



Economic and International Affairs Scrutiny Panel

Public Hearing Quarterly

Witness: The Minister for Sustainable Economic Development

Thursday, 17th July 2025

Panel:

Deputy M. Tadier of St. Brelade (Chair)

Deputy K.M. Wilson of St. Clement (Vice-Chair)

Witnesses:

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

Deputy M.R. Ferey of St. Saviour, Assistant Minister for Sustainable Economic Development

Tom Holvey, Chief Economic Advisor

Heath Harvey, Head of Local Economy

Thomas Brackenbury, Sector Lead for Aviation and Maritime

[12:34]

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

We will wait for the nod for when we go live. We are live. Minister, welcome to this quarterly hearing from the Economic and International Affairs Scrutiny Panel. You know the drill, but I will let you introduce your panel in a moment, your side of the table so to speak, not your panel. I am Deputy Montfort Tadier. I am the Chair.

Deputy K.M. Wilson of St. Clement:

Deputy Karen Wilson, Vice-Chair.

The Minister for Sustainable Economic Development:

I am Deputy Kirsten Morel, Minister for Sustainable Economic Development.

Assistant Minister for Sustainable Economic Development:

Deputy Malcolm Ferey, Assistant Minister for Sustainable Economic Development.

Head of Local Economy:

Heath Harvey, Head of Local Economy within Department of the Economy.

Chief Economic Advisor:

Tom Holvey, Chief Economic Adviser.

Sector Lead for Aviation and Maritime:

Thomas Brackenbury, Sector Lead for Aviation and Maritime.

Deputy M. Tadier:

Thank you. Welcome again to all of you. Can I say a special welcome to Deputy Ferey. I understand you have recently taken up your role, it may be a little while back now, but the first time, I think, you have been before our panel as an Assistant Minister for this department. So, welcome, especially to you.

Assistant Minister for Sustainable Economic Development:

Thank you.

Deputy M. Tadier:

Minister, we are going to kick off with some questions around the cost of living, if that is okay. First of all, thank you for inviting our panel to the Cost of Living Ministerial Group last month. Could you give us an update on the work of that group and what it does?

The Minister for Sustainable Economic Development:

Yes. The Cost of Living Group is a ministerial group, which consists of myself, the Chief Minister, the Minister for Treasury and Resources, the Minister for Social Security, and the Minister for Housing, as well as the Chief Economic Advisor and other supporting officers. We seek to meet every 6 weeks. That is not always possible, just due to ministerial kind of availability, but that is the aim, and that is what we try to do so we meet regularly. What we try to understand is both the impacts of the cost of living, but also the causes of those impacts, and why cost of living is particularly high in the Island. We have had a focus on young people at different times, and we have heard from various groups that work with young people, and spoken to us about the challenges that the

cost of living places on childhood and young families. We are also looking at the minimum income standard. That is a piece of work that is ongoing at the moment, and that is designed to help us understand what the kind of minimum acceptable, I guess would be the right word, acceptable income is to live in this Island. As that work progresses and ultimately concludes, that income does not necessarily have to be income that is derived solely from work, that income can be, you know, work plus benefits, or benefits only. But it is the same, you know, what is the sum of money that a family of 2 would need, a family of 2 plus 2 children, a retired couple, different types of scenarios, and how much they would need to live in this Island at an acceptable basic standard of living.

Deputy M. Tadier:

Have you got a figure for that? Have you got any figures?

The Minister for Sustainable Economic Development:

No. That piece of work is ongoing, and it is to report back ...

Chief Economic Advisor:

We are hoping before the election. That is the idea at the moment. It is quite a big piece of work, which will require a lot of footwork, I think, on the ground to do what is required to make it as sensitive to Jersey as it possibly can be.

Deputy M. Tadier:

How is that done? Is it bottom up, top down? In the sense, where do you get that information from?

Chief Economic Advisor:

Both solutions are completely acceptable. What we are proposing at the moment is it would be a bottom-up approach. That would include a number of surveys, and it would be for local residents to decide what is a minimum requirement for a standard of living that is acceptable on the Island. After that, you would then price those things up and that would be very granular in detail. That would include a minimum level of food every year, but it would probably also include you need a bed, but you only need to have one bed every 15 years, or whatever that happens to be. That cost is all equated down into one figure at the end of that basically. It can be quite complex. Even though through its granularity it can be a little bit sort of brick to smashing nuts sort of thing in some respects, because no matter what you do, it is quite difficult to get a really nuanced level, but it has been done elsewhere, and I think it can be a very useful piece of work to understand where we are as an Island and what is required.

Deputy M. Tadier:

Islanders themselves can be more expensive anyway, just before we take into other wider economic factors. Have you been able to identify, I mean, a Jersey premium? What is the premium, if you like, the mark up that you would get from living in Jersey versus the U.K. (United Kingdom)?

The Minister for Sustainable Economic Development:

I do not know if we have got one overall kind of premium. Do we have that?

Chief Economic Advisor:

No, we do not.

The Minister for Sustainable Economic Development:

Because if you are looking at housing, the premium will be different to food costs. In food costs, which is where we are probably most comfortable in understanding what that kind of premium is, I think it is about 10 to 14 per cent on top of prices that you would see for food costs in the U.K. For housing, it depends which part of the U.K. you look at in comparison, but obviously we do know that house prices in Jersey are higher than most areas of the U.K., so the premium there would be different.

Deputy M. Tadier:

I appreciate this may be not a perfect analogy, but in in some French islands, for example, the French D.O.M.s (*Départements d'Outre-Mer*), which are fully French departments, they would have a system whereby there is a premium. So, civil servants working overseas would get an uplift in salaries. We cannot quite say the same for Jersey. As I said, Jersey is not an equivalent, but is there an expectation in terms of salary earnings for professionals about when they come to Jersey about what they should be getting in terms of an increase to meet that premium? What is your experience about whether that happens in the private sector or, in reality, in the public sector?

The Minister for Sustainable Economic Development:

That is a really good question. I personally do not know the answer. I do not know if Tom has.

Chief Economic Advisor:

There is a little bit of detail about it. In terms of the premium, it is difficult to assess. There are all sorts of different element to it. But what we would say is average earnings on the Island are higher, but also there is the tax calculation that gets brought into it as well. Not just income tax, as well we do not pay VAT, we pay GST, which is 15 per cent lower. There is less commuting costs as well. Energy costs are generally lower as well. Council tax versus parish tax, there is a whole basket of goods where things are lower in terms of the cost that is a above-the-line, comes straight out of your pay packet, approach. We did produce a calculator for the public sector where we were putting all

these things in so that we could prove if you are coming over, you are not worse off. You are just looking at housing, you are not taking into account all the other elements where you are better off, like council tax, and you are also earning more than a like for like. So nurses at the same grade will earn more in the U.K., and if they are on those higher salaries, the tax brackets start kicking in and work in their favour as well. So, it is a difficult calculation to do because you have got to take lots of these different elements into account. But coming back to your initial question, the average earnings, our average earnings are generally higher than the U.K. equivalent, but then also the cost that we meet are generally higher after that as well.

Assistant Minister for Sustainable Economic Development:

Guernsey undertook a similar minimum income standard study only about 3 years ago. So, we have a comparable jurisdiction to compare and contrast with, and obviously that formed part of our thinking as well. So, there is a complete piece of work that we can reference in Guernsey.

Deputy M. Tadier:

In Guernsey, okay. Clearly, depending on which income brackets Islanders are in, there might be a different picture to be painted. Can you talk to us about whether you use quartiles, quintiles, and how that is reflected in the work of the ministerial group?

The Minister for Sustainable Economic Development:

Again, I will leave that to the expert on that one.

Chief Economic Advisor:

More than likely, we will use households as opposed to quartiles and quintiles. We will use single households, which is generally your base, maybe dual parent, 2 children, that type of type of household. The mix of households you can go on for a very long way, because there are lots of different approaches.

Deputy M. Tadier:

That is for your minimum income standards?

Chief Economic Advisor:

That is the minimum income standards. That is right. When we are doing analysis for things like cost of living, impacts of tax decisions, or whatever it happens to be, we will use a similar approach. It will usually be trying to give something that is familiar to people to hear rather than using quintiles, quartiles, deciles, whatever it happens to be. We would usually try and say: "This is what a single household would be impacted by. This is what 2 adults, 2 children would be impacted by. This is what a pension household would be impacted by."

The Minister for Sustainable Economic Development:

Certainly, that comes through when we are doing the government plan, the budget for the year ahead, that tends to be the model that we use, as in if you are putting tax up or duty up in a certain way, what will be the impact of that change on these different types of households?

Deputy M. Tadier:

Yes. If we go back to the point we were discussing about different types of income earners, though. When you are putting the messaging out saying to certain people you might be better off in Jersey if you are taking things into account in the realm, but have you established basically who the Jersey's model works best for? Because there are clearly people who are on maybe a lower income who might feel worse off in Jersey, they do not get access to certain paid services, for example.

Chief Economic Advisor:

We did not do that piece of work, because it is not about what is happening in Jersey, we do not know what the personal circumstances are for everybody in the U.K. Once you factor that in, again, you have almost infinite possibilities. What we created was a calculator that people could use themselves. They know their own circumstances. They can put in what their like for like would be in Jersey, and therefore they can get their own calculation back out of it at the end. There is a bit of an onus on people understanding their own finances in the UK, which hopefully they would do, but we could not possibly do every type of group of people because the combinations are just too broad. Everyone's circumstances, particularly financially, are so unique to them.

Deputy M. Tadier:

Is it fair to say that this piece of work is partly to establish different households, what do you need to break even in Jersey, basically?

Chief Economic Advisor:

What do you need to live? Whatever Jersey people think is a decent standard of living.

The Minister for Sustainable Economic Development:

Just very quickly, the methodology around that is lots of interviews with focus groups. It is a case of bringing people around the table, and this will be done professionally, not by officers particularly, but bringing people around the table and asking them what they view is important. It is a very subjective and qualitative survey in that respect.

[12:45]

But it is people saying: “Yes, I think, you know, television plus subscription to one provider is important to have a quality of life in Jersey. Having a car is important or not.” It is through discussion, and understanding what people think is right for people to have, that you get that sense of how much do they need to afford. Because you could be extreme in the case and say: “As long as you have got enough food and water then you are doing fine.” But we know quality of life is not just about feeding yourself. It is about having a life beyond feeding yourself.

Deputy M. Tadier:

Deputy Wilson, have you got any questions at this point?

Deputy K.M. Wilson:

There was just one thing I wanted to ask about. Birth rates have an impact on some of the things that we have just been talking about, and there has been a lot reported recently about the drop in the birth rate. Given the fact that we are trying to stimulate the economy so that people do have a decent standard of living, create the conditions for people, and to do that we hear that people are leaving, as well as the birth rate falling. What do you think that can be done to retain and assist people in Jersey to ensure that they continue to thrive and flourish and grow and stay and be part of that contribution to the economy?

The Minister for Sustainable Economic Development:

Before I get on to what we are doing, I find this discussion quite fascinating, and one aspect is I have lived 90 per cent of my life in Jersey. People have always left Jersey. I went into the election, one of the things I was saying to people is I am one of kind of 7 cousins born in Jersey. I am the only one left living in Jersey. But they left in the 1990s. They did not leave in 2020s, they left in the 1990s. It is the case that people do choose to live elsewhere, and as far as falling birth rate is concerned, certainly on the education system, that does not automatically feed through to fewer people in schools because, again, children arrive in Jersey through immigration. They do not just arrive through birth. It is wrong to equate a falling birth rate with necessarily fewer children. But what it means is fewer children who are born to Jersey, and that then gives a question about identity and whether people ... having fewer people born in Jersey, does that mean less of a sense of a Jersey identity? I do not know. It is a very difficult one to answer. As far as what are we doing to address it, because Jersey will always have that problem of wanting to leave the Island. We are a tiny island, and therefore your horizons are very limited, especially when you are in your later teenage years and you are looking at your life ahead with excitement, I hope. One of the things we need to do in Jersey is have an offering that is wider than just one industry. I know that one of the pressures that I felt, and many of my peers in the 1990s felt, was a sense of you have to go into finance. You have got your A levels, you have got a degree, wherever you are going next it has got to be finance. But not everyone wants to go into finance. It is a brilliant career. There is so many

different career paths there, but it is not for everybody. One of the things, which has been at the heart of the Future Economy Programme since we brought in a couple of years ago, is trying to diversify the economy to create a greater range of career options for young people. Because I truly believe that if they feel that they can do an artistic career in Jersey, whether that is filmmaking or video game creation, whatever it may be, or it could just be art, then those who enjoy arts and would like a career in arts will not necessarily feel the pressure that they have to go and leave the Island to have that career. The same with sports or ... I know I have talked about medical technology. These are different types of careers, which ordinarily would not be available in Jersey. But by making them available, you are just more likely to say: "I do not have to go abroad to do this."

Deputy K.M. Wilson:

There is different offers for people. Yes. I think trying to connect it to the conversation we have just had around minimum income standards, and the cost of, clearly, young people want to go and they want to explore different options and things. But it is more about the fact that people who are here already, who want to create a life in Jersey, are stopping having children, for example, or there are prohibitive issues that stop them from building their family, and the affordability of what it is to have a family in the Island, that is really what we are trying to get to grips with, and to try and just understand what you are doing, or what you can do about that.

The Minister for Sustainable Economic Development:

Yes. The cost of housing is definitely something that weighs on young people's minds, even at an age where they are not considering themselves buying housing, so 13, 14 years-old. I think there is a narrative, and an understandable narrative, that: "I cannot afford to live in Jersey because the house prices is too high." The government has done, and it brought in the 3 per cent stamp duty on investment properties, which at the time did a very good job of taking the pressure out of the housing market that was being put there through very low interest rates, and therefore creating an investment bubble effectively in housing. With higher interest rates coming in, and the 3 per cent on top of that, we have seen investment buyers really move out of the market. We have seen over the last year or so a decrease in the price of housing, a deflation in housing overall. That is definitely aimed at trying to make the market more available to younger people and to people who want to stay and live in Jersey. It is a double-edged sword though, because at the same time you now have fewer investors buying in, it means that those companies building housing developments, have less chance of selling on those properties, which can have the effect of meaning that those developments do not go ahead. So, you end up with housing not being built, precisely because there are not any investors. That is one area that we have acted in. It has had a good impact, but I think we are now at the position where we need to say: "Is that 3 per cent extra stamp duty now had an effect that has taken them up to the point where no new housing is being developed as a result of that?" We need to look at that quite carefully.

Deputy M. Tadier:

In the past, of course, government was much more proactive in helping families buy in Jersey with a States loan. Is there a role do you think for Jersey's government to be perhaps more ambitious in in facilitating home ownership?

The Minister for Sustainable Economic Development:

It is very interesting. I said just earlier, my parents bought their house up in the Carrefour Selous with a States loan in the early 1970s. I said that publicly earlier this week. I have heard that many times, you know, parents who are able to buy because of the States loan.

Deputy M. Tadier:

Could the States underwrite it, like a development? Could they say: "We are going to buy 50 per cent of these homes and we are going to then sell them onto Islanders who qualify under a scheme, and we will get the money back over a period of 30 years?"

The Minister for Sustainable Economic Development:

There are many ways to do different schemes. The government can be involved in a scheme. There are different ways to do it. There is also another way, which is Jersey used to have its own banking sector. Another area where we have a lack of funding is in capital to smaller businesses in Jersey. it is very difficult to borrow off the ordinary retail banks. I do question whether there may be a role in government helping to set up a bank in Jersey, which is there to help, in effect, another type of community bank, but is there to help capital flow into the housing market for young Islanders, and capital flow into small businesses. I think that is something, but the Chief Economist may not like the idea.

Chief Economic Advisor:

The only think I would say is when you try to intervene in the housing market from the demand side, and getting people into the housing market, it generally has some form of housing cost inflation again. That is where we are not wanting to be, because it just recirculates the problem, and it becomes a bigger and bigger issue, and we see that as evidenced throughout the world that if you are if you are doing that from a demand side point of view, you are just making the problem worse, you are intervening, and you get into a cycle where you need to put more into to then correct again. So, it is difficult.

Deputy M. Tadier:

But, yes, I think what we are talking about is a facilitation thought, is it not?

Chief Economic Advisor:

There is a different element of allowing people to capital, and that is a slightly different point. But it is still on the demand side rather than supply side, and housing prices, full stop, is quite an important element.

The Minister for Sustainable Economic Development:

At the at the end of the day, there is, just very quickly, supply is everything when it comes to housing.

Deputy M. Tadier:

I think the Minister is saying that the supply is not coming forward because the private buy-to-let investors are not buying, but there could be a demand from elsewhere is what asking.

The Minister for Sustainable Economic Development:

Where do you think the demand would come from?

Deputy M. Tadier:

Well, I am saying there is demand probably from people who want to rent and people who want to ... as tenants, and people who want to buy but cannot get the financing. That is what I am asking, whether government and Andium even could unlock some development potential by underwriting.

The Minister for Sustainable Economic Development:

I think government needs to enable development. I do not believe that government can do it all. I do not think Andium can do it all. You absolutely need to engage the private sector in that, and that is where you need to look at those levers, such as enabling some investment buying, or taking the pressure off that, and, yes, I think it is worth exploring how can government, or government working with banks, or setting up a bank, how can it help with the capital side? At the end of the day, supply is everything. You need to be building more houses in Jersey if you really want to bring the cost of housing down.

Assistant Minister for Sustainable Economic Development:

Just to the very part of your question, Deputy Wilson, was we understand that people are leaving the Island, particularly young people. While we do not disbelieve that, unfortunately we do not have really good hard quality data to substantiate that. We do not completely understand if people are leaving, why they are leaving. There is a leaver's form through Social Security, which we need to encourage more people who are leaving the Island to tell us why, as well as obviously remove them from the Social Security system. But you also said: "What can we do to improve the quality of life for our young people here?" And from my point of view, it is good quality youth services for young people, it is regenerating parts of the Island life, Port Regent, so people have got engaging things

to do and an entertainment centre, because while buying a house is really important for lots of people, so is the rest of your quality of life about how you spend your weekends, how you spend your free time. There are large parts of the Island that have gone neglected for years and we do need to do something to address that, the people who are staying here, and we do need to understand why people are leaving.

The Minister for Sustainable Economic Development:

That is where this kind of wider kind of there is no one silver bullet, and even things like an event strategy and things like this to have interesting events taking place that makes life in Jersey interesting and exciting. Even things like that, or new licencing law, which enables more hospitality businesses to set up and provide a wider range of things to do, they are as important, or they have a very important role, as much as the cost of living.

Deputy K.M. Wilson:

So, it is your point of enabling. What government's doing to enable those sorts of things?

The Minister for Sustainable Economic Development:

Exactly.

Deputy K.M. Wilson:

Can I just come to the other sort of end of the population needs, as it were, in relation to the economic value that we attribute to ageing and ageing well. What actions do you think are necessary from your department to recognise even further the economic value that the ageing population can bring to the Island, and where in the plans are you addressing that as well?

The Minister for Sustainable Economic Development:

We do not have a specific piece of work on ageing and the kind of age ... we have this very big piece of work on the ageing economy. It is called the Future Economy Programme. We do not have a specific piece of work on just older people and their role in the economy, and it is something that perhaps we should look at. If we are unable to start that work this year, then I would encourage the next Minister to start a piece of work in that. There is huge value in older people, in all sorts of different ways, whether it is through paid work in different areas, or whether it is through voluntary work, or whether it is through childcare. I know that my parents and my in-laws played a huge role in enabling my wife and I to work by doing a lot of the childcare for my wife and I. But people like that are not available. Not everyone has both sets of grandparents living in the Island. So, then you get into the question of childcare costs and how can government help with childcare, which is something I know that the Minister for Education and Lifelong Learning is working on, but I back him

on that because it is really, really important. There is not a specific piece of work at the moment, but I think it is something that perhaps we should look at.

Deputy K.M. Wilson:

What do you think of the economic concerns around the population in that regard? What are they?

Chief Economic Advisor:

I think the Minister, in the next few weeks, is going to have a meeting with the Institute of Directors, which I have been talking with about, about how businesses adapt to this themselves, and how they change their offer to be more inclusive of those people who are in a slightly different age bracket. I think that is something where the private sector needs to take a lead, with encouragement from government, rather than the other way around. So, helping businesses to do that is a conversation we are going to kick off in the next few weeks.

The Minister for Sustainable Economic Development:

I think it is really important from ... I often say, and I do not mean to say ... you know, I said this to people very close to me. People who often retire and then just stop working, my anecdotal view, and from what I have seen around me, is that they seem to potentially decline health-wise more quickly than people who carry on, whether it is working in a paid way on a daily basis, or working in a voluntary way, but I think the importance of keeping going is important for the individual as much as it is for society as a whole, and there is a huge role for older people to play in our society. Wisdom brings a lot of benefits.

Deputy K.M. Wilson:

Thank you.

Deputy M. Tadier:

Minister, can I just ask on that basis, would you also consider meeting with Age Concern to understand the economic value? Because I would agree with what has been said so far, is that there is maybe an unmeasured economic value that the retired population provide. If we were then to have fewer older people and then at some point in the future, more young people, that there is perhaps that hidden subsidy which grandparents, great grandparents give.

The Minister for Sustainable Economic Development:

Yes. My family has been subsidised by grandparents, no question. Yes. I would absolutely love to.

Deputy M. Tadier:

Well, there is of course the voluntary sector and the honorary sector.

The Minister for Sustainable Economic Development:

I would love to meet with Age Concern. I did say to the chair of Age Concern once when I asked what the starting age for Age Concern was, and he told me it was 55. I said they need to change that, they need to move it upwards. I had just turned 50. I did not like the idea that I am falling into their age bracket.

The Minister for Sustainable Economic Development:

Fifty-five is the new 30.

[13:00]

Deputy M. Tadier:

On that, I think there is a housing development in St. Brelade, which is for over 45s, and I was like: "What? When did that become the new bar?" And just to finish this section off, but of course Deputy Wilson may want to come back in. You talked about young people choosing to leave the Island for opportunity, but do you accept that there are some that feel forced to leave the Island because they cannot afford to live in in Jersey?

The Minister for Sustainable Economic Development:

Yes. I think they can feel forced to, and I think that can ... a lot of this comes from housing prices, I believe, that financial pressure. As I said, I mentioned the kind of 13, 14 year-olds, I remember my daughter saying that when she was that age, that is how people were talking in her class: "We cannot afford to live here." So, there is a narrative created, which may be true or may be false, or may be somewhere in between the 2, which then makes people immediately look at young people and look outside straight away. So, even if they possibly could have afforded if they stayed here, got a job and, you know, mortgages are adjusted in a way for Jersey values, the banks do that so payments can be made. But it is just, you know, that headline price, £800,000 for a family house scares people out.

Deputy M. Tadier:

Would you accept it is happening at all levels? You get people who work all their life in Jersey, retire at 65, and then perhaps move back to where they originally came from?

The Minister for Sustainable Economic Development:

Yes. That happens because their children have left and their grandchildren are growing up in another country. So, they will often move to go and live with their grandchildren as well.

Deputy M. Tadier:

Well, they might. But do you accept there are people at all levels, it is not just young, and it is other people?

The Minister for Sustainable Economic Development:

Yes. I absolutely do. There was one gentleman yesterday, very quickly, I literally overheard in the park, I was walking in the park, say his friend, they had obviously not seen each other a while, he said: "I am leaving the Island." I would love to have gone and just asked him why. He was a young man in his early 20s. No. It would have been inappropriate: "I just heard you say ...". But I did hear him say it, and I was really fascinated to have learned why. You know, what was it that is sending you away?

Deputy K.M. Wilson:

Okay. There are other things in terms of we talk about economic value, but also there are other concerns associated with an ageing population. From an economic point of view, what do you consider those to be, and how are you responding to those concerns?

The Minister for Sustainable Economic Development:

The biggest concern from an ageing population perspective is the healthcare costs. This is something that I see happening now, so talking about budgets for the years ahead, the ask from the health department is growing incredibly fast, and I do not say that in a critical way. I am not condemning the health department for that. I think it is a reality. The speed of the growth of that demand from the health system is greater than I imagined. We started off with the future economy frame. Well, the work started under the previous Minister, Deputy Farnham. We carried on and published it in 2023. I do not know if the Chief Economist, who worked on all the analysis for that, is as surprised as I am at how quickly we are seeing the Health Department grow. It is a combination, I know Deputy Wilson, you will know better than me, but it is a combination of health inflation, it is a combination of worker costs, it is a combination of better understanding of science, which means that you operate in different ways. Especially after Covid, you have different kind of sanitation procedures, things like this, which does all add greater governance levels, which all add to the cost. But the cost is shooting up. I do not know if it is faster than you expected or not.

Deputy K.M. Wilson:

I suppose the question is, what is the economic solutions to some of those messy problems or sticky problems?

Chief Economic Advisor:

Well, I think it is the Future Economy Programme. I mean, just going back to that, the Future Economy Programme originally was not really looking at it quite through the ageing population lens that is now. If you look at what is called the Outline Economic Strategy, which we published just before the last election, that does not really talk about the ageing population. That talks about fair, Inclusive, international, et cetera, which is still major parts of what we are doing. What we did was refocus it in on this is the biggest risk to the Island, through that lens we need economic growth and we need investment productivity to enable that economic growth. What we need to do is those 3 elements. We need better productivity, we need new growth enablers for the economic growth and revenue side of it, but also a key part of the Future Economy Programme is the right sized public sector. That is particularly the civil service, to enable where we are spending taxpayers' money. It is going to front line services, which are going to continue to grow and put pressure on. I do not think we can get away from the issue that health will continue to cost more in the future.

Deputy K.M. Wilson:

Can you give us an example of where you would see an improvement in the productivity position, for example, where you think you can cut into that, and that will make a difference?

Chief Economic Advisor:

From a health point of view, I would not want to talk about the specifics. I think that is ...

Deputy K.M. Wilson:

Not necessarily health, but because there will be consequences on the health improvements.

Chief Economic Advisor:

One of the big things that we are doing ... so, obviously as part of the fairness part of the agenda, the minimum wage has gone up to the living wage. What we have taken advantage of from that perspective is labour is going to cost a lot more. It will be costing 72 per cent more in 2026 as a minimum, than it did in 2022. That means that companies are going to be struggling to some extent, but they have to become more productive to be able to deal with that. That is not work harder, that is working a little bit smarter. What we are trying to do to sit alongside that is the Better Business Support Package, which might come on later on, which is to invest in capital and skills to improve their productivity, to try and help them adapt to quite difficult circumstances in terms of higher labour costs. That is a very specific, quite high profile, quite well funded programme of work that has been put into place over the last 6 months or so, and will continue for the next 18 months as well. That is a very specific element. What we do not want to do, we should not be in the business of telling businesses how to become more productive. We should be enabling them to try and become more productive. Government is not good at telling businesses what to do in terms of improvement, but where we can, packages such as what we have got, reducing red tape burden, making sure the civil

service is the right size, which is another big part of what we are doing, so we are not competing for labour in the same way, are all really important elements of what we are doing.

The Minister for Sustainable Economic Development:

Very quickly as well, it comes back to diversification of the economy as well. So, bringing in new parts of the economy, which are highly productive parts of the economy. That was why the previous Minister for Sustainable and Economic Development kind of brought in the medicinal cannabis industry. Alongside that though, we are now seeing this medical technology sector developing, which, in theory, if it works, should be high value, low footprint. The wind farm is an economic enabler. That is being looked at through an economic lens, principally, because with it, can it provide extra income to the Island that brings that productivity forward? I think we are in a position now where Jersey has to start questioning: "Yes, we are a small island, but do we need to start thinking big? Can we develop the port in a way which enables the port to become an economic enabler for the Island? Can we look at Gorey, St Catherine's, can we end up developing them as marinas?" And so on. I know these are things that have been asked in the past, but the scale of growth in productivity that the Island needs it means that we need to start asking these questions about how we best use the resources the Island has.

Deputy K.M. Wilson:

Are you saying that productivity is as a feature of expanding the capability that the Island has in terms of its infrastructure as opposed to products and services?

The Minister for Sustainable Economic Development:

That is one aspect.

Deputy K.M. Wilson:

Is that what you are saying?

The Minister for Sustainable Economic Development:

It is part of it, absolutely. I fundamentally believe connectivity is absolutely vital to a small island to any economy, and those areas such as ports et cetera are areas ...

Deputy M. Tadier:

Can we hold that thought?

The Minister for Sustainable Economic Development:

Sorry. Yes, of course.

Deputy M. Tadier:

I just wanted to note we are we are developing into an interesting area, and I can see maybe Mr Brackenbury is itching to get in. But before that, can I just take us back to healthcare spending. We have heard the comment, and perhaps the policy, about right sizing government or right sizing the civil service. But we have already heard that in many ways to accommodate increased health spending, that Ministers are having to give up budgets that they would not have otherwise wanted to do in order to make those savings towards health. Is it reasonable to say that the policy about right sizing government is about right sizing the public sector more generally? The health department is still part of the public sector, so the health department spending is still government. They might not be called civil servants, or it does include them, but from a public's point of view, that is still government spending that is going on. It is the only solution, if we are to pursue that to its logical conclusion, is that we see more privatisation in healthcare so that the user is paying more directly for the services they receive and, if not, what do you think the alternative is?

The Minister for Sustainable Economic Development:

I cannot give an answer to that because I am not the Minister for Health and Social Services, and I have not looked at health closely enough. What I would say from a purely personal perspective is I do not necessarily think that this ... we have effectively a mini N.H.S. (National Health Service) in Jersey, you know, kind of 100 per cent government funded working through that way. I do question whether a more insurance-based system might be better. That would involve private companies, but through insurance and government insurance, they get paid for the treatment they provide. I think that is more like the French system or the German system, which seem to operate. To be honest, when I look from a very distant perspective, they seem to operate better than the U.K. system, so I do question whether the system we have is the most effective and efficient system. But I am not best placed to know, and I know the Minister for Health and Social Services does a lot of work in that area himself, and that is the sort of question he is answering. Malcolm may have a view as well, I do not know.

Assistant Minister for Sustainable Economic Development:

Yes. I just think health inflation is a problem in lots of other jurisdictions, and there are very few jurisdictions that do not have an element of health insurance within their schemes. If you spin it forwards a few more years there will probably be an inevitability that we will have to find another way.

Deputy M. Tadier:

But it is dealt with either through higher national insurance contributions and/or a private contribution where you take out a separate insurance.

Assistant Minister for Sustainable Economic Development:

Yes. There are so many other jurisdictions operate in that way, because that is the way forward, particularly at a time when costs are increasing everywhere. We looked at it about 10 years ago. We seriously looked at what the options were and looked at the models around the world and we came to the conclusion then when I was at Citizens Advice that that is the way forward. It will reach a tipping point where that is what we will need to do, otherwise it will keep sucking money.

Deputy K.M. Wilson:

When people talk about health inflation and they talk about health services, but the question relating to the ageing population is that one of the biggest costs to the public purse is social care provision. One of the things we are trying to tease out is how do you address that economic condition that you have got an increase in social care costs, because you can control for inflation around pure healthcare costs in all sorts of ways. But particularly around social care costs, when you have got Islanders living in the Island dependent on services that need to be provided through government support. Do you need to look at social care as an economic issue in terms of the impact it is having on things like productivity, and also the value, if you like, that we attribute to investing in or disinvesting in the needs of older people in the Island?

The Minister for Sustainable Economic Development:

It is very likely you absolutely do. I have to say that I have not, but I think we do. The interesting thing with social care perspective as well is that I ... again, I come from a very uninformed position on this, but I think there are probably also ways to mitigate the need in terms of housing. One thing I have said here before is we are not building many or anywhere near enough kind of smaller communities of housing for older people, and we see some fantastic examples, Maison Cabot in Trinity, and Le Bac in St. John's, and that is where people, because they are small communities of older people living close to each other, being good neighbours to each other, can also help lift, in some areas, the cost of social care, because effectively your neighbours are looking after you to some extent as well and helping. When we think about designing communities in Jersey, we need to also think about how can we build in a way that can alleviate the burden on the States as well. It cannot alleviate all the burden, but I think those sorts of housing developments can go a long way to alleviating something.

Deputy K.M. Wilson:

What levers do you have in the economic department to be able to achieve something like that?

The Minister for Sustainable Economic Development:

Not a lot in the economic development department. What I would say is I think we, as a government, should look at things. I think I have said it here as well. Is it worth providing developers with lower

rates or effectively tax breaks when they build certain types of housing? So, rather than just your flats in St. Helier, if you get a tax break for building an over-65s living community, a tax rate there would encourage them to then build that type of housing, because that becomes more profitable for them. So, I do wonder if we can work the Treasury to look at a more nuanced way of using the tax system to encourage certain types of behaviours in the private sector. It is not something Jersey is used to.

Deputy M. Tadier:

That is a tax break from an already relatively low tax point, is it not?

The Minister for Sustainable Economic Development:

From a 20 per cent tax point on developers. But it is because we do not have corporate tax, it is just one of the areas where we do have a lever. I do not know if Tom, from an economic perspective, if that makes any sense.

Chief Economic Advisor:

Yes. There is a whole host of different issues. I think there is a difference between economics, which will go across every government ... every private sector thing, and then economic development and sustainable economic development, and where we can intervene. So, economics, of course we want to look at the economics of healthcare versus social care, and then the value that you tend to put it on social care versus healthcare and keeping people in their own homes, when you look at the economic development side of that, I suppose what we might look at is the enablement of a social care sector that is as effective as possible, has as few barriers to business as possible, that enables them to thrive and provide those services within the private sector. That is definitely a growth sector, and if you want to kind of put it like that, then we need to be thinking about from an economic development department point of view as well. The wider economics, of course, we need to be having those discussions about how we can be as efficient, how we can deliver what the best total system approach to everything is as well. So, yes, just looking at it in slightly different ways, economic development and sectors versus the economics of it all.

[13:15]

Deputy M. Tadier:

Thank you. We will move on to a general section on travel, but because you have already introduced the possibility, Mr Brackenbury might wish to talk about some of the economic opportunities that the Ministers discussed already at Ports of Jersey. Could you give us maybe an overview of what you think the potential is for growth in that sector?

Sector Lead for Aviation and Maritime:

Well, as the Minister says, there could be an opportunity in exploring Jersey's expansive harbours estate and understanding commercial and economic development opportunities through them. So, obviously Elizabeth Harbour is Jersey's primary point of entry and exit for our supply chain and for visitors. The Elizabeth Harbour redevelopment plan was given planning permission in October. As the Ports Policy Framework sets out, government supports the redevelopment of Elizabeth Harbour as put forward by Ports of Jersey. There may also be, as the Minister said, opportunities to explore the redevelopment of certain other areas of harbours estate, and work would have to commence there to understand the scale of that opportunity versus any investment need. Within the context of the Ports Policy Framework as well, what the government also wishes to see more of is diversification of the sector in the blue economy. We have had a number of cruise ship visits in recent weeks and months, and understanding how you could configure Jersey's service and customer offer to developing or emerging market segments such as that. Also, pleasure vessels over 28 metres, Ports has commercial partnerships with on-Island agents that are looking to configure the topography of the harbour, but also service offers to understand how they can be better supported in that sector, such as that be grown.

Deputy M. Tadier:

Can I ask you about the cruises. There were 2 cruises recently, which I know came in, but the tenders never came in for whatever reason. It could have been due to choppy waters or they have changed their mind. Is that an issue that we get cruise boats pull up, but they do not always materialise in passengers coming off those boats because of weather conditions and the fact we do not have deep enough harbours?

Sector Lead for Aviation and Maritime:

Well, certainly, I am not aware of the circumstances you described there in that particular instance. I think because of the tidal range and certain natural constrictions around the harbour, it is difficult for larger cruise ships to berth. I do know that it is something that Ports of Jersey is working with its commercial partnerships and other arm's-length organisations, such as Visit Jersey, yes to attract business of that type, but also to make sure that visitors have the best possible experience when they are in Island, and understand ways in which they, as visitors, as economic agents can be activated within the local economy.

The Minister for Sustainable Economic Development:

I think you mentioned natural constraints. Thomas mentioned natural constraints, and that is one of the things I think when I say about the Island thinking perhaps a bit bigger is we should be looking at do we need to enhance the ability of the harbour, so in terms of removing some its natural constraints. So, removing through dredging, I imagine, the tidal constraints around the harbour, the

depth constraints. It could also be by building the harbour further south. There are different ways to do that. But at the moment, we are incredibly limited in the types of vessels that can come to Jersey. That stops us trading. It is that simple.

Deputy M. Tadier:

At what point do we make that decision?

The Minister for Sustainable Economic Development:

We should be having those discussions now. Deputy, you will remember the 1990s is pretty much when the existing harbour kind of plan was built. But as I was saying recently, the harbour was built with a very small harbour mouth, very small turning area, and extremely shallow waters. That puts massive constraints on the types of vessels we can take. By not addressing that, we are limiting the harbour's potential for economic development in the Island.

Deputy M. Tadier:

It seems much more viable than a tunnel perhaps to France, which we do not have a lot of control over.

The Minister for Sustainable Economic Development:

Strangely, I do not know if it is more viable or not, but you mentioned tunnel, that is still something I think Jersey should think about, because that would be the ultimate connectivity and probably the ultimate economic enabler for the Island. But short of that, then I think we should be looking at the question of what role can our harbour play. I recently visited Saint-Malo and it was in Rennes that I met with a politician in charge of Saint-Malo port. He was very clear that Saint-Malo's future as a port is tied to the Channel Islands' future as ports. That then raises the question in my mind, how can we partner and work best with Saint-Malo to make sure that that port thrives and our port thrives at the same time? These are questions that we should be engaging in as an Island.

Sector Lead for Aviation and Maritime:

I would add that as well as sort of perhaps natural constraints, there are natural advantages that Jersey has, so its geographical location, the idea that the airport is a short drive from the harbour. So, if you are visiting the region then you are a short distance from the airport and can take advantage of Jersey's very strong interregional and regional connectivity. A facet of the Ports Policy Framework is government saying that we want to understand ways in which we can leverage Jersey as a regional hub, using those natural advantages.

The Minister for Sustainable Economic Development:

It is about the Island becoming aware of the economic benefits of being better connected to Europe, and at the moment we are not particularly well connected to Europe.

Deputy M. Tadier:

When we talk about the regional, but is not that part of the problem now is that we cannot market the Channel Islands as a region because we do not have that inter-island connectivity, so what ...

The Minister for Sustainable Economic Development:

Well, not just the Channel Islands, but the Bay of Mont St. Michel as a region. Just the whole area.

Deputy M. Tadier:

I get that. But often the French, the Germans, they will look at the Channel Islands as a region. They want to come to Jersey and then visit Guernsey or vice versa, perhaps do a Victor Hugo Trail or whatever. It is that issue that we cannot now say that there is a Channel Islands marketing offering, is that the problem?

The Minister for Sustainable Economic Development:

We have never had a Channel Islands marketing offering, or we did it lasted a very brief time in the 1990s.

Deputy M. Tadier:

Tour operators would often just do that themselves, so they would say: "Come to Jersey for a few days a week", and then it would include 3 days in Jersey and maybe 3 days in Guernsey.

The Minister for Sustainable Economic Development:

That is true. That does happen. That is how things are marketed. We do have connectivity between the islands, daily connectivity between the islands, both air and sea. We are definitely working with organisations to encourage that connectivity. So, if you are visiting the D-Day beaches as an American tourist, come to the Channel Islands as well as part of that. That is something that is being worked on at the moment, that sort of offering.

Deputy M. Tadier:

So, we have got sea links between the Channel Islands every day, even in all year round?

The Minister for Sustainable Economic Development:

I do not know if it will be throughout the year, but certainly Islands Unlimited at the moment are providing a daily service, and I believe it is going to be most of the year, if not all.

Deputy K.M. Wilson:

Thank you. Just picking up the issue on connectivity, can I just come to Blue Islands and what is happening there. Clearly, there has been some difficulties in terms of the technical problems and the fleet availability. Can you tell us what conversations you have had and what progress you are making to make sure that they have got the appropriate aircraft to allow that kind of connectivity that you are talking about?

The Minister for Sustainable Economic Development:

Yes. With Blue Islands, they have been made very aware, and they were made aware by the public, but also by government as to the concerns we had about their poor service a couple of months ago. I do understand the reasons for that poor service. They have a limited fleet of 5 aircraft and 2 of them had technical issues. But the supply chain around small aircraft, or those particular types of aircraft, the ATRs, for reasons that really fall out of Covid, and I think some supply chain issues over the past few years, the supply chain has changed dramatically, and now a call for parts takes months to fulfil, whereas it used to take just weeks or days. So, they had issues around that, but they have worked really hard. They have acknowledged the problems, they have acquired new aircraft, which, again, by virtue of being newer, should have fewer technical issues, and they have worked hard to solve any supply chain issues that they have. They are now, as I understand it, in a much better position than they were a couple of months ago. They have themselves put their hands up and kind of issued a mea culpa and apologised for that. I think that is the right thing to do. We look forward to them providing a better service throughout the rest of the summer. As with any brand, their brand has suffered damage over the last few months. They have the benefit of being the kind of sole provider Jersey Southampton, things like this, which from the perspective of their brands has probably dropped in value. So, to be just in people's minds, but because they have some roots which are kind of vital to the islands, as a business that should enable them to continue. But I am encouraged by the way they have addressed this, put their hands up, and have had a plan throughout as to how they are going to move forward.

Deputy K.M. Wilson:

In terms of the services that you are expecting of them, do you have confidence that the quality and the sustainability of that service will be assured given some of the concerns that you have raised and some of the problems that they have had so far?

The Minister for Sustainable Economic Development:

It is always a question for them. There is no agreement between Blue Islands and the government of Jersey. They are a commercial airline who operate commercially. I know people say in the government in 2020, so 2 governments back, under 2 different Chief Ministers back, the government provided the loan to Blue Islands at the time to help them through Covid. I was not a part of that I

was in scrutiny at the time. But that loan does not have any service elements built into it. As I understand it, there is no expectation as a result of that loan that Blue Islands provide particular flights. I think there is an almost unwritten expectation that they provide the Jersey to Southampton flight, and they obviously provide medical evacuation on that, which is vitally important, and continue to do that, and they understand the importance of that as well.

Deputy K.M. Wilson:

Do you think there is sufficient competition around some of the routes?

The Minister for Sustainable Economic Development:

Some of the routes may not support competition. I have not done an analysis of that, but what I think is resilience is the most important thing, and while I know we have asked them at times: "Is it viable for you to put on the Jersey Paris flight", for instance, which they are doing at the moment, and we are supporting that route in different ways. I would always ask that when we make an ask, it is not a demand, it is an ask. If they cannot support it because of resilience, then they should say to us: "No. That is not viable." They said yes to the Paris route, so they do that knowing that they have the resilience to provide that.

Deputy M. Tadier:

When you say you support them in different ways, what is the support government gives to the Paris route?

The Minister for Sustainable Economic Development:

From the Paris route, Thomas?

Sector Lead for Aviation and Maritime:

It is through the Better Business Support Package.

The Minister for Sustainable Economic Development:

Yes. It is just money from the Better Business Support Package.

Deputy M. Tadier:

So, what is that predicated on?

The Minister for Sustainable Economic Development:

It is through Ports of Jersey. It is £1 million for Ports of Jersey per year for the next 2 years to help develop European connectivity.

Deputy M. Tadier:

Yes. What does that mean in reality? What does Blue Islands get for that route?

The Minister for Sustainable Economic Development:

It is an underwriting of the route. So, there is a minimum.

Deputy M. Tadier:

To make sure they make a minimum amount?

The Minister for Sustainable Economic Development:

Yes, exactly.

Deputy M. Tadier:

At what point do we know whether that underwriting has kicked in?

The Minister for Sustainable Economic Development:

We would tell you.

Chief Economic Advisor:

Yes. So, the Ports of Jersey, the people in the contracts, we have handed over £1 million for them to develop these routes. They have gone into the underwriting process. I think it will be assessed at the end of this summer. We get reports in from Ports of Jersey as part of our governance procedures, but the terms will be at the end of the route, which I think is into autumn. Then we will have an assessment period for next year as well. We will understand at that point whether or not there was any underwriting or not. We have not had any feedback yet.

Deputy M. Tadier:

There are no conditions as such on the route to say you have to charge a certain ... you do not say: "We want you to keep prices down and we will underwrite any losses." It is just effectively saying to them: "Try and make a fist of it. If you can make it work, great. If you cannot, we will just make the difference?"

The Minister for Sustainable Economic Development:

As I understand it, yes, that is right.

Deputy M. Tadier:

So, that is effectively what it did. Can I ask, you were asked in the States about it, but the absence of any compensation for delays in terms of the E.U. (European Union) 261 or U.K. 261 scheme?

First of all, do you have sympathy for those travellers who find themselves put out by the fact there are cancellations, which would otherwise kick in for compensation in other places.

The Minister for Sustainable Economic Development:

I have huge sympathy for all travellers who are put out when their flights are cancelled. It can be an expensive and, depending on the reason you are travelling, it can be traumatic. So, yes, I have got enormous sympathy for those people. Most routes in Jersey, it has to be said, are covered by some sort of compensation scheme. It is only the inter-island routes that are not, and it is also the Jersey originating flights to the U.K. or to Europe that are not. It works out at about just over 13 per cent of passengers are not covered by a compensation scheme. So, 13 per cent of passengers that travel through Jersey's airport are not covered by the compensation scheme.

Deputy M. Tadier:

But that is the leg though. So, if you originate in Jersey and you go to the U.K., if that is cancelled, you are not covered.

The Minister for Sustainable Economic Development:

That is correct.

Chief Economic Advisor:

Only just Blue Island.

The Minister for Sustainable Economic Development:

Yes. On the Blue Islands one. Sorry.

Chief Economic Advisor:

Not on EasyJet or ...

Deputy M. Tadier:

Do we know why they operate differently? Why is Blue Island not applying the same standard?

The Minister for Sustainable Economic Development:

I will read it from here. So, U.K. and E.U. legislation provides cover to Jersey passengers travelling on all inbound flights to Jersey from those jurisdictions, E.U. and U.K., and similarly for outbound flights on all U.K. and the E.U. based carriers, such as EasyJet and B.A. (British Airways). So, in this case, it is because EasyJet and B.A. are E.U./U.K. based carriers that they are covered under those to ...

Deputy M. Tadier:

Where is Blue Island based?

The Minister for Sustainable Economic Development:

They are not U.K. based, they are Jersey and Guernsey based. So, they are not U.K. based.

Deputy M. Tadier:

Okay. How do you resolve that anomaly politically?

The Minister for Sustainable Economic Development:

Well, the question is, one, you should do an analysis of it, because it is very easy, and I have been asked by the media a number of times about should Jersey have a compensation scheme. I think it is important. When the flight is cancelled at the moment, the carrier has to provide you with a refund on the cost of your flight. They do at the moment. So, compensation is other costs on top of that flight refund. That will, in all likelihood, increase the price of tickets if you were to create it.

[13:30]

Deputy M. Tadier:

But, of course, they refund you if they cannot provide a service. I mean that goes without saying.

The Minister for Sustainable Economic Development:

Yes. I am just trying to clarify the compensation scheme is for money above that refund.

Deputy M. Tadier:

Well, it is, because that is what ... it is compensation. It is not ...

The Minister for Sustainable Economic Development:

I am just trying to clarify, I am not doing anything else. Just because sometimes people think it is the refund, I think people sometimes think compensation is the refund, it is not. Compensation is above the refund.

Deputy M. Tadier:

That is right. Yes.

The Minister for Sustainable Economic Development:

I think we do need to do an analysis, and I am happy for this to be done, of what would be an impact of bringing in a compensation scheme modelled on the U.K./E.U. one, because I think that is the

only responsible way to look at whether we should bring one in or not, because we need to understand what the impact would be on the small carriers, because it would affect Blue Islands and it would affect Aurigny. So, the question is, we know they are very small carriers, we know that they have just been survive. So, the question would be how would that impact it, and are we happy to carry those impacts?

Deputy M. Tadier:

Would the effect maybe be that they do not cancel as much, with the jeopardy of having to pay compensations?

The Minister for Sustainable Economic Development:

I do not know. That is why you would want the analysis.

Deputy M. Tadier:

Okay. But should they not just be playing by the same standards as the other airlines that operate in the Islands?

The Minister for Sustainable Economic Development:

That is why I think the responsible thing to do is an analysis, because if you were just to put it on them, you may then see them go out of business, and I think that would be a worse outcome.

Deputy M. Tadier:

How would you get qualitative analysis? You presumably ask them, would you, and they say: "We do not want it."

The Minister for Sustainable Economic Development:

No. A quantitative analysis of the likely amount of compensation that would be paid during any given year versus the impact on that on either ticket pricing or the business's own finances.

Sector Lead for Aviation and Maritime:

Indeed. I think it is also worth pointing out that both the U.K. and the E.U. law do set out ... there are circumstances in which airlines do not have to pay out compensation for extended delays and cancellations. So, if it was, for example, a strategic cancellation where an airline chose to cancel a service to optimise its schedule, that is something ...

Deputy M. Tadier:

Thank you. So, we can take that as read. But in the case of Blue Islands and Aurigny, or Blue Islands for Jersey in particular, what timeframe are we talking about for this analysis, and when do you expect that government will be in a position to decide?

The Minister for Sustainable Economic Development:

This has not been a piece of work that we have started yet. It is a piece of work that we could start. But I do not think it would be responsible to just bring in a compensation scheme without having done an analysis, because it is likely that such a compensation scheme on such tiny airlines would have an impact, and that could be an impact that puts them out of business. So, you could end up with fewer air routes as a result. It is that simple.

Deputy M. Tadier:

But that is essentially because they could not meet the minimum standards, is it not? I mean, if they cannot abide by ...

The Minister for Sustainable Economic Development:

That is if you take compensation to be a minimum standard. I do not. I take health, safety, technical things to be minimum standards. Because you are making them into insurance companies that pay out on top of it. Do you want to do that with your airline?

Deputy M. Tadier:

It is an industry standard though, is it not?

The Minister for Sustainable Economic Development:

In the U.K. and E.U., that is what they have gone for, but they are much bigger airlines that they are talking about.

Deputy M. Tadier:

But surely the other operators would argue that is not a level playing field in terms of the Jersey operations.

The Minister for Sustainable Economic Development:

But I think when it comes to these tiny air routes, you are not talking about a level playing field. You will not get EasyJet doing Jersey to Guernsey flights. It is that simple. That is not going to happen ever. So, you need to have these tiny airlines who are willing to do those small tiny routes, and they, therefore, have to operate in a different environment. I am not saying that it would harm them, I am saying it would be irresponsible to put that on them without doing the analysis first.

Deputy M. Tadier:

It would not necessarily have to cover Jersey to Guernsey though, would it? We could start by saying that Blue Island should operate the same conditions as EasyJet, if it is a U.K. arriving or departing flight that it should be covered by compensation.

The Minister for Sustainable Economic Development:

You could say that. I am saying it would be irresponsible without doing the analysis.

Assistant Minister for Sustainable Economic Development:

I think the important thing to remember is lots of people have holiday insurance that they are not even aware of. If they book the flight through their credit card, if they have got certain bank accounts, it will be an automatic feature. The reason people do not use that when they have a compensation scheme available is they do not research those options. Of course, that is compensation that would be covered under lots and lots of holiday insurance schemes. I think there is a piece of work there to research and find out how many people would not be covered by the loss of these flights and what the cost to them would be.

Deputy M. Tadier:

The bottom line here is that a loophole exists in Jersey. Jersey consumers, yet again, do not have the same cover that you would expect in the U.K. or the E.U.

Assistant Minister for Sustainable Economic Development:

That is correct, but we are talking about smaller airlines and smaller profit margins.

The Minister for Sustainable Economic Development:

Part of an economic problem that Jersey finds itself in is driven by the fact that we keep adopting rules that are made for much bigger states than Jersey. I think what you are suggesting here is, let us take a rule from a much larger state - the U.K. - or mass of states - the E.U. - and apply it to Jersey. You can do that, and you can do that without analysis. I would put it to you, Chair, that that would be an irresponsible thing to do. All I am saying is that it would be responsible, given the size of these airlines, the tiny nature of the routes and the number of passengers that they carry, to find out first what the likely impact of such a move would be and whether that would put those routes in jeopardy. Because it might be the case that we could bring in a compensation scheme and then we would be the same as the U.K. and the E.U. but we lose air routes as a result to Southampton and to Guernsey. That is a possibility.

Deputy M. Tadier:

There are those who would argue that you would never find out that information because it is hypothetical and that it is just a political decision.

The Minister for Sustainable Economic Development:

I think it can be easily done. I think you could make some models that work pretty well.

Deputy M. Tadier:

Can we move on?

Chief Economic Advisor:

I think we could do something where we ...

The Minister for Sustainable Economic Development:

Yes, you could model that, no problem.

Deputy M. Tadier:

I think the research will come up with a political answer which will be: there is a lack of political will. That seems to be the answer we are getting.

The Minister for Sustainable Economic Development:

Chair, I am not going to argue with you about that. I have just said my position is that to bring in compensation without prior analysis would be irresponsible, in my view.

Assistant Minister for Sustainable Economic Development:

There is political will to undertake proper analysis.

Deputy M. Tadier:

I am sure consumers would be reassured to hear that.

The Minister for Sustainable Economic Development:

Exactly.

Deputy K.M. Wilson:

I think it does not really matter about the scale of it; it is the principle that when a service is not delivering for consumers, what sort of sanctions, what sort of levers does Government have to improve the quality and the level of service so that people can have confidence in it? I think that is what we are trying to drive at here. The analysis would help, I think.

The Minister for Sustainable Economic Development:

Sadly, principles can cost a large amount of money and they can put businesses out of business ...

Deputy M. Tadier:

I am sure health and safety costs ...

The Minister for Sustainable Economic Development:

... and so, you can have ...

Deputy K.M. Wilson:

I agree with you, but I think the issue - sorry Minister, I do not think we want to get into an argument with you - what we are trying to establish is that when you have a corporation that is operating a business, it is relying on a local consumer footprint, that the standard of service that you expect to be delivered is consistent and reliable, and when that fails, there is clearly a cost to the consumer as much as there is a cost to business. We are just exploring the notion of what that compensatory framework or mechanism might look like. It may well be that it is not affordable, it is not acceptable to consumers. In some ways, it would be welcome to have the analysis.

The Minister for Sustainable Economic Development:

That is what I am suggesting, that we need to do the analysis. To do anything else could lead us into a very bad place in terms of air routes.

Deputy K.M. Wilson:

It could also improve things.

Assistant Minister for Sustainable Economic Development:

We both want the same things.

The Minister for Sustainable Economic Development:

It could, but we do not know. Neither you nor I today can know.

Deputy K.M. Wilson:

Yes.

Deputy M. Tadier:

It is arguable that until Jersey has the same protections, that the ports of Jersey should not be offering any contracts to Jersey- or Guernsey-based operators because they cannot offer the same level of protection.

The Minister for Sustainable Economic Development:

That is an interesting position to hold, and I am pleased you shared it with us.

Deputy K.M. Wilson:

Can I move to the visitor economy? The Visitor Economy Strategy has been in place for over a year now. I was looking at the strategic intentions, and there is quite a lot of high-level things that can be seen in evidence, but could you give us your own view about what particular challenges there have been in terms of achieving some of those strategic objectives?

The Minister for Sustainable Economic Development:

I have said before here and elsewhere, I think we are in a real transition period with the visitor economy in Jersey. That transition period has been precipitated by external events such as COVID and other external factors, such as the changing travel market, but also internally within Jersey, the higher cost of wages that has been put on to the industry, as well as a regulatory environment which has made it more and more expensive for businesses to operate in Jersey. There has been a lot going on which the visitor economy has in some areas not adapted to, which in some areas Government has not adapted to. We are in a position now where we are doing the right things, which are looking at the fundamentals of the visitor economy. We are trying to put the right fundamentals in place to make sure it thrives into the future. As a result, of that we are likely to see difficulties happening right now. We see that in everything from a hotel closure or a restaurant closure to an air route stopping; things like this. But - and I was discussing this with a colleague this morning - I firmly believe that we are doing the right thing by putting the fundamentals in place. They are things such as legislative things, such as licensing law, which will take away some of the regulatory burden. We are attracting hotel investment, which is really important because it shows that Jersey has an offering that people want. But we need to have the right hotel products, which deliver the right value to encourage people to come here as well. We are also working with the industry. From the beginning of the Visitor Economy Strategy - I think it is really important - we worked with industry throughout and I continue to work with industry on this. We set up a working group working with members of the Jersey Hospitality Association and others, meeting on a monthly basis, where we are saying quite simply: "We need to complete honesty in the room. We need to talk about where the problems lie because they lie on all sides. And therefore, how do we work out how to move forward from this?" One of the things we are trying to encourage hoteliers to do, because we have seen it working - Visit Jersey have seen this working - is creating more packages, which effectively, in one way or another, add value to the room that you are selling. That could be through a discount, or it could be through a bottle of champagne thrown in, or half price to an attraction, things like this, but they sell really well. We saw in February a modest increase in visitors; that that was driven by packages that were being sold. We saw the same thing happen in November:

an increase in visitors to the Island again driven by packages. But we know that there is a culture in the industry that they are not used to doing that ...

Deputy M. Tadier:

Minister, can I just interject? Are those packages effectively being sold by the businesses themselves? It is nothing to do with Visit Jersey?

The Minister for Sustainable Economic Development:

Visit Jersey was the enabler on this, so it was Visit Jersey actively going around and asking. I believe it was with B.A. Holidays or B.A. Global. I stand to be wrong. They put the 2 together. Visit Jersey went to our hospitality sector and said: "Look, if you can get holiday packages together, if you can come to us with packages, we can get them sold by an operator in the U.K." So, Visit Jersey did absolutely play a key role in making that happen in the first place.

Deputy M. Tadier:

Okay. Just to clarify, we are interested in what organisations that receive government funding do, rather than private businesses. It is useful ...

The Minister for Sustainable Economic Development:

This was Visit Jersey's initiative. They thought it up, they went to the industry, and they did that.

Deputy M. Tadier:

Thank you. That is why I interjected, thank you.

The Minister for Sustainable Economic Development:

No, absolutely. It is right because it was Visit Jersey.

Deputy K.M. Wilson:

Obviously, the visitor numbers have been in the news in terms of the performance. What is your assessment of that?

The Minister for Sustainable Economic Development:

A range of factors. It is difficult because I am genuinely working very hard, both personally and as a team, with the visitor economy as a whole, and particularly the hospitality sector. Like I said, I believe we are doing really good work, which is going to pay off but it is going to take a little bit of time for that to come in. There are a range of factors. Locally, we do have a high cost base. It does make Jersey's proposition expensive compared to other jurisdictions. Therefore, if we are going to be expensive, we have to have the product which people are willing to pay for that. We do, in some

places, have excellent examples of the right product, but we also have examples where it is not the right product given the cost of coming to Jersey. We have the U.K. downturn in terms of consumer competence; that we can see in peer jurisdictions, so to speak, that rely on visitors from the U.K. We have seen the number of visitors from the U.K. to Ireland has dropped by 13 or 14 per cent in the first quarter. We have seen similar figures coming in through here as well. The D.F.D.S. (Det Forenede Dampskibs-Selskab) tender process lasting longer than we would have wanted it to absolutely affected the ability for tour groups to book, so that has had a negative impact on some of the tour groups coming to Jersey and numbers that would come through there as well.

Deputy K.M. Wilson:

How long do you think that will take to correct itself?

The Minister for Sustainable Economic Development:

I would hope that would be resolved by next year. I know that D.F.D.S. themselves are working; they are setting up a D.F.D.S. Holidays and they are bringing that in. That is to help sell tours and packages throughout its European bases; that would include France as well. So, we are seeing them step up and take on the burden also of working with tour groups to bring them to the Island.

Deputy M. Tadier:

Do you think the uncertainty around the Battle of Flowers has had any impact on visitor numbers over summer?

The Minister for Sustainable Economic Development:

I do not think the uncertainty around the Battle of Flowers will have had an impact on that. I do not believe that will be the case. But what I would say is that the Battle of Flowers can add value to the Island in that week; that is one of our few peak weeks of the year. I think the Battle of Flowers can add value there. I do not think the uncertainty around it will have stopped people from booking.

[13:45]

Deputy M. Tadier:

Do you not think there were people who were looking to book, they come over every year and they thought, by March: "Oh, there is no Battle of Flowers this year."

The Minister for Sustainable Economic Development:

I am sure you can find someone who has, but I do not think the aggregate of that would be large enough to move the needle, for want of a better phrase.

Deputy M. Tadier:

Do you think that if we had a situation every year where the Bailiff's permission for the Battle of Flowers had not been granted until maybe a week before that, is that okay?

The Minister for Sustainable Economic Development:

It is not for me to say. This is about health and safety things and regulation and that was ...

Deputy M. Tadier:

The grant ...

The Minister for Sustainable Economic Development:

No, the grant is there for them; I am sorry. There is nothing about the money side of it which is a problem. The Bailiff's Panel works with the health and safety executive to decide whether they are happy to put something up. I cannot talk about that ...

Deputy M. Tadier:

The grant was only ... can we move on to the Battle of Flowers perhaps? Is that okay? In terms of the letter, I know this did come up in the States at our last sitting, it is fair to say that this is until a fairly last-minute decision, is it not? In an ideal world, you would have a long lead-in period where there is certainty about the events and we know exactly what the format is going to be. Could you perhaps talk us through the letter of instruction that you wrote on, I think, 23rd June? Just to clarify, you have addressed it: "Dear Richard". I presume that is to Richard Corrigan, the Chief Officer, not to anyone else.

The Minister for Sustainable Economic Development:

The Chief Officer, yes. I do not have it in front of me, but I can say the letter of instruction was written entirely for the purpose of making sure that all my officers felt comfortable in working with an organisation that did not exist a few weeks before that letter was written. There was no sense of discontent among my officers. In fact, I did say this should probably come from someone else. Heath should talk about why the letter of instruction was sent.

Head of Local Economy:

It is easy to misperceive a letter of instruction as highlighting a disagreement between an officer and a Minister, and that is not the case. It is an acknowledgement between the officer and the Minister of where there is risk or unknowns, and it gives everyone the comfort that ... in this instance it was a couple of hundred thousand pounds to a group that had recently formed, did not have a track record, and were not known to us. You have to have to have an opportunity to pause and do a

degree of due diligence or assessment on their business plan and what have you and proceed with caution. And so that is an acknowledgement between officers and the Minister.

Deputy M. Tadier:

That is one way to pursue it. What is really ...

The Minister for Sustainable Economic Development:

No, that is the entire reason it was written. It is not what ...

Deputy M. Tadier:

What could be seen is happening here is that it puts the burden of responsibility on the Minister, does it not? If this all goes wrong and it is proven that this is not a good investment for whatever reason, ultimately the civil servants are covered here because they are not the ones who have made the decision. It has required that specific instruction from the Minister: "Go ahead and do this." Look, we can read it. It says the Minister says: "I have considered the pros and cons and I wish to proceed even given the fact that, of course, this is a new entity," which might have excluded it, I suspect, from a process that the Minister did not have any direct involvement in otherwise. He is basically saying: "I am taking political responsibility if this all goes wrong." Is that correct?

The Minister for Sustainable Economic Development:

That is correct, in that respect, yes.

Deputy M. Tadier:

But normally, if the officers were in agreement, you would not have needed to issue that letter?

The Minister for Sustainable Economic Development:

No, the officers were not in disagreement, but we - the officers and myself - know that from the Public Finances Manual perspective, a new entity like this is something that would not ordinarily be funded to the extent that we were. There was no other way that I knew of to put the Battle of Flowers on this year and we had a group of willing people. In Jersey we have a strong community of people and we should support them where they want to put on something like this. So, that was me just saying: "I understand that the Public Finances Manual may look at this particular proposition negatively, therefore, I am saying to you, you have the comfort of going ahead because I think it is what we should ..."

Deputy M. Tadier:

Hang on a minute. The Public Finances Manual cannot make a decision; it is an inanimate object. What you are saying is that the officers reading the Finances Manual could not have signed this off because it would not have been legitimate to sign this off, from their point of view.

The Minister for Sustainable Economic Development:

It could have been more difficult to sign off, I think, to be fair.

Head of Local Economy:

We work with and support a lot of deliverers of events, and in this instance, this is a significant size of event with very little lead time and a new group of people behind it, so you have got to tread with caution.

Deputy M. Tadier:

What would your advice have been, based on the application and the Public Finances Manual? What would your advice have to have been as an officer about whether the grant was to be issued?

Head of Local Economy:

We were happy to support the event once we had met the group, but there are more unknowns than there are knowns when you are working with people you have not worked with before and they are downscaling the event, putting it into a new route, they have got to prove their competence to the Bailiffs' Panel. All of those are hurdles ... they are controllables that are not within our control, and so it was just: "Minister, let us commit the money [which the Minister did] but go forward with caution, because there are ..."

Deputy M. Tadier:

But you were not telling the Minister; the Minister was telling you to commit the money, not ...

Head of Local Economy:

No, we have a conversation with the Minister about all these things. We are highlighting risks to him, and he is acknowledging those risks. It is not a working environment where you are told what to do. You highlight risks and opportunities to the Minister on everything we do every day.

The Minister for Sustainable Economic Development:

We have an excellent working relationship.

Deputy M. Tadier:

I do not know why I needed a letter; that is what I am getting at. A verbal instruction to say: "I have taken all that into account; just go ahead and issue the money." Would that not have been sufficient?

Head of Local Economy:

From the Public Finances Manual perspective, it is good governance to have a letter in place where you have as many unknowns and potential levels of risk in an event that we had with this one.

Deputy M. Tadier:

When was the last letter like this that you remember being issued for such an event?

Head of Local Economy:

I think there is probably a couple a year. People think they are something exceptional because there is not many of them. But quite quickly, with the entities you work, with you develop a track record and ...

Deputy M. Tadier:

You have had a couple of years from this Minister issuing?

Head of Local Economy:

No, departmentally.

The Minister for Sustainable Economic Development:

What I have said is we should probably write more letters of instruction. I think one of the problems is because they happen rarely, people then try to look into them - "What is not there?" - which is what I feel is happening here. If I just did letters of instruction on a more regular basis, then they would become normalised, quite simply, and people would not try to look for things which are not there in the letter of instruction, because that is what is happening in this case. It was a perfectly reasonable thing to do from a governance perspective.

Deputy M. Tadier:

It seems overly bureaucratic to issue a letter of instruction just for something you all agree about.

The Minister for Sustainable Economic Development:

I am not in a position to do that. I want my officers to feel comfortable and that is how we work. We work extremely well together; in fact, disagreement is something that is incredibly rare between me and the officers.

Deputy M. Tadier:

One of the questions that came up was, we are clear that this money is going to a new entity, but the exhibitors themselves in the Battle of Flowers are probably pre-existing, long-standing exhibitors and ...

The Minister for Sustainable Economic Development:

Another reason why I felt comfortable issuing a letter of instruction.

Deputy M. Tadier:

... is any of that money going to go to pay off some of the debts that the exhibitors would have incurred last year? How do you know that?

The Minister for Sustainable Economic Development:

It is not intended to do that, and they know that. This is something else Heath can talk to; we have not handed over a block of money to them. We are effectively giving it to them on a needs basis. I think it would have been very difficult for them so far to have diverted some of that money to debts.

Head of Local Economy:

We have a business plan for them. Like all grants, the sum total has to be broken down in a bottom-up budget to explain where they need that money. If they needed money for glue, as they did 10 days ago - and we are talking about thousands of pounds of glue - they will present the detail behind that and say: "Here is the order, here is the invoice and what have you. We have a cash flow issue; you need to support us on this." We will say: "Okay, this is on a critical path. It is something that is going to become an issue for the delivery of this event, so we will support it." But if the Minister says we have not issued the grant in ...

Deputy K.M. Wilson:

Can I just ask a question? Going back to what you are talking about around advice to Ministers, Heath, at any point in time did you ever offer any advice on whether the investment that the Minister was prepared to make would guarantee a return on that investment? Did you have any concerns about it? Did you have any worries about all of this money being given to a new entity, with a view that this may not have a return economically either in visitor numbers or revenue?

Head of Local Economy:

With every new grant you issue there is an element of risk, and that is why you establish in the grant agreement K.P.I.s (key performance indicators) so that the recipient understands how the Government and the people of Jersey expect to get their R.O.I. (return on investment) from that grant. In the case of the Battle of Flowers, there are thousands, perhaps tens of thousands, of man-hours that go into this event in the sheds, through the winter and what have you. That is the unseen

bit. We are not focused on the journey here; we are all talking about the battle itself, the destination. There is much more to the Battle of Flowers in terms of a social R.O.I.; so, that is huge, it happens through the year and is thousands of hours. It all culminates in this wonderful event. I think, because they were a new entity and it was a different route and a different scale of float and everything else, we created a set of K.P.I.s in that grant where we stipulated the number of floats we expect to see and what have you. It is not: "Take the money and give us your best endeavours" and when 4 floats turn up on the day, we all say: "That was underwhelming." We have an expectation of what good value for money consists of and we do this with every single grant. We are challenging. We expect value for money. Very often, these grant agreements, in drawing them up, there is a negotiation where the recipient says: "We cannot do that." And we say: "Well, that is because you do not have somebody doing your social media for you. You need to bring a volunteer into your organisation." Because today we all expect to be able to look on Facebook in Jersey and see what is going on in our Island and what have you. We push the whole time; we do not settle for mediocrity and for the bare minimum. We say: "No, we want to see this number of Facebook posts and this amount of promotion and this number of banners around the Island and this number of floats in the parade and what have you." That way you end up with something that we can be proud of and does deliver value for money, but in every new grant we ...

Deputy K.M. Wilson:

Do you believe that you have got that in place with the commission that you have with the new entity?

Head of Local Economy:

Yes, yes and I think if the same entity were there this time next year, they would find that the bar had risen. We are not here to see them fail; we have put hundreds of hours of officer time into supporting them because they have been late coming to the table. We are desperate to see this succeed, but we are proceeding with caution. When they deliver something great this year, which we all hope they will, we will have a post-event sit-down, as we do with everybody who receives a grant, and say what was good, what was bad, and what was indifferent. How can we work on the weaknesses and make them strengths for next year? On the whole, there are some really good, harmonious relationships. They are partnerships, these grant agreements, and they are designed to get the best for taxpayers' money and to be objective so that people can look at those K.P.I.s and next year say: "Right, we want 5 per cent more here and 10 per cent more there and what have you."

Deputy M. Tadier:

We know who the previous chair was; Russell Labey chaired the previous group. Who is leading on this new entity? Is there a person that we ...

The Minister for Sustainable Economic Development:

There is a person; I do not know what the protocol is about naming individuals in Scrutiny, in that respect. I am obviously happy to tell you who it is, but I do not know if I should do it.

Deputy M. Tadier:

I do not know why it is secret; in the past it was ...

The Minister for Sustainable Economic Development:

It is not secret; I just do not like to land people ...

Deputy M. Tadier:

It is just, in the past ...

The Minister for Sustainable Economic Development:

People do not tend to love suddenly appearing in a Scrutiny hearing, if you know what I mean.

Deputy M. Tadier:

No, it is not that. I do not even know who it is. It is strange that we have gone from a scenario where we had a very high profile chair of the previous Battle of Flowers and now we have got an organisation that has come out almost of the ether and we do not know who is leading that charge, if you like.

The Minister for Sustainable Economic Development:

My understanding is that Battle of Flowers will soon have a general meeting of some sort and this person is hoping to become chair of the main Battle of Flowers association at that time. At the moment, the chair of the existing Battle of Flowers association is, as I understand it, still former Deputy Labey, but that is likely to change. The person involved from this perspective - the only reason I will not say it here is purely because I think it is a bit unfair to suddenly name someone ...

Deputy M. Tadier:

No, it is fine, but this does raise ...

The Minister for Sustainable Economic Development:

I will happily tell you their names after ...

Deputy M. Tadier:

It does raise some questions about the clarity around ... It seems that the situation from last year still has not been resolved. The reason I ask about exhibitors is that those exhibitors who are potentially still owed money by the central organisation, if they are exhibiting again this year when they have already got debts ... I am trying to find out how the grants that they are going to get from this money that is being paid by Government are going to work when they are already potentially carrying debts. I was wondering if that was considered in the giving of this grant.

Assistant Minister for Sustainable Economic Development:

There is a blend; some exhibitors are owed money by the old entity; some exhibitors owe money to the old entity. The fact is, to put a battle on this year, we had to get the right amount of money to them in staged payments. The additional dimension that we have got this year, having a battle around town, is we have got 17 retailers who are being part of the process - you will see one through the window there - where they have got displays outside their shop. They are very much a part of Battle and that is going to bring a real vibrancy around town. Retailers should see a huge boost over these 2 days and they very much feel part of the whole event.

Deputy M. Tadier:

I get that, but what ...

The Minister for Sustainable Economic Development:

It could be a really exciting parade which breathes new life into the battle; that is the hope. We will not know until it takes place. But the fact that we brought Battle into town, I think people will be closer to it, which is something that people have complained about a lot, was their distance from the Battle parade in the past. But the fact that retailers are changing their shopfronts to become part of Battle, shows again the community getting involved in a way that it has not done so much in the past because Battle has been out on the avenue.

[14:00]

We are at one of those positions where you could have something fantastic come out of a point of difficulty. Often when constraints are placed on something, it comes out with something innovative and different. I think that is where we are at the moment, and I am looking forward to it. But yes, what I would say from a governance perspective is that we are working with them to make sure that the money that is paid to them is paid to them on an as-needs basis. It has not been made in one big lump sum. We are supporting the battle in different ways; that is partly because while it may or may not - we do not know - impact visitor figures, the social value of Battle, it touches thousands of families around the Island who get involved every year in building floats and so on. That is something that, if you just dropped Battle, would create a huge social hole.

Deputy M. Tadier:

We fully understand that. If I finish on this question, it is a wider question. The starting point is the counterfactual. If you were to give anyone round this table £160,000 and say: "Put on an event and add value to the economy," we would probably all be able to do that to some greater or lesser extent in the economy. I suppose the question is about in the future, what is the granting process going to be? Because I think you probably get quite uncomfortable even as Minister having to get involved directly in signing off grants. If it was not the Battle of Flowers and a new entity had come to you or the department 2 months ago and said look: "We want to put on new events. Can you give us £160,000?", there would have to be a process which is legitimate and stands on its own 2 feet.

The Minister for Sustainable Economic Development:

We have that process in place at the moment. Heath, you govern that process directly.

Head of Local Economy:

Yes. We have an application on gov.je where there is a grant window and a framework, and all applications are looked at simultaneously. Grants do not go to the person at the front of the queue or the noisiest; they are assessed objectively against weighted criteria. Officers put together a list after a close of a window, take a list to the Minister, present the scoring, say: "This is our recommendation that these events or initiatives need to be funded." That is how it works; it is very black and white.

Deputy M. Tadier:

Should it even come to the department though? Are you looking at a process whereby, for cultural events, that could be something even more arm's length? So, you would delegate it to an arts council or something, for want of a better word?

The Minister for Sustainable Economic Development:

It already is; there is a blend going on. Part of that is because you do not want, in my view, to have one gatekeeper. I strongly believe that - in all elements of the economy, but particularly in arts and culture - innovation comes from people coming up with ideas, and you want to enable those ideas to take place. Yes, Government gives grants directly; Our House Jersey gives grants; the Arts Centre gives some grants; the J.C.F. (Jersey Community Foundation) gives grants through lottery donations as well. There is already a landscape of differing grant avenues, and that is really important. I do not think you want just one grant avenue, because then the person becomes the gatekeeper. By having a differing landscape, you have different gatekeepers, which means that you have different views on what is the right way to go ahead. That diversity of thinking is vital to the economy and particularly vital to arts and culture.

Deputy M. Tadier:

It may make it difficult to programme, of course, if you have got lots of different groups.

The Minister for Sustainable Economic Development:

This is always the balance. I would not want the Government to be the sole grant-giver, but equally I would not want Our House Jersey to be the sole grant-giver.

Deputy M. Tadier:

The question is, should Government be involved at all? It seems a bit Soviet, you could argue.

The Minister for Sustainable Economic Development:

We try to make it as little Soviet as possible in terms of a black and white process, where Heath's recommendations and the officers' recommendations are not necessarily about whether they like this type of event or not from a personal perspective; they are about the likelihood of the event being successful.

Head of Local Economy:

Their alignment to the Arts Strategy, their alignment to heritage strategies, whether they are part of our long-standing culture as an Island, those sorts of things. As I said, it is weighted criteria. Somebody would have to do it. We also hope that in funding events, they will return something by way of social R.O.I. and economic return on investment to the Island; so, it really is a blended mix. Your point about "How many can you have?", you could not have the Air Display and the Battle of Flowers on the same day, so there is a co-ordinating function there. There is the event legislation, which as a department we are working on and bringing forward. So, I think there is a lot in that space. We are certainly, it feels to me, getting more right than wrong, and we have evolved a lot in the last 3 years in terms of how that 1 per cent for art, culture and heritage is spent. I think most of the people who are receiving grants today are quite comfortable that the system is not opaque. It is very clear what they have to do to win that money. We have, on the whole, good quality, constructive conversation with grant applications and grant applicants and recipients.

The Minister for Sustainable Economic Development:

Just quickly as well, Jersey does need an events landscape, like sporting events, arts and culture events, and all sorts of different events. That is one way, from a visitor economy perspective, that we build the shoulder months in particular. In that sense, you would also need some tent pole events. We are looking at the marathon and the Supertri as one of those sporting ones at the end of September this year. But one of the concerns I have is, and this is not my department, I need to look in other departments for this, but I do worry about the regulatory burden on event organisers. I

do worry that we are now removing so much risk from events that the cost of removing that risk is making the events too costly to put on. I worry that, again, Jersey might be going down the road where we are taking rules that are being principally made in the U.K., but will also be potentially made in the E.U., and adopting them in Jersey. All it does ...

Deputy M. Tadier:

You say that, but if you go to a French festival in a square, you do not feel a heavy security presence like you do at a Jersey festival.

The Minister for Sustainable Economic Development:

I understand that for some of the sporting events this year, I believe we might have been asked to put in the counter-terrorism police officers. It is hard to understand why, but I have not looked into it and I need to. I do have to question why we are being asked to do those sorts of things.

Deputy M. Tadier:

It is about the feel of an event, I suppose. Minister, we have come to an end. I will give my colleague, Deputy Wilson, a chance to ask if there is anything else.

Deputy K.M. Wilson:

No, there is nothing else.

Deputy M. Tadier:

Do you have anything for us?

The Minister for Sustainable Economic Development:

No, thank you.

Deputy M. Tadier:

Thank you. It has been fairly wide-ranging. We probably have not covered everything, but thank you to all of you for your time. If we do not see you before, I hope you have some time over the summer to have some holidays, but I am sure we will see you very soon. Thank you very much.

[14:07]