



Economic and International Affairs Scrutiny Panel

Quarterly Hearing

Witness: The Minister for Sustainable Economic Development

Thursday, 11th April 2024

Panel:

Deputy M. Tadier of St. Brelade (Chair)

Deputy M.B. Andrews of St. Helier North

Deputy K.M. Wilson of St. Clement

Deputy G.P. Southern of St. Helier Central

Witnesses:

Deputy K.F. Morel of St. John, St. Lawrence and Trinity, The Minister for Sustainable Economic Development

Deputy M.R. Scott of St. Brelade, Assistant Minister for Sustainable Economic Development (1)

Connétable A.N. Jehan of St. John, Assistant Minister for Sustainable Economic Development (2)

Mr. R. Corrigan, Chief Officer, Department for the Economy

Mr. D. Houseago, Group Director, Department for the Economy

Mr. T. Holvey, Chief Economic Adviser

Dr. M. Dames, Head of Digital Economy

[12:34]

Deputy M. Tadier of St. Brelade (Chair):

First of all, if I can welcome you all to the meeting, and we are now live. Welcome to any public who might also be watching somewhere, I think, from that camera up there. I just have to draw all of our attention to the usual statement. You would have been through this before. It is just in front of you. So the proceedings of the panel are covered by parliamentary privilege through Article 34 of the

States of Jersey Law and the States of Jersey Regulations. Witnesses are protected from being sued or prosecuted for anything said during hearings unless they say something that they know to be untrue. This protection is given to witnesses to ensure that they can speak freely and openly to the panel when giving evidence, without fear of legal action, though the immunity should be not abused. The panel would like you to bear this in mind when answering questions. It is useful to ground ourselves in that very dry but important statement at the beginning. But I would like to welcome you. This is our first hearing as a panel, the first public meeting with you and your Assistant Ministers and staff, so you are very welcome here. We have, of course, been getting up to speed on your work programme, and we have had some very useful briefings already from staff in your department. So we are grateful of that. I think we are getting to grips quite quickly with the various elements of your portfolio, Minister. So, welcome. What we are going to start off with is a general overview, an opportunity for you to say some opening remarks. Really, what we wanted to ask is about perhaps some of the changes that have happened with the recent Government. We have had a new Government. You are obviously still in place so we have that continuity with you in your department. Has there been any impact on your work from the recent changes in Government and your department?

The Minister for Sustainable Economic Development:

Before, sorry, Chair ...

Deputy M. Tadier:

We need to introduce ourselves.

The Minister for Sustainable Economic Development:

I was going to say, we normally start with introductions.

Deputy M. Tadier:

I fell into the trap of presuming that we all know each other. Thank you for that. I am Deputy Montfort Tadier, I am the chair of this panel.

Deputy M.B. Andrews of St. Helier North:

I am Deputy Max Andrews.

Deputy K.M. Wilson of St. Clement:

Deputy Karen Wilson.

Deputy G.P. Southern of St. Helier Central:

Deputy Geoff Southern.

Chief Officer, Department for the Economy:

Richard Corrigan, chief officer, Department for the Economy.

Assistant Minister for Sustainable Economic Development (1):

Deputy Moz Scott, Assistant Minister for Sustainable Economic Development.

The Minister for Sustainable Economic Development:

Deputy Kirsten Morel, Minister for Sustainable Economic Development.

Assistant Minister for Sustainable Economic Development (2):

Connétable Andy Jehan, Assistant Minister.

Group Director, Department for the Economy:

I am Dan Houseago, group director, Department for the Economy.

Deputy M. Tadier:

Thank you. And we have got 2 officers here in the background who will be assisting us. I do not think they need to go on public record. If you have got any other ...

The Minister for Sustainable Economic Development:

Yes, we have Tom Holvey, chief economic adviser, and Mark Dames, who is our head of digital economy. But I also wanted to, before we get going, pass on the apologies from the Constable of St. Helier. He was just unable to make it due to conflicts.

Deputy M. Tadier:

Thank you. No, we understand that. Thank you. Let us go back in time somewhat to the question I asked now. Thank you for putting me on the right track there. Could you talk about what the impact has been, if anything, about the recent changes in your department following the Government reshuffle, so to speak?

The Minister for Sustainable Economic Development:

I would say I am really pleased to welcome my Assistant Ministers, and the Connétable of St. Helier as an Assistant Minister as well. I must admit, and this is going to sound awfully egotistical, but it is not meant in that way, is I am pleased from an economic continuity perspective that the Minister did not change in the change of Government. That is because I believe Jersey's economy needs continuity and needs that stable platform, at least over the course of 4 years. I totally appreciate elections may change that in the future. Because there has been that continuity of the Minister there

has not been any huge change in the work of the department or the policy focus of the department. What there has been, I believe, in the appointment of the Constable of St. John for sports, that brings a really good continuity between the Infrastructure Department, where sports facilities sits, and sports policy sits in our department. So we now have a really joined-up approach between those 2 departments, because we have the Constable of St. John. With Deputy Scott, we have someone who was in your position as chair of this panel. As a result, she brings a great deal of knowledge to this role of the whole remit of the department and has also brought in these ... come in to look at inward investment, which is an area which I think does need a focus in the Island, and also has delegated responsibility for areas such as cybersecurity and telecoms and other areas, picking up work which is already in progress. Adding the Deputy's own expertise and knowledge in these areas has taken that forward, so that is really important as well. I have one extra Assistant Minister in the Constable of St. Helier. I did not have 3 before, I now have 3. That again he is an Assistant Minister for infrastructure, he is also the Constable of St. Helier and Assistant Minister here with responsibility for the markets policy and also is working heavily in retail. That works really well from a town centre perspective, all of which are really important to him, both as Assistant Minister for Infrastructure and the Constable of St. Helier. It has not changed anything in terms of the work we do, but obviously brings different flavours and different focus to the work we do.

Deputy M. Tadier:

Good. I can certainly see the synergies that are present and also the experience in your Ministerial team, obviously added to your officer team. If I can ask about maybe some of the portfolios for your Assistant Ministers, either through you or directly to them.

The Minister for Sustainable Economic Development:

As you wish.

Deputy M. Tadier:

I suppose one thing to note, you have already commented on the fact that Deputy Scott has been allocated responsibility for telecoms and cyber. Could we ask, in terms of the Telecommunications Law that is coming through shortly, and which we have been briefed on privately, is that being given to the Assistant Minister? What has the involvement been in that regard?

The Minister for Sustainable Economic Development:

Telecommunications policy has an Assistant Minister. I do not think the law itself has been delegated, but the Assistant Minister is working on that law as well.

Deputy M. Tadier:

To do with the security side and the cybersecurity?

Assistant Minister for Sustainable Economic Development (1):

If I could just, because basically the Minister ... the regulations were pretty well far advanced when I came into position. One thing that is useful is that I have a legal background and quite technical knowledge there. So I have looked at things that are on the table in a few areas because, as the Minister said, I have had, with my experience of being previous chair of the Scrutiny Panel, knowledge of these different areas. It is giving me the opportunity to look at the way that different things are developing in terms of legal structure and form and content. We have to look beyond things like the regulations in terms of the reviews. We need to think about where the strategy is going to go. Same thing with the cybersecurity strategy. Competition is another area that I have been ...

The Minister for Sustainable Economic Development:

And data protection.

Assistant Minister for Sustainable Economic Development (1):

Yes, as well as data protection. They are all very technical areas in terms of the legal content. I have been working with officers on those.

Deputy M. Tadier:

One thing we have noted is that a Minister for the digital sector has not been reappointed. Is there a reason for that? Are you keeping political oversight?

The Minister for Sustainable Economic Development:

There is no specific reason. It is under my responsibility at the moment, so I have to pick that up. It may well be delegated in the future, but at the moment it stays with me.

Deputy M. Tadier:

I do not want the Constable to feel left out; can you talk to us briefly about what your remit is and perhaps the synergies as you see them?

Assistant Minister for Sustainable Economic Development (2):

The benefit is Infrastructure looks after the sporting facilities and the operational aspects of sport. Working with the Economic Department, we are looking at the sports review recommendations. So the Simon Cooper review, which I think was an excellent report commissioned by my predecessor. I think it was very good. We are looking at performance sport and hopefully in the coming weeks, or days hopefully, we can announce progress with that with more emphasis on the athletes rather than the administration. So some good work has been done there by officers. We are looking at

the play strategy, with that going to be led by C.Y.P.E.S. (Children, Young People, Education and Skills). But clearly Infrastructure will be involved in that. We are hoping to put in a bid for a future Island Games, which the Council of Ministers have today endorsed, as writing a letter to the Island Games Association. The next stage of that will be putting a proposal to the States Assembly, to get an Assembly's backing to host a future games.

Deputy M. Tadier:

Do we know which Games it might be?

Assistant Minister for Sustainable Economic Development (2):

We hope to host the 2035 Games, which would give us time to sort out our infrastructure, both from a sporting perspective but also from a hospitality perspective.

Deputy M. Tadier:

So it is a long enough leading period, but it is important to start planning, I imagine.

Assistant Minister for Sustainable Economic Development (2):

Yes, absolutely. We have to make sure that the sporting infrastructure we have currently is maintained and able to do that.

[12:45]

If we need to do any enhancements, we have time to get the funding in place and provide that.

The Minister for Sustainable Economic Development:

I think it is also worth adding, if you do not mind, that the 2035 Games will be the 50th anniversary of the Island Games, so it is a prestigious element to the event as well.

Deputy M. Tadier:

They happen every 2 years, is that right?

Assistant Minister for Sustainable Economic Development (2):

Every 2.

Deputy M. Tadier:

Thank you. I am going to pass over to Deputy Wilson to continue for the next question.

Deputy K.M. Wilson:

Thank you. Minister, the Common Strategic Policy 2024-2026 was recently lodged for debate. Can you please outline how your Ministry will be working to support the priorities proposed in the C.S.P. (Common Strategic Policy)?

The Minister for Sustainable Economic Development:

We have a few areas of priority that we are working on. One is, obviously it has been clear one of the elements of the Common Strategic Policy is to increase the minimum wage towards the living wage. I am working closely with the Minister for Social Security. My element of the work is very much on mitigations, because we appreciate the pressure that this is going to put on businesses in particular business sectors. I am working with Minister for Social Security to deliver some mitigations that will help that transition period. Other areas are *Breaking the Barriers to Business*, which is the report commissioned by myself but delivered by Jersey Business back in early January. Our response to that is going to be provided very shortly. From that we will also be implementing the barrier ... breaking those barriers to business and making it easier to do business in the Island. That will take various forms, but some of which, picking up hospitality for instance, will be including looking at the events licensing regime, the liquor licensing regime and others. That is just one example. We also have cybersecurity, which I think is a really important policy, which Deputy Scott will be working towards. Beyond that, there was one other element, which has escaped my mind right now. We will be working with other Ministers to make sure ... the town centre was the other side of it, working again because we have this, dare I say, triumvirate of the Minister for Infrastructure, the Constable of St. Helier and myself. We will be working together to try to reinvigorate the town centre.

Deputy K.M. Wilson:

In terms of your own particular focus on stakeholder management of the various agencies and stakeholders involved in some of those propositions, what sort of discussions have you had with them so far?

The Minister for Sustainable Economic Development:

With regard to the Common Strategic Policy, the policy itself was developed within the Council of Ministers. It is now at the point where we go out and discuss with stakeholders. With regard to minimum wage, I have ongoing conversations with various sector stakeholders in that area, and so many of them were aware of the likely direction of travel in that area. As far as breaking the barriers to business is concerned, I am in constant discussion with all areas of the Island's business community to understand, first of all, where those barriers are and also how we can help them in those areas. I do not know if you can say anything about the cybersecurity side, but you have been working with ... Deputy Scott, has been working with the Cyber Security Centre.

Assistant Minister for Sustainable Economic Development (1):

I think we are coming on to that later, are we not?

Deputy M. Tadier:

Can I just bring in Deputy Southern?

Deputy G.P. Southern:

I noticed you say “working towards the living wage”. What sort of timescale are you thinking of?

The Minister for Sustainable Economic Development:

That is something to be determined between myself and the Minister for Social Security and then the Council of Ministers.

Deputy G.P. Southern:

Do you have an opinion yourself in terms of what would be reasonable?

The Minister for Sustainable Economic Development:

I believe personally that a 2 to 3-year period is something that we can work towards; more likely 2 than 3.

Deputy M. Tadier:

Is there an agreement on what the living wage is around, in terms of the figure?

The Minister for Sustainable Economic Development:

That is also something that is to be determined because there is no preset calculation at the moment. One of the requests that I have had very clearly from the business community in Jersey is that they want to understand how the living wage will be calculated going forward. Now we are working towards Deputy Southern’s 2021 proposition, which was the two-thirds. For the purposes of the Common Strategic Policy, that is the level we are working towards for this. But we will also, over that time period ... we have spoken with the chief economist, and he will be working with his team to create a calculation for the living wage so that, beyond the period of the Common Strategic Policy, there will be a calculation that can be used to determine the living wage in future. But for the purposes of this, we will be using the two-thirds.

Deputy G.P. Southern:

Is that likely to involve mitigation? What are your initial thoughts about how we can mitigate the living wage for the change to transition?

The Minister for Sustainable Economic Development:

Different sectors will need different types of mitigation. My general view is that I would prefer to try to create structural changes such as ... I have been speaking to the Minister for Education about training and training provision, things like this, offsets of another area, changing the offsets that are available to hospitality and the agriculture sector. So making these structural changes as opposed to just handing out compensation. I am not ruling that out in some areas, but that is not my preferred course of action. My preferred course of action is to put in structural changes, which will support those businesses in different ways.

Deputy G.P. Southern:

If I can ask a very specific question then: how does that impact on agriculture, for example, as you see it?

The Minister for Sustainable Economic Development:

For instance, I have done a lot of work with agriculture over the last couple of years about the rising minimum wage. There is an impact on the agriculture sector of the rising minimum wage, and indeed, pushing it to two-thirds is going to have a significant impact. But I do also recognise that the offset situation that we have with regard to the minimum wage is, in my view, not up to task; quite simply. It does not recognise the actual value of provision of accommodation to workers. It vastly undervalues that provision, and I think that it is a time now to look at the fact that if a business is paying for accommodation and paying for food, that they should be taken into account because that is part of the wage those people are earning. That needs to be taken into account in the calculation of the amount being paid. It is simply the case. If I am a minimum wage worker in a retail business in Jersey, I will be expected to pay for my own accommodation and pay for my own food out of my minimum wage. But if I am in the agriculture sector, they are being paid a minimum wage in cash, but they are then also being provided with accommodation and food on top of that. There is a clear imbalance between areas like hospitality and agriculture and those sectors which do not provide accommodation and food. I really want to see that taken into account for the agriculture and hospitality sectors.

Deputy M. Tadier:

We will get into agriculture later, I think. But there is also the point that they do not have a choice about accommodation in real terms, if they do not have wages that can afford to rent in any other sector, and they are effectively indentured to the employer.

The Minister for Sustainable Economic Development:

I think they are 2 separate things. But, wherever you come from, whether you are born in Jersey or whether you move to Jersey, you need accommodation and food. But in many sectors outside of agriculture and hospitality, they have to pay ... if they are on the minimum wage, which is the same

across the board, then somebody in retail is having to pay for their accommodation and food in the market, in the way that someone in agriculture is not. I just think that needs to be looked at.

Deputy M. Tadier:

The formula needs to be looked at.

The Minister for Sustainable Economic Development:

Exactly. These are the sort of structural changes that I mean.

Deputy M. Tadier:

Max, can you take the next.

Deputy M.B. Andrews:

Minister, the panel understands the visitor economy strategy has now been officially launched. I would just like to ask: what was the purpose of the strategy and what exactly is it to achieve?

The Minister for Sustainable Economic Development:

The purpose of the strategy ultimately is to bring the visitor economy right into the front and centre of our economic thinking, both as a Government and as an Island, because the visitor economy is strategically important to this Island. It is not just an export industry that brings overseas money to Jersey, but it fundamentally supports the health of the finance sector and many other sectors in Jersey as well. It, in many ways, provides our connectivity as Islanders to be able to go to London 10 times a day, if we wish to. So it is strategically important, but it is a sector that had not had Government direction and was asking for Government direction. So the visitor economy strategy is our response to the sector requesting direction, which, by providing that direction, the Government is providing confidence in the sector, which in itself helps unlock investment in the sector. There had not been a visitor economy strategy for 20 years. By doing this and providing this and showing clear direction, we now believe that it is going to be easier to unlock investment in the sector, both with existing people in businesses in the hospitality sector, but also attracting new investment because one of the areas that we really want to succeed in is turning around the decline in bed stock in the Island. We are now at just over 9,000 beds. It is coming to the point where the lack of bed stock, or the reduction in bed stock, is now in danger of affecting our connectivity. That is something which, I believe, is unsustainable and something that I do not want to see happen.

Deputy M.B. Andrews:

You speak about unlocking investment. Of course, I think we would all agree that is very important. You say some of those are already in the sector looking to invest in their business to improve their

business model, but how are you going to try and attract new investment into an Island that has seen its bed stock reduce, as you say?

The Minister for Sustainable Economic Development:

I am really pleased to say that we are attractive to hotels. A really good example is Les Sablons, as an existing example, where we will have a new hotel or an apart-hotel as the case. Very interestingly, speaking to the developers there, one of the things, their original plans were to build the hotel last, but they told me that the demand from the provider of that hotel was so strong they wanted to come to the Jersey market quickly because they see the market as being healthy and that they believe it is an investable market. That due to the delay through the planning process for that site, they are now going to be undertaking the apart-hotel construction first in order to keep that client happy. We know that is one example. I have also personally spoken to hotel chains, international hotel chains, who have said to me they would like to enter the Jersey market. One of the issues that we have in Jersey is a lack of suitable sites. But that is, again, one area the visitor economy strategy speaks to is about finding the sites; the visitor economy strategy helps provide the confidence for investors. We now also are working to help find those sites.

Deputy M.B. Andrews:

If we are looking at the position before the visitor economy strategy, and now with the strategy being in place, what is your hope in 5 years' time that you can say, as Minister: "Look, during my time in office, we were able to enact change and the changes are this." What would those changes be?

The Minister for Sustainable Economic Development:

I would like to see that increase in bed stock. I think that is one of the really key things. I would like to see better connectivity to Europe. That is another key element of it. In many ways, if I was to walk away and those 2 things had been achieved and been clearly increased, then I think it would have been successful. But there are many other elements to it. But those are 2 key indicators that I am looking okay.

Deputy M.B. Andrews:

Thank you very much, Minister.

Deputy M. Tadier:

Can I just ask, following on from that, with hotels and we are seeing hotels - I do not know about now - but certainly periodically they go out of business or they apply for change of use. Do you have any concerns about that happening; if you have got existing hotels that just want to decide that it is easier to convert to housing, for example?

The Minister for Sustainable Economic Development:

I mean it is always a concern, hotels leaving. There is one hotel in Rouge Bouillon at the moment, which is going through exactly that process. That is a shame because it is a significant hotel and a high-quality hotel as well in Jersey. It is always a concern to me. I know Deputy Scott and myself have spoken about this subject on numerous occasions over the last few years, not just since Deputy Scott has been Assistant Minister. Some people say we should bring back protection of hotel sites through the planning system. There are pros and cons to that.

Deputy M. Tadier:

I guess what I am saying, so to cut to the chase, is that if we have a buoyant economy for visitors and hotels want to invest in Jersey, why would we knock down existing hotels when we could just say to them that if you are leaving the industry, then that hotel must be maintained as a hotel and you have to sell it as a hotel.

The Minister for Sustainable Economic Development:

Because that in itself reduces the investability in the Island. By saying that that hotel site has to stay as a hotel site reduces the investability, because when you are trying to raise capital to invest in your hotel, by restricting the type of use that that site can be used for, you are lowering the value of that site. That in itself means that when you go to lenders asking for financing, the amount that they will lend to you is going to be less than if it was available for any use. This is one of the issues that has been raised by the sector itself with the idea of protecting hotel sites, is that you are in this. By doing that, you are reducing the value of finance that you will be able to access. For existing hotels, that is really important because, if I am a hotelier today who wants to invest in my hotel, I have to go to lenders to get that money. If I am being restricted in the amount of money that I can borrow to invest in my hotel, then I will make less or no investment at all. So this is why. There are no easy answers. Just protecting hotel sites does not necessarily create an environment whereby hotels will be invested in and, in fact, I think you can look at Guernsey, where Guernsey has had some significant problems of protected hotel sites which are now derelict because, much like our greenhouse sites perhaps, they have to be used as hotel sites but no one wants to invest in those hotel sites. What we really would not want is derelict hotels in Jersey.

[13:00]

Deputy G.P. Southern:

So how might you adjust to that so that all hotel sites are suddenly asking to be housing?

The Minister for Sustainable Economic Development:

Well, no, from my perspective, there is no question when I meet hoteliers and I meet people in the hospitality sector, their motivations for being in that sector are huge. They are incredibly focused and proud of their work in the hospitality sector. It is a vocation and I think it is preferable to encourage people to invest because that is what they want to do, rather than try to imprison people in a sector that perhaps they do not want to stay in. I think then you will see possibly a decline in confidence within the sector if you were effectively to imprison people in that sector.

Deputy M. Tadier:

We might come back to that. I think it is not for us to impose different politics on you.

The Minister for Sustainable Economic Development:

No, but to have the discussion is the right thing. I will say Deputy Scott has a slightly different perspective or has had a slightly different perspective.

Assistant Minister for Sustainable Economic Development (1):

No, I totally agree that you have to be respectful of the way that hotels finance themselves, and there is an advantage by having the conversion to residential value in that not one size fits all. There are other ways which I think the States Assembly might consider - all States Members consider - with the hotel industry perhaps encouraging hotel activities to continue with their product or discouraging them from selling, but not through things like planning policy restrictions that we can see causes a problem for them. We just need to be mindful of their personal circumstances.

Deputy M. Tadier:

That would be different to a change of use. So if a hotel applied for a change of use, that could simply be refused, of course, and have the same effect.

Assistant Minister for Sustainable Economic Development (1):

It is actually automatic, more or less from, if I remember correctly, and ...

The Minister for Sustainable Economic Development:

Because policy allows it, then it happens without too much question.

Assistant Minister for Sustainable Economic Development (1):

Policy allows it, and I think the same to go into offices.

The Minister for Sustainable Economic Development:

But we will continue to work ... my view is let us attract the investment into the industry. Let us get new hotels here, and then we will not need to worry about hotels that are leaving, I suppose is one perspective.

Deputy M. Tadier:

We may come back to that in future.

Deputy K.M. Wilson:

Could I just ask, Minister, in terms of your expectations around the numbers of beds that you would like to see increased, what would be your benchmark?

The Minister for Sustainable Economic Development:

I do not have a figure in my mind, but, as I said, we are at the low 9,000s at the moment, so it is building from there. I think the first landmark, let us say, would be 10,000. I think that would be your first ... that is the natural first place you go if you are just above 9,000 today. But I do not have a timeframe.

Deputy M. Tadier:

What was it historically, do we know, 30 years ago?

The Minister for Sustainable Economic Development:

It was up to about 20,000. I think even 24,000.

Deputy K.M. Wilson:

Okay, so at least to aspire to that.

The Minister for Sustainable Economic Development:

If we can do, yes.

Assistant Minister for Sustainable Economic Development (1):

Perhaps if you do not mind me just saying also that you need to think about the seasonality of this, the work that is being done to fill beds off season as well. The Island Games initiative of it is 10 years' time. We can look at initiatives that bring people in off season.

The Minister for Sustainable Economic Development:

Definitely. Please do not put the Island Games in August.

Deputy M. Tadier:

Sticking with the theme of tourism, and I will come back to ... we have the alcohol strategy and also triennial regulations, just so you can start to prepare mentally for those, but with tourism, you have a visitor economy strategy and some potential alterations to the Tourism Law from 1948. Could you talk to us a little bit about what amendments you might be bringing forward there and why?

The Minister for Sustainable Economic Development:

Yes, so with the Tourism Law General Provisions Order amendments that I have made recently, that was very much about freeing up hoteliers to make their decisions. Effectively, they would be market-based decisions about the spatial requirements on their rooms that they sell. Jersey has been very, very prescriptive. If you read the order ... unfortunately, I did not take a screenshot of the order before it changed and now when I go on to the Jersey Law website, it just has the new order. I need to find exactly how it used to read because it was determining you must have a sink, you must have skirting boards of such a height and things like this. It was incredibly prescriptive. We live in a very different world today. That order was signed in 1990, we live in a very different world today where the customers are very vocal. If they have a poor experience, then there are websites, very famous websites, where they will leave their feedback and let other customers know. So, from my perspective, it is about enabling hoteliers to innovate and to make it easier for them to invest and to create a proposition that they believe customers will like. If the customers do not like it because the room is too small, I am sure the customers will let other customers know very quickly.

Deputy M. Tadier:

But ensuring some kind of minimum standards, of course.

The Minister for Sustainable Economic Development:

There are always minimum standards and we still have ratings, so you can still change through them.

Deputy M. Tadier:

Things like TV though, because I know stars of a hotel used to be linked to what facilities you had, including a TV.

The Minister for Sustainable Economic Development:

That is the rating side of it and they can still do that.

Deputy M. Tadier:

I think that is fine for now. Thank you. I am not going to value it or make one piece of law more worthy or important than another, but we know that ... we keep coming back to alcohol, liquor

licensing and the triennial regulations. So if I can maybe look at those together. These things have been going on as long as I can remember in politics.

The Minister for Sustainable Economic Development:

I apologise.

Deputy M. Tadier:

You cannot take the blame for everything.

Deputy G.P. Southern:

The previous record discounts.

The Minister for Sustainable Economic Development:

But you are right.

Deputy M. Tadier:

We have been told that, for example, the triennial regulations are going to be lodged yet again and that we are going to have to wait another 3 years before any potential law is forthcoming. We seem to be told this every time it comes back to the States. But this is the last time they will be lodged and a new law is forthcoming. It is not that we are sceptical, it is just that, first of all, we think that 3 years is too long to wait, and we would like this to be resolved within this term of office, if possible, before the next elections. Can you talk us through that, whether that is a possibility in that area, and what you see is replacing the triennial regulations?

The Minister for Sustainable Economic Development:

Yes, I am of the same view of you that I would like this to be the very last time we have triennial regulations. Deputy Southern will have seen those triennial regulations come up many times over the past ...

Deputy G.P. Southern:

Six, 7 times, I think

The Minister for Sustainable Economic Development:

The first thing we have done, it is a really small move, and this happened under the previous Government, was the triennial regulations sat with the Home Affairs Department, and so we made a really simple change, which was we moved the responsibility for those regulations from Home Affairs to Economic Development. That was in order for us to be able to take control of that and be able to bring amendments and changes ourselves. We are focused on changing that regime. We

are focused on creating a new events licensing law, which will look at the whole structure of events licensing. Because, again, the feedback we get from people in that area, is it is really a disjointed and difficult-to-navigate system. That will also be the same with alcohol licensing.

Deputy M. Tadier:

Where will that sit ultimately? Will it be directly under Economic Development?

The Minister for Sustainable Economic Development:

The events licensing?

Deputy M. Tadier:

Yes.

The Minister for Sustainable Economic Development:

While it is too early to say exactly where that will sit, it would be my expectation that basically all of that sits in Economic Development; both liquor licensing and events licensing.

Deputy M. Tadier:

Do you see any role for either Home Affairs or for the Parishes, in either of those areas?

The Minister for Sustainable Economic Development:

Absolutely. I think you have to take liquor licensing; for instance, the involvement of the police element of that is really important. The Parishes, both for events and liquor licensing, we were discussing this just recently. There is no question that you need to have that local input. It would be wrong to have a centralised system which says, yes, you can open a pub here, there or everywhere without taking into account the views of the Parishes. I think the system at the moment whereby Parishes have their own advisory licensing assemblies, they do not have the final yes or no, but they feed the results of that licensing assembly to the Bailiff's office and say whether they agree or disagree that this is a worthwhile establishment. I would still imagine having that role for the Parishes.

Deputy M. Tadier:

But as far as the Bailiff is concerned, that role would change?

The Minister for Sustainable Economic Development:

I think that is quite likely.

Deputy M. Tadier:

We will be writing to you, in that we have a letter prepared, and one of the things we will be asking is if you can reduce the length that the triennial regulations would be in place for. Would you give consideration to expediting the new law effectively?

The Minister for Sustainable Economic Development:

It is absolutely a focus for us. I was going to say my one concern about making it shorter than the 3 years is just I know when it comes to writing new law, and this would be quite a significant element in new law, is law drafting is an element of that, which is completely out of Ministers' control. If the law takes a long time in law drafting or there are other priorities in law drafting, et cetera, the Minister can do very, very little about that. It is outside of the Government's control. So I would be reticent to want to reduce the triennials down to biennial, let us say, purely to make it for the next elections, because it may be that the law is in drafting but has not been completed, let us say, by the election time, in which case you could have a problem. I believe that you should probably keep it as 3 years for this last set.

Deputy M. Tadier:

Okay, we will be coming back to that, but we will deal with that through another method.

The Minister for Sustainable Economic Development:

I just think law drafting is something which is vital to any law, but there is almost no control that any Minister will have with that.

Deputy M. Tadier:

I guess the question is, you have been at Economy for 5 years now and you knew the triennial regulations were coming up, is there any reason you did not give a law drafting instruction earlier in this?

The Minister for Sustainable Economic Development:

Because it is something that is a significant piece of work that will take the whole sector and others, like you said, Home Affairs, et cetera, to feed into.

Deputy M. Tadier:

Is there generally the political will now, do you think, across departments?

The Minister for Sustainable Economic Development:

I believe so, yes.

Deputy G.P. Southern:

Could I just ask a general question? Are we short of law draftsmen?

The Minister for Sustainable Economic Development:

I am not in a position to answer.

Deputy G.P. Southern:

No, but you are a Minister who has just said there may be a problem with the law drafting there. There may not be space time to get allocations. One of the solutions to that is to employ some more law drafters.

The Minister for Sustainable Economic Development:

My perspective would be I would love to see more resources provided for the law drafting office, but what I just cannot do is, because I do not see exactly the work that goes on, I could not say whether it is a lack of staff or it is just a complex task and it takes a long time to draft laws. But I think more resources available to the law drafting office, the easier it will be and the faster it will be to get laws drafted.

Deputy M. Tadier:

It is a question we generally ask. It is a theme that comes out about waiting for law drafting time.

The Minister for Sustainable Economic Development:

But I also know it is difficult to hire law drafters. It is a really specialised task, so even finding new law drafters is difficult.

Deputy M. Tadier:

Have your officers got anything to add in regards to ...?

Chief Officer, Department for the Economy:

At the end of the day, there is work going on to slim down priorities. You can see the common strategic priorities, they are fewer in number. There is a sort of stratification. I think that then cascades through the department in terms of the time that we can spend delivering those priorities, getting instructions out. I would echo the Minister's point about law drafting. We have a very good relationship with law drafting. I think there is a challenge, even if they have a budget to hire people, finding good quality law drafters is really difficult, I think, and it is a challenge that they have on an ongoing basis. I am sure they would do the best endeavours to push it through as quickly as possible among what would be a reduced number of priorities across Government.

Deputy M. Tadier:

Thank you. We are going to move on to an equally interesting area, which is the Shipping Law amendments, and Max is going to lead us on that.

Deputy M.B. Andrews:

Thank you very much, Chair. The panel understands that amendments to the Shipping (Jersey) Law 2002 and the Harbours (Inshore Safety) Regulations 2012 will shortly be lodged. Minister, I was wondering whether you could confirm the purpose of this and what exactly are you seeking to achieve as well?

The Minister for Sustainable Economic Development:

Yes. There are multiple purposes on this. One of the elements is to make sure that we have systems in Jersey, particularly around the registry, where we are going to change the representative persons regime so accountability cannot be ducked. This is particularly important following the sanctions regimes that we have seen come in, in Ukraine. Other elements of the shipping laws will be bringing in such rules as enabling alcohol testing to be undertaken where death or harm to a person has taken place. This is something which the police cannot force someone at the moment to have a breath test or an alcohol test should they have caused harm to somebody out on the water. We are changing the law to make that absolutely viable.

Deputy M.B. Andrews:

Minister, that is something that you have highlighted that the panel were also concerned about. I was wondering whether any consideration has been given for any recreational watercraft to require any driver of that vehicle to undertake any training, and to then hold a licence if they are to be in Jersey waters.

The Minister for Sustainable Economic Development:

I do not believe at the moment that the suggested laws do bring that in. It is really interesting because there is a lot of freedom out on the water, and while I did want to bring in the rules, particularly around breath testing and alcohol testing, I think it is always a difficult situation to remove freedoms from people. At the moment, if you, Deputy Andrews, wanted to buy a boat today, go out on the water, there is nothing to stop you. But we would always strongly advise that you take lessons and learn how to handle a boat, et cetera, before doing that.

[13:15]

Would I want at this stage to bring in rules or laws which force that to happen? I am not so sure. I know actually I do not wish to do that at the moment. But what I would say is as Jersey's waters

become more congested, that is something that we may have to look at because, much like traffic on the roads, the more vessels there are out there, the more dangerous or more risk there is.

Assistant Minister for Sustainable Economic Development (1):

Can we also mention that the actual vessels covered include things like stand-up paddle board. That might not be considered reasonable, expecting people to have training. Maybe in the future there is some potential in developing types of watercraft; there needs to be some distinction.

Deputy M. Tadier:

I think the thought is that France, for example, you need to have a licence to have a motorised boat.

The Minister for Sustainable Economic Development:

I am definitely not a Minister who thinks I am always right and thinks that I have covered off every area. This is, for me, exactly the sort of political discussion that the Island should have about these things of what I think is, before you remove freedoms, you do need to have a wide political discussion with the public to understand if that is something that they think is the appropriate thing.

Deputy M.B. Andrews:

Minister, I just wanted to touch on something that you mentioned earlier on, and that was about alcohol consumption being a problem, of course, with those who are maybe behind the wheel in a boat in Jersey waters. But was that something that was maybe brought to your attention through dialogue with stakeholders, or was that you initially being concerned and then maybe speaking to stakeholders and then seeing that potentially it could be a problem?

The Minister for Sustainable Economic Development:

Yes, it is through dialogue with stakeholders seeing various events over the past few years, things like this. It just seemed to be an anomaly that, quite rightly, you cannot get into a car and drive under the influence but there was nothing ... while it was, if you were driving under the influence ... sorry, if you were piloting a vessel under the influence and you had a strong accident, in theory in the law that was illegal but the difficulty was there was no compulsion to test, and that was the gap. Whereas now, where harm to a person has been caused, we are bringing the compulsion that testing happens.

Deputy M.B. Andrews:

So this is probably something that may be a rarity, so it is in the case that an incident takes place?

The Minister for Sustainable Economic Development:

So if there is an incident, if I am piloting a vessel and I harm somebody else, the police will then be able to compel me to have a breath test or blood test, whatever that may be, that was not previously possible.

Deputy M.B. Andrews:

But do you still believe there is a potential loophole where you could have somebody who has had maybe 10 pints of alcohol, who is in the driving seat of a vehicle and, again, they are probably not aware of their surroundings and they could potentially be a danger, and there is nobody really there to then regulate that as well? So you have maybe got an enforcement process, but who is there to regulate it?

The Minister for Sustainable Economic Development:

The police are the ultimate regulators of this.

Deputy M. Tadier:

Can I just interject? I guess one question that needs to be answered, and I should know this, but I am not sure I do, are there currently any restrictions about consumption of alcohol and piloting vessels?

The Minister for Sustainable Economic Development:

I believe there is but, like I say, I believe the catch is that you cannot be forced to have a test and therefore you cannot effectively be called for that.

Chief Officer, Department for the Economy:

If I recall correctly, I think in the Shipping Law there is a more general categorisation of not being under the undue influence of alcohol or drugs, but it does not set a prescriptive limit in terms of the way that in the road traffic legislation you have a very specific pass or fail threshold for testing level of alcohol in blood. I think to Deputy Andrews' point, again, there is nothing to stop me going and having those 10 pints of alcohol and getting behind the wheel of the car other than my conscience, and then the risk of being caught and charged and prosecuted. It is that same jeopardy that is being brought into place here that you may go and have the 10 pints, but you still have that jeopardy now being introduced that did not exist previously.

Assistant Minister for Sustainable Economic Development (2):

I think there will be a difference between commercial and leisure.

The Minister for Sustainable Economic Development:

There is.

Assistant Minister for Sustainable Economic Development (2):

This covers leisure craft as well, including jet skis. It is quite comprehensive.

The Minister for Sustainable Economic Development:

I think a really important distinction; commercial vessels, you are not allowed to be under influence piloting a commercial vessel at all. That is important, thank you.

Deputy K.M. Wilson:

Can I just pick up on the point around how you would regulate it and oversee it? Would you consider, as part of your arrangements, random testing to provide additional assurance to people that ... no.

The Minister for Sustainable Economic Development:

No, that is absolutely so. But it is quite interesting ...

Deputy K.M. Wilson:

Why not?

The Minister for Sustainable Economic Development:

As I said, there was no ability to compel someone who had piloted a vessel, and also there is that ... I know that people do go out and they have a picnic with them on the vessel, they have a glass of wine. Part of having a leisure craft is going out, sitting in a bay on your leisure craft and enjoying a Sunday afternoon picnic with wine or beer, et cetera. So I was very aware that if we were to ... again, when you restrict a freedom I think you have to do it in a staged manner. I think to go all in straight away creates enormous pushback.

Deputy K.M. Wilson:

I suppose what I am trying to understand is, picking up Connétable Jehan's point about the difference between a commercial operator and a domestic leisure craft, do you see any distinction between the 2 there?

The Minister for Sustainable Economic Development:

Well, there is a distinction there. There is a legal distinction.

Deputy K.M. Wilson:

In terms of overseeing the safety of those vessels when people are under influence.

The Minister for Sustainable Economic Development:

There is a distinction, and the Harbour Authority has to regulate both sides of it. They have distinct laws for the commercial side as opposed to the leisure side. What we are dealing with here is principally the leisure side. But I have to say I chose not to go down the route of mandatory breath tests or random breath testing, which, to be fair, you do not even have in a vehicle regime on land because ...

Deputy K.M. Wilson:

I think we do.

Deputy M. Tadier:

You have to have reasonable cause though, have you not?

The Minister for Sustainable Economic Development:

But reasonable cause is not the same as ...

Deputy M. Tadier:

It is automatic with an accident. So you have an accident ...

The Minister for Sustainable Economic Development:

But it is not random. The point being that at the moment there is reasonable cause or there has been an accident. You are not randomly tested.

Deputy M. Tadier:

There is not even that on boats at the moment.

The Minister for Sustainable Economic Development:

No, this is the first step.

Deputy M. Tadier:

Where do you sit on that question then? So if there has been an accident, should there be an automatic breath test for sailors?

The Minister for Sustainable Economic Development:

At the moment, if there has been an accident and some harm has been caused to a person, then there will be a breath test on that. That is the level I decided that we should take it to in its first step in the future. We may, through political discussion, wish to take it further, but at the moment I did not wish to take it further.

Chief Officer, Department for the Economy:

Indeed, that has happened, if I may pick that up. It has happened but the powers to compel did not exist, so you could refuse to provide the sample in the way that you could not refuse in a roadside incident, or if you refused in a roadside then it would be taken that you had refused to provide a sample and action would be taken accordingly. It brings a similar regime in for shipping that if you refuse, then there is a consequence to refusal.

Deputy M. Tadier:

If you can get back to us ... we may find the information before anyway about what the current law is around alcohol limits for being in charge of a vessel.

The Minister for Sustainable Economic Development:

I do not believe there are any limits, as in prescriptive limits.

Deputy M. Tadier:

There must be limits if you can have a breath test, though, because otherwise you are not breaking any law.

The Minister for Sustainable Economic Development:

At the moment, that is the point we are making.

Assistant Minister for Sustainable Economic Development (2):

The proposal is to use the same limits as driving.

The Minister for Sustainable Economic Development:

But the chair was asking about the existing law, and the existing law does not have those limits; today's law.

Deputy M. Tadier:

What I am saying is that it seems like you should be doing it ... you could argue that you should do it properly. So if you are going to bring in a law which says you cannot pilot a vessel with, I think it is 35 micrograms in your blood of alcohol, then it should not just be when you have an accident. If somebody reasonably suspects somebody to be sailing when they are blind drunk, you should be able to make a phone call and say: "I think that person is sailing. They are about to have an accident, and if they continue they will have an accident at some point." Do you not think there should be an enforcement element?

The Minister for Sustainable Economic Development:

That is what I am trying to say. I chose not to go to that level, because I felt that this is the first step in possibly moving to that level of restriction, but I felt that to do that in your first jump was not appropriate; that you would get strong pushback. So I think that this is the appropriate first step, where we are now saying: "Right, we can compel you to have a breath test", which you could not even be compelled before. That is effectively ...

Deputy M. Tadier:

But we should not be judging on whether you get a strong pushback. You should be judging on what is the right thing to do.

The Minister for Sustainable Economic Development:

I do not think the evidence has been there. I was not presented with evidence to show that this is a big problem in Jersey waters. I have not been provided with that evidence, and until I am provided with that evidence, I would be reticent to take that step.

Deputy M. Tadier:

We will leave that there, I think.

The Minister for Sustainable Economic Development:

We can always think of what could happen, the theoretical risks, and we could legislate against all of them, but what you end up doing then is creating a very imprisoned society.

Deputy M. Tadier:

But you are the one ... we are not telling you to bring this law in. You want to bring in an alcohol law for boats so it may not be a problem at all. Maybe you do not need the law at all, is what I asking.

Assistant Minister for Sustainable Economic Development (1):

It is about proof, is it not? You have somebody who is driving really erratically and bashes into somebody else, and at the time were they under the influence of alcohol or not? If you cannot actually test them, you have not got the proof.

The Minister for Sustainable Economic Development:

So we are at least making that change.

Deputy M. Tadier:

Thank you. Any other questions on that? All right. If you are happy, we are going to move on to ... let us go straight on to the shipping registration. Max, do you want to carry on with shipping?

Deputy M.B. Andrews:

I will, thank you. Minister, in the 2024 Ministerial Plans, it was identified and anticipated that amendments to the Shipping (Registration) (Jersey) Regulations 2004 would be of priority. I was wondering if you could maybe just elucidate the panel on what you meant by that, and what exactly is going to change.

The Minister for Sustainable Economic Development:

Sorry, could you repeat the bit just before priority? Sorry, repeat the question.

Deputy M.B. Andrews:

That is fine. In the 2024 Ministerial Plans, it was identified and anticipated that amendments to the Shipping (Registration) (Jersey) Regulations 2004, would be prioritised. I was just wondering if you could maybe elucidate on what you meant by that and what changes we will be seeing.

The Minister for Sustainable Economic Development:

The shipping registration law has been there for 20 years, and we have a really healthy, I am pleased to say, Shipping Registry. But it was identified, and I think particularly through the sanctions regimes, et cetera, that we have seen, which have given us a stronger focus, lots of sanctions come in over the last few years. From a shipping registry perspective, that has meant we have focused on the Shipping Register, and we just realised that there were some, I would say, inadequacies in certain areas, particularly around the link between Jersey registered vessels and Jersey as the flag state. If I have a vessel in Jersey, I register it here, I do not need to have it flagged as a Jersey vessel, if I am just using it here. But if you are taking it internationally, then you need to have a flag as well. For the last 20 years, Jersey has offered the ability to be a flag state. There was not a very strong link between registering here and being flagged here. This is about bringing this closer together and making sure as well that there were some anomalies I mentioned about the representative person resigning. So if I am a citizen of another country, I can still have Jersey as my flag state. The law requires that you have a representative person. For argument's sake, I could be French. I can have a vessel, I could have it flagged in Jersey so it could fly the flag of Jersey. That is fine. But to do that, I need to have a representative person in Jersey. There are people offering representative person services on a commercial basis effectively. But one of the, and I would have to say, inadequacies in the law was that the representative person could resign at any time. So if something had gone wrong with that vessel and the representative person thought: "This looks a bit sticky, you know what, I am just going to resign my role as representative person", that then left us with no one in Jersey that we could deal with. So that is one example of one of the holes that needed to be closed within the law and that we are doing. It does make sense that if you are a representative person that does bring some responsibilities; really, it did not bring that many responsibilities.

Deputy M.B. Andrews:

Was this brought to your attention via officers, or was it engagement with industry and they are saying: "Look, there is this loophole, Minister, would you seek to address it?"

The Minister for Sustainable Economic Development:

In this case, it was via officers.

Deputy M.B. Andrews:

Thank you for confirming that. Are there going to be any additional administration fees that will be concomitant to this change?

The Minister for Sustainable Economic Development:

That is a good question, I would have to double check. I do not believe so. No, there is not.

Assistant Minister for Sustainable Economic Development (1):

It is just an agent for service of process really. Under law, generally, you would appoint somebody in a different jurisdiction to receive papers and things. There is this gap that someone can just go.

The Minister for Sustainable Economic Development:

"I am not doing this anymore. I am going to walk away." And there are other things as well.

Assistant Minister for Sustainable Economic Development (1):

You cannot take proceedings to enforce in Jersey courts. You have to have somebody here to enforce the proceedings.

Deputy M.B. Andrews:

Also, I just wanted to touch on, with the amendments that will be forthcoming, is there any potential risk for some people who may be on the register, who may be de-listed and removed from the register?

The Minister for Sustainable Economic Development:

That is quite possible.

Deputy M.B. Andrews:

Quite possible. Is that only going to probably affect a few individuals or is it going to be ...?

The Minister for Sustainable Economic Development:

Yes, not many. We are already, due to the sanctions regimes that have been put in place by the U.K. (United Kingdom), particularly around the Ukraine war ... we have been undertaking, or the registrars have been undertaking, the exercise over the past few months to identify those vessels which may have Russian beneficial owners and so on.

[13:30]

It is that exercise which has really brought us to focus on is this law working exactly as we need it to? We realised that it is not.

Deputy M.B. Andrews:

Have you been liaising with the U.K. Government, yourself and your officers, over this?

The Minister for Sustainable Economic Development:

I believe it is entirely a Jersey matter. I do not believe it is U.K. focused.

Deputy M.B. Andrews:

Thank you very much for taking the time to answer my questions. We can move on to the next section.

Deputy M. Tadier:

Just planning the next section. We are going to move on to the telecoms security framework and then cyber defence law, so I will hand over to Geoff for that.

The Minister for Sustainable Economic Development:

And I will hand over to Deputy Scott for that.

Deputy G.P. Southern:

We will start off with a when. The panel were recently briefed on the progress of the telecom security framework. Can you please confirm when it is anticipated that this legislation will be lodged for a debate?

Assistant Minister for Sustainable Economic Development (1):

The aim is to launch in May; just next month. They are more or less complete and just needed to go through the process to get to be lodged.

Deputy G.P. Southern:

Could you tell us something about the structure of this new framework? Is it going to look like the U.K. version or will it be markedly different?

Assistant Minister for Sustainable Economic Development (1):

I have not had the opportunity to compare like laws of the U.K. but what you already have is the Telecommunications Law. These regulations are being made pursuant to it to enable improved security in 2 ways; one through the potential giving of orders to telecoms providers. If they have equipment that we regard as far more, to move them. But then there are other regulations to just generally impose security measures there as well. Basically you have regulations that are being brought under this order, that enable more regulations to be made.

The Minister for Sustainable Economic Development:

Maybe this could be a good time to ask Mark to come forward.

Head of Digital Economy:

The regulations will broadly mirror those of the U.K. and, as a result of that, the engagement we have had with the telecoms sector on-Island has been predicated on similar threats. So very, very much of it will mirror those of the U.K.

Chief Officer, Department for the Economy:

I think it is important to just take a step back, look at the context for this. Jersey telephone numbers come under +44 international number prefix. That is ostensibly owned by the U.K., governed by Ofcom, on a day-to-day basis. The +44 prefix is almost a fast lane. It is a premium prefix because it is the U.K., in the same way that the U.S. (United States) and others would be. In terms of the routing of international telecoms traffic, if it is a +44 prefix, it is much stronger and passes through the networks quicker than from some other countries around the world that maybe have less wholesome activity, perhaps, going across their networks. It is important that because we participate in that, that we have an equivalent regime and standards applicable to those that the U.K. themselves are enforcing. That is really the origins of this legislative change.

Deputy G.P. Southern:

To what extent will that match the Ofcom?

Chief Officer, Department for the Economy:

It essentially brings it to a parallel regime. It brings us to a level of equivalence and that means that the relationships with the U.K. are very, very similar to the way that they would regulate Vodafone or B.T. (British Telecom), similar then to the provisions that we put in place for J.T. (Jersey Telecom) and others that are operating here.

Assistant Minister for Sustainable Economic Development (1):

Bearing in mind that the Jersey Competition Regulatory Authority is like the enforcer in respect.

Deputy M. Tadier:

If I can just come in, Geoff. There are 2 areas; so one does relate very much to, I suppose, where we depart from the U.K. model. So the J.C.R.A. (Jersey Competition Regulatory Authority) will effectively be the regulator for this new law, but they, at the same time, are also the competition authority, which is not the case in the U.K. So Ofcom and Competition are separated. We are, I am not going to say concerned, but we would ask the question about potential conflicts of interest but also the question of who is looking out for competition and the interests of competition and in fact they are also at the same time regulating the new security law.

Assistant Minister for Sustainable Economic Development (1):

They are capable of doing more than one function, but one thing we really have to underline in all the policy regarding the Island is that we are an Island the size of Guildford, and so having a separate authority in each case may not be cost effective and may affect our ability to fund what we might ...

Deputy M. Tadier:

Yes, I get that. We are not suggesting that it is harmful, that they are not capable. It is a question of also the optics of making sure that there is ... so we can understand an issue. We have got a new law coming in, which is not going to be un-onerous. It is going to put pressure on players in that industry and they will be able to cope with that differently maybe, depending on their models and their sizes. It would not be unexpected if in a different system where your competition and regulatory authority is separate to your regulator for the law the competition regulator might say: "We think this is disproportionate, this law, because this small player here cannot cope with that law." Who is going to be speaking up potentially for those companies?

The Minister for Sustainable Economic Development:

I think first of all it is important to remember that the J.C.R.A. is not just a competition regulator. It is the Jersey Competition Regulatory Authority and in terms of telecoms, yes, it has a competition role but it also has just a purely regulatory role as across the post office and ports. When it comes to telecoms, it is regulating principally before it is doing the competition element. It is regulating and it regulates many different areas and aspects of that business. This would be just another area of regulation that it has to oversee. We, in the design of this law and even now, have spoken to the 3 key telcos in Jersey and more - more than just the 3 key telcos - spoken to more than that. We are listening to them and while this law has the same framework as the U.K. law and is designed to make sure that we stay within that +44 number regime, it is smaller and more proportionately

structured compared to the U.K. version, and that has been done on purpose. Personally, when the J.C.R.A. already regulates telecoms, not just from a competitive perspective, I do not see a problem with them also having to regulate the level of security that the networks provide.

Assistant Minister for Sustainable Economic Development (1):

I might add, it is one thing when you say when it comes to national security there might be a small operator who cannot afford to actually be secure, but we have to ask ourselves as an Island: can we afford to have operators who are not secure in the Island? You have to think about the cost to the Island of a major event.

Deputy M. Tadier:

That is not what I am asking about. It is just about who ... we have been briefed on these, by the way, but there is obviously an element of public scrutiny both now and into the future.

The Minister for Sustainable Economic Development:

No problem with that at all. It is a good question.

Deputy M. Tadier:

Can I ask a more philosophical question? I know that you are not a Minister who likes to be dictated to by the U.K. and you are very much that Jersey should make Jersey-proportionate and specific legislation, but do you accept the premise, when it comes to the hardware, that Chinese hardware is flawed and, therefore, we need to get rid of it because that is what the U.K. is telling us?

The Minister for Sustainable Economic Development:

Do you know what, in the current environment, it is one of those things where I do not have the technical knowledge to know, but there is no question that the narrative from the U.K. and the U.S. security services is very much that this hardware is flawed. I am not in a position to argue against that.

Deputy M. Tadier:

The U.S. has just had a debate about TikTok, of course. If there is a direction from the U.K. that they were to ban TikTok, would you also expect to ban that in Jersey?

The Minister for Sustainable Economic Development:

I think in the case that that is software, as opposed to hardware routing traffic, I would need to be convinced. I have got to admit that the little I know about the U.S. provision, I am not convinced that security was at the heart of their arguments in Congress last week or whenever it was. I think there are other motivations from the U.S. perspective.

Deputy M. Tadier:

That is not the case with the hardware here?

The Minister for Sustainable Economic Development:

I do not believe that that is the case with the hardware. One of the reasons would be that many of the hardware providers that will have to be used are not British. We have seen J.T. has already been in partnership with Ericsson. That is a Swedish company. There is no British gain from that, so to speak, so in that sense I do not think there is self-interest beyond security self-interest that the U.K. has.

Deputy M. Tadier:

We can move on, I think. We are mindful of time as well. Karen, are you okay to take the agricultural loans? Thanks.

Deputy K.M. Wilson:

Minister, the panel understands that amendments to the Agricultural (Loans) (Jersey) Regulations 1974 are being developed. Can you please outline what changes you seek to make to the development of the amendments to the Agricultural (Loans) (Jersey) Regulations? Can you give us some detail on that?

The Minister for Sustainable Economic Development:

Yes, absolutely. A few changes are being proposed. There is a change in the constitution of the Loans Board from 10 members to 5, and that is to make it easier to set up; 10 people is much more difficult. There is changing the interest rate, which at the moment is, I believe, a minimum of 6.5 per cent, to an interest rate of no lower than 3 per cent. It is a curious law in that it dictates an interest rate that must be paid. We are opening that up a bit and creating a minimum interest rate, so it will be no lower than 3 per cent. Also changing the scale of the Minister for Treasury and Resources' ability to sign off to £500,000, I believe is one. I do not know, Dan, if there are any others but I think they are the main changes.

Deputy M. Tadier:

What is the rate currently?

Group Director, Department for the Economy:

6.5 per cent.

The Minister for Sustainable Economic Development:

It is dictated by law.

Deputy M. Tadier:

No, sorry, what is the amount that you can sign off?

Group Director, Department for the Economy:

£150,000.

Deputy M. Tadier:

So it is quite a big increase. Thanks.

Deputy K.M. Wilson:

Could you explain what the rationale behind that increase is?

The Minister for Sustainable Economic Development:

I think it is probably to make it practical. I think when these laws were first created, prices were very different to where they are today and so just taking inflation into account means £150,000 a few years ago is more like £500,000.

Deputy K.M. Wilson:

Okay. In terms of the timeframe for producing and lodging and debating these amendments, can you give us an indication of what the timeframe for that will be?

The Minister for Sustainable Economic Development:

I will ask Dan to come in on the timeframe. It is soon.

Group Director, Department for the Economy:

We are aiming to get the amendments to the Assembly in the summer, so it will certainly be soon.

Deputy K.M. Wilson:

Summer? Is that July, August or September?

Group Director, Department for the Economy:

In July.

Assistant Minister for Sustainable Economic Development (2):

Before the recess.

Deputy K.M. Wilson:

Before the recess, okay.

Group Director, Department for the Economy:

The timeline is slightly tight on that. That is the aspiration. Obviously if there is some complexity it may be slightly later in the year but the current ambition is before the recess.

Deputy K.M. Wilson:

That is your target, yes, okay. Just coming back to the loans again, could you give us some indication of what considerations will be given to people when you are granting these loans? Specifically, are they going to have to satisfy any particular criteria, for example things like good farming practices, that kind of thing?

The Minister for Sustainable Economic Development:

They will in many ways, but that is also because in order to be a farmer operating in Jersey and accessing our existing support schemes, you have to be adhering to those practices already. The support schemes that we have in place are really strong on environmental practice, on practice with regard to workers and many other areas. By virtue of being farmers in Jersey accessing our support schemes, we know they are good farmers adhering to good practice.

Group Director, Department for the Economy:

It is effectively a 3-tier scheme now where you have got social, economic and environmental. In order to take money from the Government, you have to satisfy actions in some of those areas. It could be soil management planning, it could be staff training, it could be compliance with assurance schemes, for example. Farmers can pick and choose to meet their needs to a certain extent but everybody that gets the payment effectively is expected to be delivering on that.

The Minister for Sustainable Economic Development:

I have got to say, Deputy Wilson, we are really proud of the scheme that we have in place for the support scheme, and I think it is something that I heard Wales was looking at and was really interested in. I believe it is something that other countries take notice of because it really is strong on sustainability in the round, not just environmental but social and corporate sustainability.

Deputy K.M. Wilson:

Sure. Just picking up on the issue of sustainability, what sort of consideration will you give within that framework to the promotion of organic farming?

The Minister for Sustainable Economic Development:

Well, we do. There is already promotion in there. I would be really pleased if you have not had a briefing, John Vautier, who is the head of rural economy in my department, would be really pleased to talk you through exactly how the support schemes work because it is fascinating.

[13:45]

Assistant Minister for Sustainable Economic Development (1):

He gave one to the Scrutiny Panel last time.

The Minister for Sustainable Economic Development:

I would encourage that briefing.

Group Director, Department for the Economy:

It might be worth mentioning that there are credits in the scheme for organically-certified land as well, as it currently stands.

Deputy K.M. Wilson:

You did mention issues around staff wages and productivity in relation to national living wage. Within the loan scheme itself, what consideration will you give to that?

The Minister for Sustainable Economic Development:

Again, legally you do not have to but I think it would be very difficult for a farming business to apply to the loan scheme that was not already on the support scheme. Do you agree with that, Dan? There is nothing that should stop it happening but I think it would be highly unlikely that we would support something that came from a non ...

Group Director, Department for the Economy:

I think the definition is the market is broader than agriculture in the sense that it is effectively rural businesses, if we see that the scheme is becoming available to a wider set of stakeholders as we try to encourage more economic activity and diversification in the rural economy. I would not probably go as far to say that it would necessarily ...

The Minister for Sustainable Economic Development:

No, that is fair enough and really important. Thank you. From the agricultural industry perspective, I think that is covered off but if other rural economy businesses were to come in and to apply, then I think we would have to look at that on a case-by-case basis with regard to the quality controls that you are talking about. We would not want to be providing capital to companies that are not paying wages properly or providing accommodation properly, et cetera.

Deputy G.P. Southern:

Would there be any consideration of productivity involved in this particular area?

The Minister for Sustainable Economic Development:

There certainly can be in that the application for the loan, the capital investment that is being asked for, the result of that would often be about increasing productivity. It does not always have to be but it would often be. It is not a determining factor but I would suggest that many of the applications we have around productivity will also ... they will not be necessarily focused on productivity increases but would often deliver productivity increases.

Deputy G.P. Southern:

Of course that takes my thinking to what is happening about productivity. We have seen flatlining productivity for the past 20 years.

The Minister for Sustainable Economic Development:

But not in the agriculture sector.

Deputy G.P. Southern:

Well, let us consider all the areas then of the economy. What makes your regime different that we might get off the flatline for productivity and get some progress on productivity?

The Minister for Sustainable Economic Development:

The whole Future Economy Programme is around increasing productivity and things like breaking the barriers to business are about making sure the Government do not get in the way of increasing productivity. There are 2 sectors that I am really proud of - agriculture and hospitality - which have both increased their productivity over the last few years, significantly so. As an economy, because of the interest rates from the finance sector, we will see an increase in productivity likely when we look back at this year through the stats, but I would also accept that that is not a structural increase in productivity in other areas. We are, across all the sectors, looking at the productivity levels and we are encouraging in so many different ways. Whether it is through Jersey Business and its productivity schemes, through loans such as these and also other areas of grants and so on that we provide, we are doing all that we can to encourage the wide variety of businesses in Jersey to increase productivity, but there are different answers for different sectors and so on. I am really proud of agriculture and hospitality, about the fact that they have increased their productivity significantly over the last few years.

Deputy G.P. Southern:

We might consider looking at how that is being done across the spectrum.

The Minister for Sustainable Economic Development:

That would be excellent and it was something, I know, when Deputy Scott was chair.

Assistant Minister for Sustainable Economic Development (1):

Certainly in the future economic programme and the strategy that ... it has got a long name. One of the first things in terms of improving productivity was the barriers to business work that has been prioritised by the Government.

The Minister for Sustainable Economic Development:

By the whole Government, exactly, yes.

Assistant Minister for Sustainable Economic Development (2):

In terms of agricultural productivity, perhaps during the briefing on the loans, John could give some examples of where productivity has been improved.

Deputy K.M. Wilson:

I was just going to say would that be possible, because I think that would give us some context.

The Minister for Sustainable Economic Development:

Some really good work, yes.

Assistant Minister for Sustainable Economic Development (1):

Also there are grants for machinery and things, which often are really quite important to improving productivity.

The Minister for Sustainable Economic Development:

I know I have visited one farm in the north of the Island and their milking system is 30 years old and 30-year-old technology is not the current technology. Their ability to access the loans to install a new milking system will increase their productivity significantly. There are things like that.

Group Director, Department for the Economy:

It might be worth adding, it almost goes without saying, that officers are looking at the application process, testing out some ideas around this. Some of the draft headings in the application form are around labour market impact and productivity. These have to go to the Ministers for approval obviously, but looking at that. Also the rationale is it is not just around diversification. It is also around making sure that we have got a sustainable supply chain in the Island, which is why just a

focus on producers would not necessarily deliver the supply chain benefits that are required to make it sustainable.

Deputy K.M. Wilson:

I wondered, given what you have just described in order to attract more interest in it, that it is not so much an agricultural loan but it is a rural economy loan and we should commence it on that basis.

The Minister for Sustainable Economic Development:

You are right, it is absolutely. To be fair, we are not planning to change the name of the law in our changes but maybe we should.

Deputy K.M. Wilson:

Can you just confirm if glasshouse owners will be receiving any of these loans?

The Minister for Sustainable Economic Development:

It is possible. There are not any at the moment.

Deputy K.M. Wilson:

What incentives are there or will be if you intend to do that?

The Minister for Sustainable Economic Development:

For a glasshouse owner of derelict glasshouses, if it was a loan around their glasshouses it would have to be something that is generating economic returns at the end of it. If it was an existing grower in glasshouses then they would absolutely be eligible for this.

Group Director, Department for the Economy:

Yes, I think certainly the draft thinking around this is threefold criteria for access. One is those who qualify for rural support payments. The second is where we are providing industry-wide facilities that have an important adjacency or whatever. Also an important point is marine aquaculture businesses as well. You can imagine that certainly in the second one of those, a glasshouse enterprise could indeed qualify.

Deputy K.M. Wilson:

There are a lot of them around, is there not, and you just wonder what kind of incentives you could generate to stimulate their use and improve the productivity of those facilities.

Group Director, Department for the Economy:

We have always had improved value around housing with some of these sites and I think now we are moving into a more informed and broader definition of rural support rather than agricultural support.

Deputy M. Tadier:

We may well come back to some of these issues. We have got a few minutes left so I am going to hand over to Max. The next section is on the future economy, but if we did have time at the end I would like to ask about the film-making policy.

The Minister for Sustainable Economic Development:

I am just feeling a bit bad for bringing the Sports Minister along and there has not been much in the way of sport.

Deputy M. Tadier:

We can only apologise if we do not get to sport, but it does not mean it is not important.

Deputy K.M. Wilson:

We will get time next time.

The Minister for Sustainable Economic Development:

Yes, it will be the first on the agenda.

Deputy M. Tadier:

Max, can you lead on the future economy?

Deputy M.B. Andrews:

Absolutely, yes. Thank you very much, Chair. In the Future Economy Programme, it states the vision is to be a consistently high performing, environmentally sustainable and technologically-advanced small Island economy by 2040. Minister, I was wondering how much Government involvement is required to ensure all of those things happen, compared to market forces naturally being able to be allowed to just be left alone without any Government involvement and then change will manifest naturally anyway?

The Minister for Sustainable Economic Development:

Well, again I will say that the breaking barriers to business I think is a perfect example of where Government need to be involved. You are not going to break down government processes or simplify government processes without Government being involved in that, so Government do need to be involved in different areas, particularly those areas where Government operates. The law and

regulation process, that all requires Government to be involved. Government also have an enabling role and so that is absolutely vital, I think. The wind farm, which we will be discussing in the States, Government there is an enabler. If we decide to go down the road of a wind farm, Government have to bring in a law to make that happen. It is Government that has responsibility for the seabed, so it is Government that then needs to work out ... lease the seabed or whatever you do with that. I do not think it is possible to say it can be left to market forces but in the enabling element of Government's role ... breaking the barriers to business is about enabling as well. It is there about Government doing what they have to do to enable and then market, and enterprise entrepreneurs will do the rest.

Assistant Minister for Sustainable Economic Development (1):

Can I just mention that on technologically advanced, the cybersecurity law is there to support cyber resilience and we need to have it there. If we did not, we would be exposing the Island to a lot of risk and if we have a system that is constantly being attacked, we are not going to grow economically.

The Minister for Sustainable Economic Development:

That is absolutely right. Cybersecurity is a really good example where Government need to be in place.

Deputy M.B. Andrews:

Thank you very much, Minister. It was also mentioned about the Island needing to be resilient and, of course, it is of concern, I think for everybody, that we look at, say, the Strategic Reserve, and it is probably just over half the value that it should be. When we are looking at the Future Economy Programme inevitably we would be looking at business models and how they could be more innovative and driving more tax revenues into the Treasury. I was wondering if I could have your opinion on where you see tax revenues coming from in the future, from now all the way through to 2040. Will we be seeing the economy become more diversified away from financial services?

The Minister for Sustainable Economic Development:

I think diversification of the economy is a key part of the Future Economy Programme, so yes. I do not like the words "away from financial services". It is diversification along with financial services. I always point out that there is a lot of diversification within financial services itself, and that will continue to happen. Financial services will play a key role in the future economy and I think we would be in a bad place if it is not playing a key role in the future economy, so I really want it to continue to do that, but we do need to diversify. Again, the wind farm is an example of such diversification. In the last few weeks I have also spoken to businesses and a business licence being issued to one of them, or as permission is granted, in the medical technology space, which I think is

really interesting, and that is a high-value research and development side of business. I think that is an area that Jersey can play a really key role in. As far as tax is concerned, one of the big changes we are going to be seeing is the Pillar 2 regime that is coming in. Richard will be able to speak more to the types of companies but we are expecting to see an increase in taxation from some companies because of Pillar 2.

Chief Officer, Department for the Economy:

Yes, it is a small number of the largest multinational companies that transact through the Island. Jersey will be able to lay claim to some taxation rights within some of the profits of those groups. Equally, a number of jurisdictions that also would have that same benefit are looking to incentivise those businesses to stay because once you tax equalise then why would you continue to have a presence in that jurisdiction versus perhaps consolidating somewhere else? I think, back to the point about the Strategic Reserve itself, the level of tax receipts has risen significantly. For the 7 years or so that I have been in Government, it has been the conscious decision of Councils of Ministers and Assemblies over that period to spend the higher tax rather than put it in the Strategic Reserve because I guess you could have more money in the Strategic Reserve but less quality of public services and infrastructure and so on. I think it is a conscious decision there and in a much broader sense than the work of the department, the economy has supported a much higher tax burden over the last 6 or 7 years. There is then a choice politically whether you wish to spend or invest the spoils of that.

The Minister for Sustainable Economic Development:

That is exactly right. I would still make the argument that I think we still have a lot of infrastructure development to do and so we should be spending in that infrastructure rather than squirrelling away in the Strategic Reserve. I think that is where we are in that cycle at the moment. When times are easier, better, when infrastructure ... by infrastructure I mean in the wider sense of the word, not just the Minister for Infrastructure's responsibility. Definitely his responsibility is a large part hospitals and things like that as well. That is infrastructure that we need. I think we need to do that. We need to reinvigorate Jersey's infrastructure. That will help us attract new businesses, hotels, financial services businesses and so on, and then we will be in a better place to put more into the Strategic Reserve in the future.

[14:00]

Deputy M.B. Andrews:

Thank you very much, Minister. I am just conscious of time, Chair.

Deputy M. Tadier:

We are not going to get through the whole of the order paper today and I know ...

The Minister for Sustainable Economic Development:

You are welcome to send them as written questions if you wish to.

Deputy M. Tadier:

Yes. I think what we will do is we will liaise as a panel through the officers and find out if there is any urgent information that we need off you. It shows the fact that you have a wide portfolio between you, so it covers a lot of ground. I am not going to say I need to learn how to chair more efficiently but I think we will just subsequently ...

The Minister for Sustainable Economic Development:

I think you have got 2 people here who would appreciate the quandary you find yourself in, because I do not think I ever reached the end of the question paper when I was chairing this panel.

Deputy M. Tadier:

If I could bring something in just to finalise that I know Deputy Wilson has been concerned about. It is essentially the fact that in all of our considerations about future strategies and the future economy, we are concerned about people who might be left behind in that, including people, for example, who are elderly. I know Deputy Wilson is concerned, and we all are, about what you might ... do you want to talk about that quickly?

Deputy K.M. Wilson:

Yes. It is really conversations that I know have been going on, and I know the chief economist and I have had some conversations about this over time, about the whole impact of frailty in terms of your economic plans and how that interfaces with population policy and the kind of economic development that you are trying to create here and where, for example, the demography is going to help with that. It would be very helpful to get your views and perspective as to how that is reflected in your economic plans going forward.

The Minister for Sustainable Economic Development:

I am really sorry, I do not quite understand. You are talking about frailty?

Deputy K.M. Wilson:

The ageing population. Clearly with age there comes a level of frailty associated with that, and that has an economic burden on the Island. I think, given the ambition around some of this, what we would like to see is some consideration or appreciation of what kind of economic case or what kind of economic assessment needs to be made in the context of that ageing demography, as much as there is for infrastructure, as much as there is for new business, as much as there is for inward

investment. As Deputy Tadier has just alluded to, there is an element of our Island community that we need to also consider in economic terms about how we are going to support those people going forward.

The Minister for Sustainable Economic Development:

That is what the whole future economic programme is about. It is about supporting those people, and particularly their health and social care needs. That is the entire focus of the future economy programme. Obviously the actual support for people who need healthcare or social care and so on, I do not deliver as the Minister for Sustainable Economic Development, but what I am very interested in is how people in older age might wish to work or continue to work and enterprise and contribute to the economy in that way. That is something I am very, very interested in.

Deputy K.M. Wilson:

Okay. So if we could perhaps hear more about that, that would be ...

The Minister for Sustainable Economic Development:

Very pleased to, exactly.

Assistant Minister for Sustainable Economic Development (1):

The actual economy strategy is very much geared towards this particular issue and supporting people in that, and the forthcoming digital economy strategy is cognisant of that. Indeed there is a certain element of sunsetting that needs to be done in terms of different communications systems as we move from 3G, 4G. There are officers working on that and how one can ensure that they are not marginalised and inconvenienced as a result.

Deputy K.M. Wilson:

I think it is just a request to make that very explicit in the sense, because I think when you are working with it all of the time you are absorbed in it but, for the ordinary punter on the street, they need to know how the economy is actually affecting them and that is why I think it would be helpful to know.

The Minister for Sustainable Economic Development:

I think that is a really good point.

Assistant Minister for Sustainable Economic Development (1):

Just hope it is going to be productive and want to support them in all stages of life.

Deputy K.M. Wilson:

That is fine.

Deputy M. Tadier:

I would like to give an opportunity for the Constable to say something about whatever.

Assistant Minister for Sustainable Economic Development (2):

Is that about old age? Is that because I am old?

Deputy M. Tadier:

I will not go there. Just to maybe summarise then, I think you have got an exciting portfolio, so diverse, and just to follow on from what Karen said; it is worth making more about the social value that is contained in that and why we are doing all this. From a Government point of view, we understand economic drivers and vibrant or successful economy but it needs to pay for certain things. I think it is about making sure all sectors of the community feel that they are taken along with that, including digital.

The Minister for Sustainable Economic Development:

I fully agree. To quote something else, the economy is about people. That is what the economy is. It is very easy to think it is about money but the economy is not about money, it is about people and how they work together co-operatively to create the value which then we are able to use as money and support each other.

Assistant Minister for Sustainable Economic Development (2):

Speaking to Karen's point, from a parochial point of view you see the benefits, not just the financial benefits that people are either generating wealth or gaining wealth but the actual social benefits of people contributing to their community, whether that is in a paid role or a voluntary role. This really is an important piece.

The Minister for Sustainable Economic Development:

One thing I have forgotten about is social enterprise, which is another element that speaks into that, which is something that I brought into the Future Economy Programme and which I am developing.

Deputy M. Tadier:

Thank you for coming in for your first hearing and thank you, panel, for your questions and to the officers. Thank you to the public. Anyone who has got to the end of this, well done for listening.

The Minister for Sustainable Economic Development:

I thought we were exciting.

[14:06]