with the J.H.A. On one occasion the Chief Executive from Economic Development presented to the forum and took questions on that. The J.H.A. themselves with their members, as has been mentioned, carried out quite a lot of consultation. We have also of course spoken, as we would, with the industry that we are involved with regularly; engaged with them as to what their thinking is.

**The Deputy of St. Mary:**

Can I just stick with this? In the introduction to *Marketing Jersey* which is the final report of version 4, it more or less goes through what you were describing there. It just concerned me about just how far down this consultation went, if you like. Do you have documentation of that consultation in a normal way one would have a consultation report? For instance, with a structure plan or something like that, you would have the number of people who held a certain point of view and who they were and cross-reference. Also you would have the people who responded with what their views were. Is there such a report?

**Mr. K. Lemasney:**

No. You have in the appendix to the document you refer to a list of those people who were consulted.

**The Deputy of St. Mary:**

The version 4.

**Mr. K. Lemasney:**

But, no, certainly as to how many people might have been in favour of a certain position or not because

there was not at that point in time a proposal on the table for discussion. It was not: do you agree with this or not?

**The Deputy of St. Mary:**

No, I quite accept that.

**Mr. K. Lemasney:**

The first report raised the need to change the delivery mechanism. As the Minister has said, the Jersey Hospitality Association with the industry backing had suggested that a public-private partnership of one guise or another would be a preferred way forward.

**The Deputy of St. Mary:**

To pick up on what you just said, the first draft of this report was in the form of a discussion paper and was issued to the J.H.A. for comment.

**Mr. K. Lemasney:**

Yes.

**The Deputy of St. Mary:**

That is the point at which the ideas are fluid: this is rough stuff, what do you think of this? That is where I am interested because later on it becomes more fixed and people take fixed positions. But that is the interesting phase from my point of view and I just wonder what we have on what that consisted of.

**Mr. K. Lemasney:**

But I do not think one could say that that particular finding is what led the J.H.A. to come back and say: "A P.P.P. is what you should do." The P.P.P. notion has been floating in the public domain for quite a time now and certainly since the advent of Jersey Finance Limited. I know people in the industry have looked to that and said: "Is that something that the tourism industry should be looking at?" Yes, a lot of

discussion has been taking place. That was one of the reasons that Locum were brought in in the first place is that there had been many tourism strategies but never really a Tourism audit to see what is the state of the industry, what is the state of the industry players and not where will this industry go but where might this industry go.

**The Deputy of St. Mary:**

Is there a report of the audit? If this all started with the audit of Tourism in 2006 carried out by Locum, I do not think we have that but if we did we could then see what the audit consisted of.

**Senator A.J.H. Maclean:**

You should have a copy.

**Mr. K. Lemasney:**

The 2006 report.

**Senator A.J.H. Maclean:**

You should have that.

**The Deputy of St. Mary:**

That is not the glossy one. It is not this one, is it?

**Mr. K. Lemasney:**

Yes

**The Deputy of St. Mary:**

Yes, fair enough.

**Deputy J.M. Maçon:**

On a different question, the Minister identified one of the things deterring people to come to Jersey from a consumer point of view was the cost. Yet the industry is calling for a body for promotion and marketing. I am just wondering how those 2 seem to gel. If your consumer is saying: "Cost is a problem" your industry is saying: "Then promote us more" it does not seem to fit together.

**Senator A.J.H. Maclean:**

I think what I was talking about was the way in which, based on Deputy Wimberley's question, as to where this has started and where it had come from. The difficulties faced not just by Jersey but all visitor destinations with the advent of low-cost airlines and the way in which, in particular, transportation costs were an issue that were impacting upon the numbers that we are receiving into the Island. That does not mean of course that you do not continue to market yourself, you do not continue to concentrate and focus on the key strengths that Jersey offers as a tourism destination. There has been significant investment in our tourism product, particularly in recent years. You have had the industry investing in their own product which has showed great confidence: hotels, new tourism attractions, new hotels, the Radisson, the extension of existing services and modernisation of the Grand and so on and so forth. So there has been a lot of investment by the industry demonstrating their confidence in the market. What we need to do is ensure that your marketing and advertising are at an appropriate level to the appropriate target market. The market in some respects changed. No longer were you having a 2-week family holiday because those were the people that were disappearing but we aligned more towards short breaks, high value shorter stays and so on. In any form of business scenario you have got to adjust to the changing market conditions. I think the industry recognised that. We certainly recognised it. This is all about the industry and government working together to deliver the desired result.

**Deputy M.R. Higgins:**

Why was the department not able to cope with this change itself?

**Senator A.J.H. Maclean:**

I think the department has been coping with the change, if you want to put it like that. We have put a lot

more money into key strategic areas like airlines, for example, over the last few years. We have recognised that the delivery of people to the Island at an acceptable cost is a key factor and that is why we put that additional funding in through Economic Development, outside of the airport.

**Deputy M.R. Higgins:**

So let us assume that we go forward as a P.P.P., we can expect Economic Development then to still continue funding investment in the airlines or would that all be done by the P.P.P.?

**Senator A.J.H. Maclean:**

Not necessarily, there are the 2 separate factors. E.D.D. (Economic Development Department) stepped in with regard to additional funding for airlines for aeronautical charges on a specific issue that was the pressure points were other airports, particularly our competing airports, were reducing their aeronautical charges. We had a position that we had to address and we addressed it by providing the additional funding. Outside of that you have got Jersey Tourism working with the tourism industry, doing their own marketing initiatives and also joint initiatives which go on with industry. Of course that is what this is focusing on.

**Deputy M.R. Higgins:**

So just to get this straight. If necessary, the Economic Development Department will continue funding, or subsidising the cost of the airlines effectively, in the future even after this body is created?

**Senator A.J.H. Maclean:**

First of all, I do not think we have ever described it as subsidising airlines necessarily but that might be a bit of a moot point, I accept.

**Deputy M.R. Higgins:**

I am not using it but I think ...

**Senator A.J.H. Maclean:**

I know. I accept that.

**Deputy M.R. Higgins:**

It is just a term I used at the time to get the question out.

**Senator A.J.H. Maclean:**

Quite. Outside of that I think it would be very much a question of seeing what was prevailing in the marketplace at that particular time. If this model is adopted as both we and industry jointly hope it will be and it is not working from the point of view in terms of delivering additional or maintaining levels of tourists to the Island and something is required, then it may well necessitate Economic Development stepping in to provide some assistance. But we would have to look at that on merit.

**The Deputy of Grouville:**

I was going to ask what role do you envisage the Tourism Department or E.D. playing? Will there be defined roles? Because it sounds to me as if the P.P.P. is set up more for marketing and advertising, so will there be defined roles?

**Senator A.J.H. Maclean:**

The Tourism Department as we see it now would effectively go. That would become the P.P.P. So the staff in Tourism ...

**The Deputy of Grouville:**

So there would be nothing within E.D. to do with Tourism?

**Senator A.J.H. Maclean:**

No, that is the purpose of this particular proposal, public-private partnership. So effectively you would take the group that are currently delivering those services and they would be under the remit and

direction of the board and the P.P.P.

**Mr. K. Lemasney:**

The only one small bit, but it is not really in Tourism at the minute, is the whole legislative part. So where you have at the moment the registration of establishments, policing of beaches because a P.P.P. cannot manage the regulations and the laws for obvious reasons.

**The Deputy of Grouville:**

Exactly, but is it based on the Jersey Finance model and Jersey Finance still have ... we have the commission?

**Mr. K. Lemasney:**

Absolutely.

**The Deputy of Grouville:**

Also other departments. So the only role you see government playing is one of legislature.

**Mr. K. Lemasney:**

The regulator, exactly. That change has already taken place with ministerial government where Tourism before had a department looking after all of that regulatory part. That has already gone across to the regulatory function of Economic Development. So there has already been a separation of duties within the department.

**The Deputy of Grouville:**

So any strategic planning for Tourism, that will be done outside of government with this partnership model? Strategic planning.

**Mr. K. Lemasney:**

Not necessarily the strategic planning because government is still responsible for the economy and government will still make sure that there was a strategic direction for Tourism as there is for every other industry on the Island.

**The Deputy of Grouville:**

This is what I am trying to establish. So government will be responsible for strategic planning of Tourism?

**Mr. K. Lemasney:**

But as is the case today, with the industry in the same way that Jersey Finance has been established as a public-private partnership but it is not responsible for the strategic direction of the finance industry on the Island. That is still a responsibility of government.

**The Deputy of St. Mary:**

So does that mean there will be 3 people on £200,000 a year in the Chief Minister's Department looking after the interests of tourism and making sure that strategically it gets its whack?

**Senator A.J.H. Maclean:**

No. It is nothing to do with the Chief Minister's Department.

**The Deputy of St. Mary:**

Exactly, then why are there 3 people ... there are certainly 2 people, if not 3, high up in the Chief Minister's Department concerning themselves with Finance.

**Senator A.J.H. Maclean:**

Sorry, I thought you were referring specifically to Tourism.

**The Deputy of St. Mary:**



Yes, and so I am saying would there be a similar 3 making sure that the strategic needs of tourism were being addressed, were being met, were being integrated with all the other aspects of the economy at that level?

**Senator A.J.H. Maclean:**

Right. I think where you are confusing the issue is that as far as Finance is concerned the Chief Minister's Department has a responsibility on the international front. On that basis the reporting into the Chief Minister's Department is the function. I think you are talking about international tax affairs and so on. As far as Tourism is concerned that is not the case. It is certainly the remit of Economic Development as part of our role within the economy. That would remain. No, it would necessarily necessitate or would not necessitate additional high-value staffing from our point of view but we would have, as was mentioned a moment ago, the regulatory oversight and indeed the strategic input from a policy point of view which would be fed into the P.P.P. because obviously they would be getting some of the funding from the Government as is currently the case.

**Deputy S. Pitman:**

So you said financially you would still be supporting the airlines.

**Senator A.J.H. Maclean:**

No, I did not say that. I said ...

**Mr. K. Lemasney:**

Not a long-term commitment anyway. On a case-by-case basis for now.

**Senator A.J.H. Maclean:**

Sorry? Yes.

**Deputy S. Pitman:**

Could you tell us then how you are going to financially support the industry once P.P.P. is set up? I know you have got a certain amount you are going to give to the P.P.P. Other than that where are you going to help the industry financially?

**Senator A.J.H. Maclean:**

I think the figures are laid out in the document. Our input is clear and it is phased over a period. There is some additional funding which you will note which is required because there will be ...

**Deputy S. Pitman:**

About £530,000.

**Senator A.J.H. Maclean:**

£150,000, I think it is. Kevin?

**Mr. K. Lemasney:**

What are we saying?

**Senator A.J.H. Maclean:**

The additional funding is £150,000 in 2009. In theory £300,000 after that which effectively it is additional administrative costs as the entity will have to look after itself and will not be able to impact or take advantage of Tourism's existing infrastructure: accounting, H.R. (Human Resources) and so on.

**Deputy M.R. Higgins:**

There is doubt about some of the figures though because obviously it is an I.T. (Information Technology) system, it is Human Relations and so on. How well costed are those figures, £150,000?

**Mr. K. Lemasney:**

Those figures are, if you like, they are the first estimates based on the internal figures that are available

within the States of Jersey. Obviously because Jersey

Tourism and Marketing is within the organisation at the moment and we are not paying for everything as a user would be in the private sector, we have taken what we consider to be a reasonable value on those. We have engaged with the J.H.A. on that and what we have seen is that in certain cases some of those services may - and I say may - be provided cheaper. In other cases we may have well underestimated. Work is ongoing in each of those areas, in particular the Human Resources issue. But as you can imagine, if staff were to go across, the staff would have to be protected. Therefore, one of the pieces of work that is imminent is looking at pension schemes and how would you assure that the pension schemes such as they have at the moment would be guaranteed? That we expect will be a considerable expense. The I.T. will be an additional expense and the whole area of accounting and financial management would be an area, as would Human Resources. From that point of view you are not talking about a huge staff. You are probably talking about a staff of between 21 and 25 full-time equivalencies but, nonetheless, if the P.P.P. steps outside of the States structure completely, you then need to create that. Whether one person could do Finance and a little bit of H.R. or somebody could do I.T. and Finance, we can only but speculate at the moment. Therefore, we have taken figures that we have agreed with the J.H.A. of reasonable figures for this exercise and that will continue.

**Deputy M.R. Higgins:**

How many people are you talking about transferring from the Tourism Department into the P.P.P.?

**Senator A.J.H. Maclean:**

About 23.

**Mr. K. Lemasney:**

Jersey Tourism and Marketing such as it is today would become the P.P.P.

**Senator A.J.H. Maclean:**

That is right.

**Deputy M.R. Higgins:**

One thing I would ask you is, I must admit I do not know how many people are involved or what they do, is there any chance of providing us with a list of the names and positions that are going across and the duties?

**Mr. K. Lemasney:**

Absolutely.

**Deputy M.R. Higgins:**

The other thing too is obviously ...

**Mr. K. Lemasney:**

Sorry, Mr. Chairman, just on that point as well, through your officer a meeting was requested to speak to a cross-section or all of those employees and that is being organised. The only thing that we have asked for in that case is that in order to allow them to speak completely freely to the panel that that one would be held In Camera and then they can speak freely to you.

**Deputy M.R. Higgins:**

We have already agreed that among ourselves. It is the only way to do it. We were looking at this transfer and what was going to go from the Tourism Department across to the P.P.P. There is also going to be the Tourism Development Fund and the Jersey Conference Bureau.

**Mr. K. Lemasney:**

That is right.

**Deputy M.R. Higgins:**

Can you explain how that is going to integrate and how that is going to fit into the P.P.P. and so on?

**Mr. K. Lemasney:**

Absolutely. Would you mind, before answering that if I could just come back to Deputy Wimberley's question because it follows on from that, is that in looking at this we have very much taken the approach that form will follow function. We have looked at the people that would be required in this organisation. There are 2 elements to it. In comparing Jersey Tourism, the Chief Minister's Department and the Finance people, what is important in the function is to make sure that the expertise is there and the expertise is there at the moment. It is within the department and it is within the industry. But in looking at the model, the S.O.T.s will be provided in 2 areas: (1) there will be a new board in charge of this P.P.P. and people will be recruited from on and from off the Island. You will see we have not mentioned any single name of any single person, we have said that these would be the positions. There would be a chairman. There would be somebody with an expertise in marketing, somebody with an expertise in finance. Those people from wherever they would come would provide some strategic expertise and they would be working with their opposite numbers, as it were, within government - the Ministers, the Chief Executive and others - working at a strategic level, as in any other jurisdiction, on how the tourism industry should develop. You will then have the operational level. So there would be a Chief Executive and he would have within his or her team, the marketing, the finance expertise, et cetera. But they would have in a parent-type role, a board member who would certainly have that strategic expertise. As to how then the bodies that you have mentioned would come together under this body, at the moment the Tourism Development Fund is completely set apart from the Tourism Department. David de Carteret at the Chief Executive feeds into that but in an advisory way. He does not have a vote; the same with the Chief Executive of Economic Development also feeds in in an advisory role. But that fund and those members could quite easily be migrated across and completely subsumed into the P.P.P. In some ways that would be a good idea because if that capital fund were available, they could then decide as a board to spend that in whatever way; whether it is developing the infrastructure or, as Deputy Pitman suggested, would there be additional funds available for airline joint marketing or whatever with the airlines? Possibly, but that would be for them to decide.

**The Deputy of Grouville:**

The accounting officer, would that be your chief officer on that board? You have got Economic Development representation, the accounting officer for the department or his nominee.

**Mr. K. Lemasney:**

In the sense that the £5.3 million and the staff allocation of £1.2 million which is States of Jersey money going across, there has to be an accounting officer who takes responsibility.

**The Deputy of Grouville:**

Yes, so that would be your chief officer or nominee?

**Mr. K. Lemasney:**

That will be of Economic Development not of Jersey Tourism.

**Deputy M.R. Higgins:**

Now looking at the T.D.F. (Tourism Development Fund) first, how much money does it have at the present time?

**Mr. K. Lemasney:**

The States of Jersey voted in November 2001, a vote of £10 million. £2.2 million has come across to the fund at the minute and with interest and some repayments and that, there is about £150,000, £175,000 available for funding at the minute.

**Deputy M.R. Higgins:**

Will the remaining money that the States allocated way back in 2001 be handed over to the fund and that migrated to the P.P.P. as well?

**Mr. K. Lemasney:**

I would say that is more of a political matter.

**The Deputy of St. Mary:**

So £7.8 million that the States said will go into the T.D.F., did not?

**Mr. K. Lemasney:**

Did not.

**Senator A.J.H. Maclean:**

Correct.

**The Deputy of St. Mary:**

Jolly good, nice to know that.

**Deputy M.R. Higgins:**

The next question is will it be going into the fund and will it be going across to the P.P.P.?

**Senator A.J.H. Maclean:**

I think that is a question that perhaps should be directed towards the Treasury Minister.

**Deputy M.R. Higgins:**

Are you having ongoing discussions or not?

**Senator A.J.H. Maclean:**

There is little doubt that more funding needs to go into T.D.F. but I think as part of that we need to look at ... and this is going outside the remit of this discussion but just briefly the actual usage of the T.D.F. and the terms under which it can operate probably need to be widened for it to be as effective as it possibly should be and that would include more private sector involvement or ability for private sector

applications for funding and so on.

**Deputy M.R. Higgins:**

But it is very restrictive at the moment.

**Senator A.J.H. Maclean:**

It is very restrictive at the moment.

**Mr. K. Lemasney:**

That is due to an amendment that went in with it in 2001 is that hands are tied and that it can really only go to other States departments, not-for-profit organisations, et cetera.

**The Deputy of St. Mary:**

So having tied their hands and on that basis got the £10 million, the £10 million then did not appear.

**Mr. K. Lemasney:**

It does not appear but what we do as part of the capital bid process is that each year the department goes back and puts in a bid for additional funds. Now, one has to be a little careful with that. If there were a super project there in the decision-making process for let us just say that £3 million was needed for a fantastic project that would make a marked difference to the tourism industry, there might be a case to go back to the Treasury as part of the capital bid process and bid for funds for a specific project. At the minute there is not that silver bullet project, therefore, each time that we have gone back to the Treasury as part of the capital bid process we have been asking for money from one fund to come across to another fund in case it were needed in that fund. Because that fund - the Tourism Development Fund - has never run dry, the argument to migrate the funds across has never really been strong.

**Senator A.J.H. Maclean:**

So the issue is not so much one about the additional funding but it is about sorting out the terms of



reference, if you like, of the fund itself and the potential usage.

**Deputy M.R. Higgins:**

But again if it is a P.P.P. it may not be that easy to acquire the money from that fund unless there is an arrangement made at the beginning at the time of the transfer.

**Senator A.J.H. Maclean:**

Yes.

**Deputy M.R. Higgins:**

Jersey Conference Bureau then, can you explain its role in this?

**Mr. K. Lemasney:**

The Conference Bureau is a very, very interesting one because that has served as a very, very good working model as to how the P.P.P. might work in the future because with the conference model you almost have in everything but name a public-private partnership already in existence, set up a number of years ago, funded by the membership who are bringing in about £90,000 plus the States money going into it. It is managed by an independent board which has political input but it has got plenty of members from the industry. The industry is putting in quite a lot in membership fees and they are also putting in additional funds in joint marketing. So it works very, very well. There is complete synergy with the Jersey Tourism Department. You will see from the brand perspective, et cetera they are in complete harmony and it is working very, very close with the industry. So there is a natural fit for that to come in and to be an integral part of the new P.P.P.

**Deputy J.M. Maçon:**

On that question, is the new P.P.P. just about marketing?

**Mr. K. Lemasney:**

That is how it is perceived as being a marketing and promotions organisation. But that is where Jersey Tourism and Marketing is at the moment. If one looks back 10 years ago, Jersey Tourism would have had many more functions. It would have been responsible for the development of things like green lanes, some of the environment initiatives they would have worked closely with other departments on. It would have had a legislative input and it would have been much more involved with the infrastructure of Tourism. With the advent of ministerial government, Tourism has become very focused on marketing and development. Some of the budget cuts have explained that but also the personnel, the department, is a leaner, meaner machine today than it was 5 years ago and it is fully focussed on the marketing function.

**The Deputy of St. Mary:**

That is interesting because it came out last week in the States that the reason that Grève de Lecq Beach was like a rubbish tip on one occasion was that T.T.S. (Transport and Technical Services) is started cleaning it a month and a half later. Are you saying that that is the kind of thinking that now has gone because we are all so lean and mean in focus? So we cannot do this kind of: wait a minute, but what T.T.S. has decided to do, because they have got budget problems, is impacting directly on the visitor experience.

**Mr. K. Lemasney:**

It could well be.

**The Deputy of St. Mary:**

Because there is a problem there, is there not, of co-ordination to make sure that these things happen right across the board?

**Mr. K. Lemasney:**

You are absolutely right. If each of the government departments is under increased budgetary pressure, something somewhere along the line has to give. If you have fewer gardeners there are less hours being

spent on the gardens, there is going to be an effect. One has to be a little bit careful there because Jersey Tourism does not own the Island and is not responsible for the beautification of the Island.

**Deputy M.R. Higgins:**

But what this is highlighting though if each department concentrates on its core activities, there is going to be an awful big gap in between them which has things falling through the gaps. The idea of the beaches and so on is one of them.

**Mr. K. Lemasney:**

Absolutely.

**The Deputy of Grouville:**

As well as the infrastructure of the industry. If this is to be targeted at marketing, it is the whole infrastructure, the forward thinking. We were sort of bouncing ideas this morning about all the hotels or some of the hotels in prime sites disappearing for ever, being converted to luxury flats. There seems to be no strategic thinking, forward thinking. If this model is just here for marketing, there will not be in the future either.

**Senator A.J.H. Maclean:**

In a sense you are talking about investment in infrastructure.

**The Deputy of Grouville:**

Yes.

**Senator A.J.H. Maclean:**

Are you suggesting that government should be investing in the infrastructure as far as hotels and what have you are concerned because what has happened is a direct result of market forces. The commercial realities have seen a number of smaller hotels and guesthouses closing and going to alternative uses

simply because the owners could make more money from their sites than they could do through Tourism. But a part of that was a realignment of the tourism industry that we have seen over the last 10 years change in the profile of the type of visitor that comes to the Island, the amount of time they spend here, the amount of money that they spend. So you have seen a reinvestment in the viable. You were always going to see, I suspect, some form of reduction. Some would say that it has gone too far.

**The Deputy of Grouville:**

I am not suggesting for one minute that government should spend moneys on the bed and breakfasts that have not updated themselves or invested in themselves since 1966. I am not suggesting that but there is room surely for some forward thinking, especially with the prime sites around the Island. We have seen so many being lost for ever. Le Couperon Hotel, Portelet are others that really should be a tourist destination.

**Mr. K. Lemasney:**

I think that was tried. We have the failed prime site policy which the States introduced and tried to work. It simply did not work. But that is possibly ...

**Deputy M.R. Higgins:**

Going back to the idea of infrastructure, there is an argument for a case of some assistance to the industry, whether it be loans or whether it be support with ... we keep on hearing about things like conference centres and so on, but if we talk about hotels, yes, I agree and I think we all agree that the idea of people who fail to invest, bailing them out if necessary is not very desirable; they should be putting their commitment in. But there could be a case for some government involvement in helping develop new hotels especially as some of those are major sites. We are also looking at, was it Watersplash? There are a whole number of different sort of sites which now appear to be going totally over to luxury housing.

**Mr. K. Lemasney:**

Not quite. Under the Island Plan that is being developed there has been considerable consultation with the tourism industry with regards to sites. I think you will see, and you maybe have seen already, in the draft document that comes out that certainly in prime sites consideration could be given for development of hotels. There is also a piece of work that the department has carried out by KPMG that we can share with you which looks for the provision of tax benefits to people working in the industry. But a lot of the work has shown with regards to investment that there is not market failure. We have seen considerable investment in the industry, certainly up to the advent of the recession. I think, there, more work now in the present climate certainly could be carried out to see if loans or guaranteed loans or that could be available. But a lot of that is available through Economic Development in a very generic sense where it is not necessarily targeted, it does not necessarily have the label “tourism” or rural or whatever other sector but it is the generic things that are available; be it business advice, guaranteed loans for small business, assistance for start-up businesses, et cetera.

**Senator A.J.H. Maclean:**

It is a very good point because Jersey Enterprise is the point of delivery of a lot of these areas of assistance for businesses. It is interesting that it is the tourism sector that has taken the least amount of support and advice from Jersey Enterprise. It is something we are trying to address at the moment because we want to help them. There is funding and professional advice available in order to do that. But as far as the infrastructure is concerned, certainly as Kevin was saying, prior to the recession or the slowdown there was no shortage of funding being put in by the private sector to building a new hotel in terms of the Radisson to refurbishing existing hotels and tourist attractions. So there was no shortage of funding from the private sector and no market failure in that respect and no requests coming forward ...

**Deputy M.R. Higgins:**

Certainly at the top end of the scale - 4 star and above - we know that obviously you have got Royal Yacht, you got the Grand refurbishment and you have got Radisson and so on.

**Senator A.J.H. Maclean:**

We had the Atlantic refurbishment.

**Deputy M.R. Higgins:**

Yes. But it is down below that there does not appear to be any investment.

**Mr. K. Lemasney:**

Again if we are back to the 2006 Locum report where they identified the market opportunity was for self-catering and, in particular, self-catering in the countryside. Now we are seeing quite a lot of that developing and we in the department are working very closely with a lot of what I might call small developers who are looking at 2, 3 up to about 12 units. We are working very closely with Planning to help some of those go through.

**Deputy M.R. Higgins:**

Have some of those not also gone into housing now because people appear to have dropped out of them?

One or 2 sites where I can think were self-catering would seem to have disappeared as self-catering.

**Senator A.J.H. Maclean:**

I do not know. Les Ormes is the most recent development which has been so far a fabulous success. It has got very high-up sea levels, great facilities and it is being utilised. There is an identified shortage of good, self-catering accommodation or self-catering accommodation across the board on the Island.

**Mr. K. Lemasney:**

La Place got planning approval 3 weeks ago for 12 units at La Place in St. Brelade.

**The Deputy of St. Mary:**

On the strategic direction, there is the chart here - this is version 4, page 8 - with the board and then the 5 proposed little squares: Visitor Services, Holiday Jersey, Prestige Jersey, Conference Jersey, Events and Festivals, and I have just made a footnote. Why single out the one market called Prestige and give it

a little box and not have a Green Holiday's box or a Heritage box and so on? I just wonder what kind of thinking goes into that being the only one apart from Holiday Jersey which is the general sort of one week, whether it is from Germany or from the U.K. it is a holiday, whereas Prestige Jersey implies a certain market. You can see what it implies. But I can think of other squares that could be in there. I just wonder how that thinking arises and what you can do about it really because that is where we have been for the last 15 years. We have not been thinking in the sort of way that I think might have helped the industry.

**Senator A.J.H. Maclean:**

Absolutely. Can I just say, Deputy Wimberley, that you are presenting an argument in favour of the P.P.P. because it is the industry more than anybody else who will know where the market opportunities lay. That is one of the significant advantages in having more involvement and why the industry themselves want more involvement to identify as the marketplace changes, which it does regularly, and we have got a great move towards more environmentally friendly, green style of holidays. I know at the moment, for example, that walking is a significant growth area as far as tourism is concerned. But these sorts of things are going to have far greater input through the model suggested, the P.P.P., than perhaps they have done in the past so there should be far greater targeted thinking as far as developing opportunities for the future.

**The Deputy of St. Mary:**

I interpreted it in a different way. What that meant to me was that it highlighted the danger in going down this route which is that even more than now certain elements of the industry, if you like, get their mitts on the money (to be perfectly crude about it) and certain other elements are underrepresented or they are discounted. So the owner of a beach shack will never sit on the board to be at the extreme because of course they would not sit on the board. The person who is going to sit on the board is somebody who owns dozens of hotels. That worries me that that is what has come out of that thinking. I am not sure that you are right about the way that if you had a P.P.P. you would get more grass-roots awareness from the industry coming through. I am not so sure, so how can you guarantee that it

happens?

**Senator A.J.H. Maclean:**

I could not guarantee anything but I will make some comments. That is quite simply that what the P.P.P. would be endeavouring to do, as indeed Jersey Tourism has been for many years and continues to do so, is to drive more people to the Island. Your beach shack that you refer to and lots of these other elements, important as they are, will not in themselves deliver people to the Island. The P.P.P.'s role is to ensure that they bring the maximum number of people to the Island who will spend the money to ensure the sustainability of all these important things like your beach shack and your other areas that are going to survive from it. Providing they deliver the people then the facilities themselves will grow. Of course the important thing - and the P.P.P. board will recognise this as much as Tourism do - is that it is all the add-on bits that increase the experience of a visitor to the Island and ensure that they are retained and repeat visit to the Island again as quickly and as often as possible. It is all about a package.

**The Deputy of St. Mary:**

Your comment about training and advice and the lack of take-up was really important. I have never forgotten talking to a campsite owner who said, when I explained that my bikes were better and racquets more expensive: "But people who use campsites will not want to spend extra money on a better bike." He did not have a clue about his market. He just did not understand about what the Continental camper was looking for. So I just wonder about awareness in the industry. We have gone down for the last 15 years on the back of ... it just worries me.

**Senator A.J.H. Maclean:**

When you say "gone down", are you talking about visitor numbers?

**The Deputy of St. Mary:**

Yes, numbers, beds. Just the industry has contracted in a marked way in the face of competition so ...



**Senator A.J.H. Maclean:**

One has clearly followed the other. It is a supply and demand equation as much as it is anything else. As you have found, the advent of the low- cost airlines that we have talked about, people jetting off at low cost to other destinations, you have had less pressure and support for the bed stop. It is not just the numbers but it is the quality of the individual sectors of all the different styles and qualities of accommodation available. They just have not had the necessary demand to sustain themselves. Consequently, the owners have had other attractive opportunities presented to them and that is where you have seen this drift away.

**Deputy M.R. Higgins:**

Going back to the number of beds then, how many beds are there at the present time?

**Mr. K. Lemasney:**

We have roughly 12,500.

**Senator A.J.H. Maclean:**

12,000.

**Deputy M.R. Higgins:**

Do you have a minimal level that you feel we should not go below or is it a question of totally supply and demand?

**Mr. K. Lemasney:**

It would be market driven. If the airlines start bringing more people, if more people come to the Island, then the number of beds will grow because that is what the markets do. It is not really government's role to start picking winners and say we should have a number of beds. We have a number of seats on aircraft and ferries coming to the Island. We do not control that in any way.

**The Deputy of St. Mary:**

Is that true that the market would grow; that the number of beds would grow? It is much easier to take it out then to put it back in.

**Senator A.J.H. Maclean:**

I think it would do. If you look at what has happened in self-catering, for example, you are suddenly seeing the building of self-catering because there was interestingly an identified demand in Locum and the market itself is now beginning to deliver self-catering units to meet the demand.

**Deputy S. Pitman:**

The paper from the Jersey Conference Bureau said that business levels could increase. It could grow towards 45,000 bed nights this year. Is that something that is achievable given the economic downturn?

**Senator A.J.H. Maclean:**

Yes, we believe it is because conferencing is interesting and it leads into a comment that the Chairman made earlier about conference centres. It needs to be recognised first of all that Jersey at the moment appeals to the small and medium-size conferences - quite a diverse range of conferences - and it is not by any manner or means all finance related. In fact it is quite the opposite. You get a lot of special interest groups: International Flower Arrangers Association, and so on. There is a wide variety, a lot of which are not impacted, interestingly, by the current downturn in the way that if we were beholden to one particular sector. The forward bookings that we are seeing within the industry at the moment are very encouraging for this year and lead us to believe that those figures are very achievable. In fact we have seen some significant growth in conferencing. Also of course we have got the potential of benefiting from the exchange rate position at the moment where a number of conferences that go off into Europe and, indeed, Ireland are looking at the Channel Islands as an alternative. We believe, yes, they are.

**Deputy M.R. Higgins:**

In terms of facilities, though, I was thinking of what we have heard from some of the other panels that have been looking at it including the Fort Regent Panel, what are your views on the idea of a conference centre at Fort Regent?

**Senator A.J.H. Maclean:**

There has been quite a lot of work carried out on conferencing centres. I know the industry themselves have been quite keen on having one. I think there are 2 things that perhaps are relevant. First of all we have got to make certain that if there was a conference centre, whether it is at Fort Regent or anywhere for that matter, that we do not see drift from existing establishments. There has been a significant investment, Hotel de France, the Radisson, Royal Yacht and so on in conferencing facilities to accommodate the small to medium-size market. I think if you were going to look at a conference centre as a stand-alone facility it would have to go for a market that we are not already catering for and we would need to be absolutely certain that we could deliver those numbers of delegates and accommodate them in all other respects outside of the conference centre. Certainly the work carried out to date does not support that at all. Most facilities of that nature, a stand-alone conference centre, need significant public funding. I think that is probably the scenario you would get, I would say. You might get the situation if you want to go into Fort Regent territory that maybe a 3 or 4 star hotel and conferencing centre linking into the facilities at Fort Regent might work and might be complimentary to what exists already and might help to grow the market. But there is plenty of capacity for a growing conferencing business anyway without the conference centre.

**Deputy S. Pitman:**

How has your department supported the potential for a bigger conference centre and the industry itself?

**Senator A.J.H. Maclean:**

First of all we put about £130,000 ... I think £133,000.

**Mr. K. Lemasney:**

Yes.

**Senator A.J.H. Maclean:**

Yes, into the Jersey Conference Bureau. The Jersey Conference Bureau is a P.P.P., as we have mentioned already. The industry itself contributed about £90,000 or so. I have to say I sit on the Jersey Conference Bureau as the Chair currently, representing government. It is a facility, an organisation, that in my view works extremely well and has been delivering the desired results, certainly aiming to optimise where we are strong which is small and medium-size conferences and there is capacity still to grow that yet with the available facilities that are here.

**Mr. K. Lemasney:**

Just on the conference market, there are really 2 markets if one looks at the conference market because you have got the associations that are very large conferences and then the small to medium that the Minister has mentioned. To think that we might get the National Nurses Union coming to the Island, or the Labour Party or the Conservative Party to have their annual conference in Jersey is probably not going to happen. To think in terms of the big conference centre, albeit with smaller facilities attached, it is probably not going to happen. But one has to look at the competition as well in Bournemouth and Blackpool and Belfast and Sheffield, and others have invested considerable sums of money in large conference. If Jersey as an Island were to build, you would have to have something that is considered state of the art. It would have to match each of those. You would then have to build up your market for those. You are talking about considerable competition in the marketplace for the large conference centres. What the studies have shown is that if Jersey fights within its weight group then certainly for those small to medium conferences we have had notable success and we will continue to have notable success. Under the question that both the Chairman and Deputy Wimberley asked about the bed space, can I refer you to page 24 in the *Jersey Tourism Annual Report 2008* because there is a pictorial in there which gives you exactly the kind of information that you are looking for. It shows, in the black line, the total number of registered beds. The red line underneath shows when those beds are available on the market.

**The Deputy of Grouville:**

Can I just go back to the P.P.P. model and the staffing and administrative costs? It is envisaged that these are going to increase from £1.2 million to £1.73 million over a 5-year period so that is an increase of £530,000 which seems quite a huge increase. Maybe you could just briefly talk us through that. Also, where is it envisaged that the 23 or maybe additional staff, looking at these figures, will be placed? Is it envisaged that they are going to stay put in the Tourism building in which case is the building taken into account as part of what the Government are giving into P.P.P.? So there are a couple of questions there: staffing and location basically.

**Mr. K. Lemasney:**

The first question, the answer to that is you are not comparing like with like in the sense that at the minute, if you look at the top table, 1.2 is the current staff allocation. What that is not taking into account would be the H.R., the accounts, the I.T., et cetera. If you establish the P.P.P. and remove that States function, one would have a choice: either you outsource it back to the States or you outsource to a private sector supplier or you buy in that. If you were to buy in the resource and in the paper it goes on to say that you could take in a membership secretary and you could take in an accountant looking after H.R., that will then take that salary up to ...

**The Deputy of Grouville:**

That is the £530,000.

**Mr. K. Lemasney:**

The second question regarding the location. The simple answer to that at the minute is that we do not know. We are in talks at the moment with Harcourt with regards to relocating all of Jersey Tourism, or a part of Jersey Tourism, back to Liberation Square. But that would only be done if it made financial sense to the States. But one could argue that Liberation Square is the spiritual home of Jersey Tourism and that it should be there. What we are evaluating is that between the spiritualness and the

“businessness”, if I can call it that, of being there, does it make sense? We are looking at that. But again as with the staff, the P.P.P. could - I said could - operate within a States department and rental would be fixed and they would pay that, or again if the board and the States of Jersey were minded to float it physically as well as conceptually then, yes, it could float off. But I think when we speak of Jersey Tourism we talk about it as if it is one entity. There are 2 completely different component parts which could quite easily be separated. You have got the visitor service element - the eye - which is important from the customer point of view and should be where the footfall is and you have the marketing arm or the back-up office and that could be anywhere on the Island. It does not need to be there. Yes, there are certain synergies in having them in the same building but there is absolutely no reason why you could not separate the one from the other.

**Deputy M.R. Higgins:**

I am going to come on to a topic, moving slightly away from P.P.P. Reading the newspaper today, it mentions that Tourism will be given a further £250,000 but it states from the Economic Growth Plan, according to the paper. What is the Economic Growth Plan and what is the money going to be spent on?

**Senator A.J.H. Maclean:**

I was tempted when you were saying that, Mr. Chairman, to say that you should not believe everything you read in the paper.

**Deputy M.R. Higgins:**

I picked on that one because I have never heard of an Economic Growth Plan but ...

**Senator A.J.H. Maclean:**

No, I am being slightly flippant. The Economic Growth Plan was agreed by the States as part of the Fiscal Policy and that was that Economic Development as would be at that stage - this is going back to 2005, by the way, to put a timeline on it - and a funding of about £1.3 million or so was put into the Economic Growth Plan pot, if you like, for that very purpose. It is drawn down as and when

appropriate. The £250,000 is from that particular pot. What we are proposing is that, as you will be well aware, we put an additional shot of marketing into tourism advertising and promotional activities earlier in the year as a result of the global financial slowdown, together with of course the industry, J.H.A. and the Tourism Development Fund. This particular proposal is to put some additional money in, either to the autumn campaign or to supplement the existing campaign that is ongoing. That will be allocated in conjunction with the Tourism taskforce that was set up obviously for the same purpose. We will work with the industry to decide the most appropriate place to spend the money to get the maximum return where the best opportunity is effectively.

**Deputy M.R. Higgins:**

Thank you for that.

**Mr. K. Lemasney:**

Just on that, on the funding issue. Where we are finding particularly good value at the moment is that the Jersey pound - the marketing pound - is going much further than in previous years because there is such a cutback in the U.K. on marketing in general terms that the newspapers are absolutely falling over themselves to offer ... you will have seen recently full colour page advertisements` in things like the *Saturday Times* and the *Mail on Sunday*, et cetera that in the past our colleagues could have dreamt about.

**Deputy M.R. Higgins:**

I am sure Michael Grade at ITV is doing the same.

**Mr. K. Lemasney:**

Absolutely. Our regional TV spend is up but every pound is going much further than it had in the past. If every cloud has a silver lining, I suppose that is one of them in it for us.

**Deputy M.R. Higgins:**

Time is getting on so we will go round the panel. Shona?

**Deputy S. Pitman:**

Yes. In the Locum report it mentions about that there are some downsides to the P.P.P.: “(1) assuming that there is the membership scheme, it might introduce the problem of the organisation being beholden to current operators as opposed to thinking more strategically about the whole industry, (2) it could make it less easy for the tourism industry to lobby and (3) it might result in additional overheads.” Have you addressed these issues? How far have you gone in discussing, tackling, these issues?

**Senator A.J.H. Maclean:**

They have been discussed. They have been discussed with the industry. As I said at the beginning, there are quite a number of potential models. There is no, if you want, silver bullet. It is our belief, together with industry, that this particular model addresses the majority of the requirements of what we are trying to achieve in terms of moving Tourism on and giving more accountability to the industry itself. Yes, there are some challenges and the report quite rightly identifies some of those and indeed you have just read them out. But we do not believe that they are insurmountable with the correct structure.

**Deputy S. Pitman:**

How far have you gone down the road in discussing these issues?

**Mr. K. Lemasney:**

We have discussed them at length. The first one is a question that Deputy Wimberley raised earlier is that there is a danger in any of these boards that you can absolutely identify why people are there. We would be bringing in, as I mentioned earlier, on the board, industry experts. They have to take a strategic view for the Island of Jersey and the industry as a whole, not just their particular piece. If you were to have somebody with a vested interest then of course that is going to be problematic. We would adopt Nolan Principles for the appointments and I think that addresses the first issue. The second issue,



very clearly, the J.H.A. will continue and you will be speaking to the J.H.A. in good time. They will continue to provide for the industry that lobbying role if required. But with the advent of the P.P.P. you would expect that there would be less need to lobby because government and the industry would be working that much closer together. But it does not remove the opportunity for the industry to lobby and I am sure they would continue to.

**Deputy S. Pitman:**

On the first point, did you say that you were going to set out in writing, in black and white, the rules by members of the P.P.P. to follow?

**Mr. K. Lemasney:**

We would adopt the Nolan Principles with regards to the appointments.

**The Deputy of St. Mary:**

I have got 3 but a bit tight on time and I will have to choose one: I suppose the involvement. You are thinking that the P.P.P. will draw in more involvement from the sector and particularly financial involvement which is the touchstone of whether people have bought in or not. How can you make sure that that buy in happens under a structure where the 8 people are all flown in, apart from 3, because of their independence which I can see the virtue of that? But then how are you going to make sure that this buy in happens better than it happens already? The buy in, the involvement, the feeling you are part of a team, the feeling that if we let the side down then we have shot Jersey in the foot, the feeling that we want to contribute to this, the feeling that we are all in this together. It is a kind of wobbly feeling within Tourism always. How is this structure going to support that?

**Mr. K. Lemasney:**

First of all, I am not sure if I would agree with the analysis that all of them have to be flown in. If the people exist on the Island that satisfy the criteria there is no reason ... one would expect on the board to have somebody from off-Island because I think you need that visitor perspective. You need somebody

looking at Jersey from the outside. But that does not mean that 5 of the 8 have to be flown in. The second thing when it comes to the funding, you have put your finger on the single biggest risk to the future of the P.P.P. because working with the industry, that is not a problem, we are doing that on the daily basis that they are in. There can be problems in personalities and things will go up and down, of course; such is life. But the funding, will the funding come as is forecast from the industry? But industry could look and say: "Will the funding come as forecast from the States of Jersey?" The 2 biggest questions are where will the funding come from?

**Senator A.J.H. Maclean:**

The biggest point and the key is the word "partnership". It is a partnership. For it to succeed and for it to prosper and for it to continue, both parties have to meet up with their obligations under it. There will be more accountability from the industry as such. They will put their money in if it is working for them. It is quite as simple as that.

**The Deputy of St. Mary:**

When you say "more accountability", how?

**Senator A.J.H. Maclean:**

From the point of view they are contributing more. They have more ownership because they are involved in the decision-making process of where the marketing is being spent.

**The Deputy of St. Mary:**

But the 8 people are specifically not from the industry because that gives you the independence. There is one from E.D. and there is a political representative and so on. But you seem to be presenting it as if the people we know about do not control where it goes because you have got to have some independence, you will have Nolan, you have got to have real expertise equal to that.

**Senator A.J.H. Maclean:**

Indeed, but what ...

**The Deputy of St. Mary:**

So how do you keep the buy in?

**Senator A.J.H. Maclean:**

What you are doing is you are moving it away from a government-only decision-making process to a professional, independent industry-based knowledgeable input. From that point of view, industry who might over the years have had the feeling that money is not being spent in the right place or at the right time or in the right way can have more reassurance that it is commercially-led decision-making from experts within the industry. The principle is something that makes perfect sense. I think it is probably one of the reasons. I have been surprised in 2 ways: (1) there appears to be complete buy in from the industry. We seem to be pushing at an open door. I have also been surprised that certainly in my time involved in Economic Development, I cannot recall one single person within the industry approaching me saying they are not happy about it or: "What is going on?" Quite the opposite. There is a degree of frustration: "Why are we not getting on with it?" It is quite extraordinary. I cannot say that in any other area politically that I have been involved in that I have not had people coming forward and saying: "We are not happy about it." I cannot name a single person or organisation that has come up to me and said: "We do not like what is being proposed." All I am hearing is: "Let us get on with it."

**Deputy M.R. Higgins:**

Carolyn, have you got any questions?

**The Deputy of Grouville:**

No, I think that is fine.

**Deputy M.R. Higgins:**

Can I just make a very quick last one? It is just a quick one on staffing. If staff are going to be

transferred across, if they do not want to go across to the P.P.P. what is going to happen to them? I am thinking of this with an example of the F.S.C. (Financial Services Commission), by the way. Anyway, carry on.

**Senator A.J.H. Maclean:**

I think that is an issue that will have to be addressed at the time. Certainly the discussions that have been had to date there is no indication that members of staff do not want to go across. Obviously their terms would need to be protected and what have you. They would be just operating in a similar way but for a board as opposed to for the States but they would be no worse off. There is no feedback we have had that suggests that individuals will not go across and become involved with a particular P.P.P.

**Mr. K. Lemasney:**

In a similar way to today, they could be relocated elsewhere within the States if they so choose.

**Senator A.J.H. Maclean:**

If there is anyone who did not want to go, yes.

**Deputy M.R. Higgins:**

Yes, I am not saying we know. We will find out eventually when we speak to them.

**Senator A.J.H. Maclean:**

Yes, indeed.

**Deputy M.R. Higgins:**

Thank you very much for coming.

**Senator A.J.H. Maclean:**

Just before we close, Mr. Chairman, if I may. I would just would like some indication if you are able to

give it to me on the time duration of the review that you are doing and when you are likely to have an output.

**Deputy M.R. Higgins:**

We are having discussions today. With the help of the J.H.A. we have circulated quite a number of people in the industry asking for their views and whether they want to come and see us. The panel is meeting on Mondays and Thursdays, so we are trying to speed up and do as much as we can. It all depends ultimately on the number of people we get feeding back and where this thing leads to. We do not want to delay it because we have also got, among other things, depositor compensation coming forward and some other ones, so we will be as quick as we can.

**Senator A.J.H. Maclean:**

Yes, okay. There is some pressure obviously that I am under from the industry.

**Deputy M.R. Higgins:**

From the J.H.A., is it not?

**Senator A.J.H. Maclean:**

Understandably there are time constraints because obviously to get this into place and get it into the States, debated and what have you, time is short so that we can influence next year's campaign, so there are some pressures.

**Deputy M.R. Higgins:**

The only thing I can say is the same as we have told the industry: we will be as quick as we can. The delays have been piling and we have only got one scrutiny officer at the moment because we have had to release one to another task. Secondly, it is just getting hold of the people to try and get feedback from them to see who is coming into us. Now we are at the stage where it is going to be pretty well full-blown hearings all the way forward. Once we have got those, we should get to a quick conclusion.

**Senator A.J.H. Maclean:**

Great. Thank you very much.