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Economic and International Affairs Panel

Quarterly Hearing

Witness: The Minister for Sustainable Economic Development

Tuesday, 2nd December 2025

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Panel:

Deputy M. Tadier of St. Brelade (Chair)
Deputy K.M. Wilson of St. Clement (Vice-Chair)
Deputy M.B. Andrews of St. Helier North

Witnesses:

Deputy K.F. Morel of St. John, St. Lawrence and Trinity, The Minister for Sustainable Economic Development
Deputy M.R. Scott of St. Brelade, Assistant Minister for Sustainable Economic Development
Mr. R. Corrigan, Chief Officer, Department for the Economy
Mr. H. Harvey, Head of Local Economy, Department for the Economy
Mr. M. Dames, Head of Digital Economy, Department for the Economy

[14:05]

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

Minister, and your team, welcome to this afternoon's quarterly hearing with our panel which is the Economic and International Affairs Scrutiny Panel. As usual, I will just introduce our side of the table before handing over to you to do the same, please. I am Deputy Montfort Tadier. I chair this panel.

Deputy K.M. Wilson of St. Clement (Vice-Chair):
Deputy Karen Wilson, vice-chair.

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

The Minister for Sustainable Economic Development:
Deputy Kirsten Morel, Minister for Sustainable Economic Development.

Assistant Minister for Sustainable Economic Development:
Deputy Moz Scott, Assistant Minister for Sustainable Economic Development.

Chief Officer, Department for the Economy:
Richard Corrigan, Chief Officer, Department for the Economy.

Head of Digital Economy, Department for the Economy:
Mark Dames, Head of Digital Economy, Department for the Economy.

Head of Local Economy, Department for the Economy:
Heath Harvey, Head of Local Economy.

Deputy M. Tadier:
Thank you. Thanks again for coming in to see us. Minister, unsurprisingly perhaps, we have got some questions to ask you about Blue Islands. I am going to hand over to Deputy Wilson just to start this section.

Deputy K.M. Wilson:
Thank you. Minister, you have now strengthened the resilience of the Island's travel. Can you tell us what you expect to see in terms of improvement and value for money?

The Minister for Sustainable Economic Development:
It was from Loganair coming in. I think Loganair, the principle and immediate benefit is the much larger fleet that they have, which from a resilience perspective, you quite rightly touch on, gives them a much more resilient ability to operate on the Island. We saw with Blue Islands earlier this year that when they had 2 aircraft with technical issues, it had a massive impact on their fleet because their fleet was only 5. Loganair have a fleet of 38 and so were they in a situation where they had 2 technical issues, their fleet is much more able to cover that. They are a company that, to my knowledge, is not indebted which gives them financial resilience as well. They are part of the general

distribution system from a ticketing perspective. That means that if you go on to an online flight ticket sales website to book a flight from Jersey to a destination, let us say, in Norway, because I know Loganair fly to Norway, you should automatically be seeing Jersey to Edinburgh with Loganair, then Loganair to Oslo or Tromsø or wherever as well coming up, so you should be able to see those flights coming up from Jersey. With Blue Islands, they were not part of the general distribution system so you could not get that automatic sight of connecting flights. Another thing which is something that has been the subject of conversation over the past few years is the issue of compensation. As a U.K. (United Kingdom) airline, Loganair are part of the U.K.'s system with regard to compensation when they have cancelled flights and we know that both Aurigny and Blue Islands are not part of that system. Now anyone travelling from Jersey on Loganair can travel in the knowledge that should the flight be cancelled for various reasons, they are entitled to compensation along the lines of the U.K. directive with regard to that and the E.U. (European Union) Directive with regard to that. It has a number of benefits ranging from resilience through to compensation as well as a much wider network of routes.

Deputy K.M. Wilson:
When you were preparing your negotiations to strengthen the Island's resilience, was Loganair the only airline that you talked to about what the Island needed?

The Minister for Sustainable Economic Development:
Outside of Blue Islands, Blue Islands and Loganair were the only 2 airlines that we spoke to, that I know of, but it was different, I would say, to preparing the Island for resilience. It was a case of speaking to Blue Islands about the troubles they were having, understanding what the likely outcomes of that were - and it changed over the months that the conversations happened - and understanding what Blue Islands were doing because they were trying to seek a sale. There was a point at which they believed they were not going to get that and so we spoke to Loganair as another party that had already said they were interested in flying from Jersey. They said they were doing their Jersey-Southampton route next year regardless and, yes, they were the other party that we spoke to.

Deputy K.M. Wilson:
Okay. Thank you. You will be aware that the Comptroller and Auditor General had made some observations and comments about the way in which the loan repayments had been monitored and performance managed. What difference do you think there will be to the way in which this contract is managed in terms of securing the best value for Islanders in terms of public funds?

The Minister for Sustainable Economic Development:

I may be wrong, because we are treading very much into Treasury area as opposed to my area, so I have to caveat it with I am not the Minister that is closest to it in that respect and so I may be incorrect, but to my knowledge there is no contract between us and Loganair except perhaps on the initial contingency phase. If there is one there, I imagine it is there, because outside of that Loganair are operating under Jersey's open skies policy. We do not have arm contracting with particular airlines to do just one route or to have a public service obligation on a particular route, so to my knowledge there is not a contract. Do stop me, officers, if you know otherwise, but to my knowledge there is no contract with Loganair, except perhaps for that contingency.

Deputy M.B. Andrews:
Can I just ask, in your capacity as Minister for Sustainable Economic Development, retrospectively, do you think the Government made the right decision with the COVID loan for Blue Islands or do you think it should have maybe be done in a different way, like maybe the money was put up front, similar to what Guernsey did with Condor? It seems as though the loan has had quite a few implications for Blue Islands since the pandemic where they have really struggled to service the debt that they owe to Government.

The Minister for Sustainable Economic Development:
I do not know about any implications for Blue Islands or consequences for Blue Islands that you are talking of but at the time - because I was in Scrutiny at the time of the loan being made - it was a case, and obviously this was done under the previous Government, but the loan was there in order to maintain Jersey's connectivity. I would imagine that the Minister for Treasury and Resources at the time, the Chief Minister at the time, and the Minister for Sustainable Economic Development at the time probably discussed whether it should be a grant or a loan. I do not know. I think it is one of those you are caught between a rock and a hard place. If you provide a grant, then you do not have to worry about it being repaid. I imagine the political narrative then may have been: "Why are you just giving them £7 million or £8 million?" I can understand politically why you might then say a loan would be better. The downside to a loan is that there is the repayment side of it. Blue Islands had repaid some of the loan. I do understand that the terms of the loan were flexible in terms of repayments and certainly in the latter months of Blue Islands' existence, I do not think extra payments were taken and so I do think you are between a rock and a hard place. I think it was the right thing to do to give the capital injection to Blue Islands to keep them flying through COVID. That was absolutely the right thing to do. The form of that capital injection, that is the rock and the hard place bit. There are advantages to a grant; there are advantages to a loan.

Chief Officer, Department for the Economy:
It is worth just also adding that the shareholder of Blue Islands at that time had also passed away so Blue Islands did not have ready access to capital, full stop. You had the effect of the pandemic

but you also had the death of the principal shareholder, so they did not have access to capital in the normal way.

The Minister for Sustainable Economic Development:

One of the consequences of that fact was that the trust which ended up owning Blue Islands following the death of the shareholder, I believe the terms of that trust were that it could not invest any further into Blue Islands and so you had a principal shareholder in this trust that was unable to inject any more capital themselves. This year's situation that we were faced with was the shareholder could not, itself, put any more capital in.

Deputy M.B. Andrews:

No. Thank you.

Deputy M. Tadier:

Can I just ask how often and at what points were health checks done on the performance of Blue Islands and the viability of it, given the fact that there was so much money being owed to Government of Jersey?

The Minister for Sustainable Economic Development:

That is very much a Treasury question. Again, correct me if I wrong, but that was not our responsibility.

Chief Officer, Department for the Economy:

Yes, the loan was not advanced by the department; the loan was advanced by Treasury and working with Ports of Jersey directly. We were not involved in the loan or the active management day to day of the loan.

Deputy M. Tadier:

When Blue Islands were offered more money or were loaned more money more recently, including this £1.5 million and then the drawdown facility from the Minister for Treasury and Resources, did your department have no conversations around why that money was needed and whether to give that?

[14:15]

The Minister for Sustainable Economic Development:

I was involved in conversations going back to June with the Minister for Treasury and Resources, with the Minister for External Relations, and with the Chief Minister. We were involved in conversations about the situation that Blue Islands was in this summer and about the options for going forward. Part of it was in the summer in June or July. Had Blue Islands failed then, there would have been far more significant disruption and many more thousands of Islanders and travellers to the Island would have had their plans disrupted than they were in November.

Deputy M. Tadier:
Why would they have failed then or indeed at any point?

The Minister for Sustainable Economic Development:
They were having cash problems.

Deputy M. Tadier:
Why were they likely to have failed?

The Minister for Sustainable Economic Development:
Because they did not have the cashflow to keep flying.

Deputy M. Tadier:
The reason that Blue Islands have gone into liquidation is not because they could not operate and did not have the cashflows. It is that Government decided to call the money in basically.

The Minister for Sustainable Economic Development:
That is not my understanding of it at all.

Deputy M. Tadier:
Is that not the case?

The Minister for Sustainable Economic Development:
No.

Deputy M. Tadier:
Could you talk us through the way in which Blue Islands collapsed in the last …

The Minister for Sustainable Economic Development:
I understand why you are saying it. I think that the ultimate reason that Blue Islands could not continue beyond 3 weeks ago, whenever it was, was because the Minister for Treasury and Resources wrote and said that we wanted the money back for the loan. I think I am right in that.

Deputy M. Tadier:

That has caused the collapse.

The Minister for Sustainable Economic Development:

In that sense, that was the official thing, but the reason they were in the position where they had significant problems themselves was that they did not have the cashflow to continue going through without capital injection.

Deputy M. Tadier:

Can we not agree then, it is a question of whether the debt was serviceable and Blue Islands, I am sure, would say: "We had an understanding. We were led to a position by Government where there was money given to us for operating and that we would have been able to service the debt and in the long term we would have been viable." It is ultimately Government have pulled the plug on Blue Islands which has led them to go under in asking for the money.

The Minister for Sustainable Economic Development:

I do not know that that is the case, and you are speaking to the wrong Minister to know whether that is the case. You would need to speak to the Minister for Treasury and Resources.

Deputy M. Tadier:

You were involved with the conversations around the loan.

The Minister for Sustainable Economic Development:

Yes, but at no point did I hear people say anytime: "If Government treats the loan differently then they will be able to carry on regardless", because the Government had stopped asking for repayments.

Deputy M. Tadier:

You do accept in saying: "We are not going to give you anymore and we want that money back now", that that is going to make them go into liquidation.

The Minister for Sustainable Economic Development:

That was more an official thing. To my understanding, Blue Islands could not have continued without a capital injection of some sort so calling in the loan was neither here nor there. I imagine from a liquidation perspective you might have to write that about calling in the loan because you are a creditor and you might have to make that very, very clear but the conversations that I had were always about the cashflow situation and not about the loan's implications on that capital situation.

Deputy M. Tadier:

I will come to Deputy Wilson in a moment. Can I just put what we have been told by someone close to Blue Islands that the £500,000 of funding that was provided to Blue Islands just before its collapse was the consequence of a question posed by Government of Jersey officials to Blue Islands as to whether they wanted additional funding and that they did not approach Government for the £500,000 but they said: "If you are offering it, it would be quite nice to have £500,000. That would enable us to do certain things, like to buy fuel and prepare for the winter." Is that your understanding?

The Minister for Sustainable Economic Development:

That is all news to me.

Deputy M. Tadier:

Were you involved with that latest loan though?

The Minister for Sustainable Economic Development:

Yes, I was involved in the conversation a week, 10 days before Blue Islands ultimately went into liquidation where it was decided among a group of Ministers to extend a £500,000 loan.

Deputy M. Tadier:

You are here with your officers, so maybe your officers can clarify: did Blue Islands come cap in hand to Government saying: "We are desperate for this extra money to see us through the winter", or were they offered it?

Chief Officer, Department for the Economy:

Not to me, no. The first involvement I had was understanding that Blue Islands had been advanced a loan of up to £1.5 million to be paid in 3 tranches. The first tranche of £500,000 had been paid out. There was a request for a second tranche to be paid out in the days following the Minister's decision in the end not to advance that money and it was the decision not to advance that second tranche of £500,000 that left the Blue Islands directors in a position where they had to determine whether they were a going concern or not. That decision was communicated by the Minister for Treasury and Resources on the Friday evening. Blue Islands then ceased operations later that evening and then gave notice of liquidation early in the following week.

Deputy M. Tadier:

Why would Government have offered a facility to say: "You can drawdown £1.5 million in these tranches", then to say on the second tranche: "You are not allowed to have it"?

Chief Officer, Department for the Economy:

Because at the time, Government was assessing the options of continuing to put money into Blue Islands, bearing in mind how much money had gone in in different ways to Blue Islands since the pandemic between the loan, between this £1.5 million, between lending fees as well and there were also other taxes in terms of social security contributions and so on. There comes a point where you have to say: “Can this business turn around or not?” In the background, Government was working on contingency to secure these air routes, and what fundamentally changed in the final few days before the Minister for Treasury and Resources communicated to Blue Islands that no more public funding would be available, is that the cost of contingency and the availability of that contingency basically came into line. We got to a crossover point where it was a better investment to secure contingency and have flights running within 36 hours than to continue funding Blue Islands in a way that may end up being an open-ended commitment.

Deputy M. Tadier:
Was it not the case Government was effectively just buying time to make sure Loganair could get in? Then you pull the plug on Blue Islands and say …

Chief Officer, Department for the Economy:
Government did not pull the plug. Government decided just not to put any more funding in. The fact that Blue Islands had no other resources to be able to call on by the banks, shareholders or advance any other merger opportunities of their own, that is something you have to take up with the directors of Blue Islands.

Deputy M. Tadier:
It is remarkably good timing, is it not? You keep Blue Islands on a life support machine all the way through the summer, you wait to make sure that the half term is being served by Blue Islands, you promised them more money and then on what you might call Black Friday, the lowest point in busyness for the Island, you say: “Okay, let us pull the plug on Blue Islands”, and Loganair is mysteriously ready to step in.

Chief Officer, Department for the Economy:
You can speculate as you wish, Chair, in terms of the timing of it. What I am saying is there is copious due diligence that sits behind this that was commissioned by Ports of Jersey and the Treasury that supported the decisions that Ministers made at the time.

Deputy M. Tadier:
Minister, do you concur with that?

The Minister for Sustainable Economic Development:

Due diligence is also really important. As we were able to do more and more due diligence, both ourselves and I assume Loganair were on their side, we began to understand more and more this financial situation at Blue Islands. Even in that last week, if I remember rightly, the situation from the first week where it was decided to provide this £1.5 million in £500,000 tranches, the situation in terms of our understanding of Blue Islands' cash situation developed further …

Deputy M. Tadier:
What was that?

The Minister for Sustainable Economic Development:
… and we understood a week later that they were in a worse position than we understood previously.

Deputy M. Tadier:
What was that new information?

The Minister for Sustainable Economic Development:
That we understood they were in a worse position to the one that we understood they were in, so the situation was even worse than we believed it to be.

Deputy M. Tadier:
What was the information you found out.

The Minister for Sustainable Economic Development:
It was about their cashflows.

Assistant Minister for Sustainable Economic Development:
They cannot trade if they cannot pay their debts, so the real question here is whether they were even able to pay their debts had they drawn down on the loan.

Deputy M. Tadier:
I am just not sure why you would not have established that before you even gave the first loan.

Assistant Minister for Sustainable Economic Development:
That is the Treasury …

The Minister for Sustainable Economic Development:
Unfortunately, Chair, we do not live in a perfect world where all the information is available to you at once. Information comes to you in periods over time and as you understand that information more

and as you are able to gain that information, you are in a better position to make the decisions. We were even, like I say, in that last week, the information at the end of that week compared to the beginning of the week had changed and we understood that Blue Islands were in a worse situation than they were previous to that.

Deputy M.B. Andrews:

Minister, can I ask, you mentioned about a meeting that you attended in June, but beforehand did you have any concerns about Blue Islands struggling to service the debt that it had?

The Minister for Sustainable Economic Development:

Only general concerns …

Deputy M.B. Andrews:

Only general concerns.

The Minister for Sustainable Economic Development:

… but that had gone from all the way back to COVID where they were asking for a £7 million loan. They were general concerns. I do not recall any specific concerns. I think the timing bit is important and the Minister for Treasury and Resources said this very well in the States Assembly, our duty as a Government is to make sure that we have connectivity and that is exactly what we did. We did need to have connectivity through the summer. We did need to have an airline not die on us in the summer, and it is better that that event takes place in November rather than previous. I would not say that it was engineered for that but when the information came that showed they did not have sufficient cashflow, one of the reasons they did not have sufficient cashflow was because it was November. November is the month of lowest sales so they are physically getting less cash in in that month than previous months or any other months and so it is natural. That is why we saw Eastern Airways go into liquidation 2 weeks earlier.

Deputy M. Tadier:

That is presumably why they were given the loan, though, was it not? They were given the loan because you know winter is going to be a quiet period and then need the loan …

The Minister for Sustainable Economic Development:

Which loan? Sorry, are you talking about the £1.5 million?

Deputy M. Tadier:

Yes.

The Minister for Sustainable Economic Development:

Yes, and that was why it was decided. I think it still felt at that point when the first £500,000 was given that there was the belief that Blue Islands could still make it through within that week. We understood more about their cash situation and realised that it was very unlikely, and then Richard's description of the better investment for Government then was Loganair, the contingency for Blue Islands to go into liquidation as opposed to us continuing to try to bail them out.

Deputy M. Tadier:

Remind us how much was given to Loganair in the short term?

The Minister for Sustainable Economic Development:

Loganair, we have committed to £1.5 million for the startup costs. To my knowledge, but this knowledge is from about a week ago - I have not asked since - we had not paid any of it at that point, but it is up to £1.5 million.

Deputy K.M. Wilson:

Can I just come back to the couple of things there that you have raised. What we are aware of, I think it is December 2024, where it was raised that there were some risks to Blue Islands business, the …

The Minister for Sustainable Economic Development:

November 2024.

Deputy K.M. Wilson:

November 2024, was it? Thank you. The question that we are trying to find the answer to is what the risk appetite was then for supporting or not supporting the airline and there were a number of decisions that were taken around new routes to what was, clearly, a failing airline. Could you just explain to us why that investment was made knowing that there were issues with cashflow, knowing that they had not paid their COVID loan back, and knowing that they were looking to sustain their business but were struggling to do that? Could you just help us understand what the rationale was behind that and how you believe that improved Blue Islands' position, or you hoped it would improve Blue Islands' position?

The Minister for Sustainable Economic Development:

Sorry, you said: "That investment was made." Which investment are you talking about, sorry?

Deputy K.M. Wilson:

Sorry, in terms of supporting them to develop the new routes to Paris and also to Germany.

The Minister for Sustainable Economic Development:

Okay, so my understanding is that there was no support particularly given, except I understand £11,000 was given from Visit Jersey possibly …

Deputy K.M. Wilson:

Yes, it was.

The Minister for Sustainable Economic Development:

… for marketing. That was all. I believe that the commitment to Blue Islands on the Paris route was purely underwriting. If they sold no tickets or did not sell as many tickets as they thought they could … my understanding of the Paris route is that it was ultimately profitable because they never called on that underwriting and so the underwriting did not take place. I believe the only money that was given for Paris was the £11,000 from Visit Jersey but I think …

Deputy M. Tadier:

What was the underwriting for?

The Minister for Sustainable Economic Development:

I could not tell you what the limit of it was, but it was an underwriting commitment.

Deputy M. Tadier:

Do your officers happen to know?

Chief Officer, Department for the Economy:

Here is another figure from the development part, Heath?

The Minister for Sustainable Economic Development:

It was from Ports of Jersey.

Head of Local Economy, Department for the Economy:

I do not recall it.

Chief Officer, Department for the Economy:

We can write to the panel and give you a number.

Deputy M. Tadier:

What is the order magnitude? Are we talking £1 million?

The Minister for Sustainable Economic Development:

No. I have £150,000 or something like that in my head.

Deputy M. Tadier:

The fact it was not drawn on means that was a viable route, so they were making profit from the Jersey to Paris route.

The Minister for Sustainable Economic Development:

That is what I take from it, yes.

Deputy M. Tadier:

It was the first year they were running it, this year.

The Minister for Sustainable Economic Development:

Yes.

Deputy M. Tadier:

It seemed to be popular with the public, did it not? It seemed people …

The Minister for Sustainable Economic Development:

Hence the fact, we did not need to use the underwriting. The German …

Deputy M. Tadier:

Is that a contradiction to the fact that Blue Islands was not performing generally well? They managed to set up a new line. There is a sense that there are green shoots here. They might be able to set up other lines in Europe which washed their face. Is that a disappointment for you, as Minister, who has been trying to build up …

The Minister for Sustainable Economic Development:

It is disappointing, sorry, that Blue Islands failed. It served the Island for 20-something years, and it is a disappointment. The routes themselves, I think, this is one of the things is, the general understanding that I was given about all of the routes, including its U.K. routes, was that they were profitable, that Blue Islands was running profitable routes but because of the scale of its network, just a fleet of 5 aircraft, when it hit the problem of 2 aircraft with technical problems this year, it devastated its bottom-line because there was just no resilience in the company itself. That is what I understand the issue was. It was not the individual routes. I am trying to get to the German ones in a second, but I am concerned that there is a narrative going around about they were overextending themselves. Nobody, to my knowledge, except the board of Blue Islands, is in a position to know whether they were overextending themselves or not. If Blue Islands felt that Jersey to Paris was overextending themselves, it would have been right for them to say to Ports of Jersey: "We do not want to run the Paris route because we will be overextending ourselves." That was not the message that Ports of Jersey got from Blue Islands, and it turned out that, I believe, the route was at least able to wash its face, if not profitable. I believe the German routes - I might be wrong - are just charter routes so I do not believe there is any schedule, and I do not believe there is any funding for them at all.

[14:30]

Deputy K.M. Wilson:
Can I talk about the easyJet route to Birmingham, which was a very profitable route for Blue Islands? Could you explain how easyJet became involved in establishing themselves on that route and did you, as Minister, suspect that that might well also impact on the viability of Blue Islands business at all?

The Minister for Sustainable Economic Development:
I have to say no to any of it. There has got to be a fundamental understanding here, Jersey operates an open skies policy so any airline that wishes to fly a route to Jersey is able to fly that route. The Government do not come in so I have had zero conversations with easyJet about their routes to Birmingham, or anywhere else, to be honest with you, and they chose to fly Jersey to Birmingham. That is their choice. I do not believe that Government had any conversations …

Deputy K.M. Wilson:
There was no Government subsidy or anything.

The Minister for Sustainable Economic Development:
Nothing, to my knowledge, and please step in if I am getting this wrong because I do not want to give the wrong information.

Deputy M. Tadier:
Was any subsidy given at any point to help them set up a route from Jersey to Birmingham?

The Minister for Sustainable Economic Development:
Who? Blue Islands of easyJet?

Deputy M. Tadier:

easyJet.

Chief Officer, Department for the Economy:

Those big commercial discussions Ports of Jersey would have directly with an airline so the relationship with easyJet covers multiple routes. With Blue Islands, it is narrower. With British Airways it is narrower again. It is probably a conversation best had with Matt Thomas at Ports of Jersey.

Deputy M. Tadier:

Would you not be told about that if Ports of Jersey were subsidising a route or benefits in kind …

Chief Officer, Department for the Economy:

We do not manage Ports of Jersey's financial position and the dividends back to Government.

Deputy M. Tadier:

What about when it affects Government's interest? Government have effectively loaned millions of pounds to Blue Islands, which it owes back, and if Ports of Jersey were to make a decision to subsidy a new route for easyJet to run from Jersey to Birmingham, which then, we have been told, caused a £1.5 million annual adverse impact on Blue Islands and therefore that is not helping …

The Minister for Sustainable Economic Development:

It is really important, so while we have not got this year Ports of Jersey to confirm it, my belief would be - because no one has told me otherwise - that we are not in any way subsidising the route to Birmingham and Ports of Jersey are not in any way subsidising the route to Birmingham. I am happy to be corrected if they are, but I do not believe they are. I have not been told at any point that they are. Blue Islands and airlines of that size, those regional airlines, they do play a role in effectively warming up a new route. This would be the truth on any route. Take Jersey to Paris. If Jersey to Paris is run by Loganair, let us say, if they continue to run it, if that goes very well, it is totally natural for a larger airline, such as easyJet or British Airways or Air France, to look at that route, see that it is running very well, that the yields on there and the booking numbers are very, very good and then seek to establish their own competition on that route. That is what I believe happened on the Jersey to Birmingham route. That is one of the roles that these smaller airlines play is basically starting a new route. If it works, then larger airlines will come in and …

Deputy M. Tadier:

I get that.

The Minister for Sustainable Economic Development:

… Jersey's Government have no view on those larger airlines coming in.

Deputy M. Tadier:
What would be helpful for us to understand in the longer term is the different roles played by Government, Ports of Jersey and then when a new competitor comes in, which effectively they were, whether they were solicited, so did Ports of Jersey go out and actively encourage competition …

The Minister for Sustainable Economic Development:
I genuinely have no idea.

Deputy M. Tadier:
… or were they approached? I think it does make a difference in a small Island where there is a limited market because we could have a scenario here whereby there is competition but then they become the dominant player and the monopoly and then they put prices up. It is tried and tested methodology. Is that an area of concern for you that …

The Minister for Sustainable Economic Development:
It has not been an area of concern because I do not think that has been happening. We can see, particularly with easyJet, that they have low prices to Jersey's connectivity to all these airports in the U.K. and where they have a monopoly, let us say, they are the only airline doing Jersey to a particular airport in the U.K., we have not seen their prices rising particularly. I do not think that is how easyJet operate but we have got to come back to, you mentioned, Chair, Ports of Jersey perhaps encouraging other airlines to take on routes and Jersey has got an investment with an airline, in this case Blue Islands, through the loan. Is that against each other? I think that gets to exactly the point as to why Jersey should not invest in an airline, except in the most extreme circumstances.

Deputy M. Tadier:
You have invested in an airline. You invested in Blue Islands.

The Minister for Sustainable Economic Development:
Yes, and we should not do as others do, which is protect our investment over better connectivity. Shunning better connectivity in place of protecting an investment is a place that will harm the economy as a whole and we should not go down that road.

Deputy K.M. Wilson:
Can I just move on from this, please?

Deputy M. Tadier:

I did just want to ask on that, I mean we are not here to propose alternative policy but is it not the case that there is also the interaction between an open sky policy - it might be difficult to own your own airline if there is an open sky - but if you have control over your airport and you can issue licences, and it is an option to own an airline then the Guernsey situation is very different, is it not? It is a different starting point.

The Minister for Sustainable Economic Development:
It is, and I think it is an inappropriate starting point for Jersey because you have already seen, I believe, £80 million over 10 years that has been poured into that airline by the Government, and the other side of it is you end up with a potential situation where you are trying to protect your investment and the cost of protecting that investment is better connectivity for the Island. That is a really bad place for Jersey to be.

Deputy M. Tadier:
Do you not accept though if you are going to give £13 million effectively through Government and port fees to an airline you are better off owning some of it?

The Minister for Sustainable Economic Development:
No.

Deputy M. Tadier:
Like Guernsey do rather than having to write it off.

The Minister for Sustainable Economic Development:
I disagree. My fear would be that we would end up protecting that airline so much that we would lose connectivity elsewhere. Now as a result of that you would end up with higher prices and less connectivity. That would be the death nell for various parts of our economy.

Deputy M. Tadier:
So, the last question …

The Minister for Sustainable Economic Development:
I think it would be an appalling situation for us to be in.

Deputy M. Tadier:
Is Government happy just to write off the, is it £9 million that is owed from Blue Islands? Is Government happy to write that money off?

The Minister for Sustainable Economic Development:

Government is not happy to write any of it off. Government wishes that this had not happened but we have to deal with the realities of what has happened.

Deputy M. Tadier:

And what is the lesson that has been learnt?

The Minister for Sustainable Economic Development:

I think lessons have been learnt about the importance of having contingency and getting that in place. I think it has been incredibly successful that we only had, effectively, 36 hours of disruption for the death of an airline. I think one of the biggest lessons is that we do need to understand where the risks are in our connectivity.

Deputy M. Tadier:

Can we pause there and go over to the cyber questions? I am aware that …

The Minister for Sustainable Economic Development:

I know, I am aware … I can feel that Deputy Scott getting worried about it, yes.

Head of Local Economy, Department for the Economy:

In answer to your question the provisional sum for the underwriter, the parachute, was £129,180. Just to save you having to write to us.

The Minister for Sustainable Economic Development:

None of it got paid.

Head of Local Economy, Department for the Economy:

None of it got paid out, correct.

Deputy M. Tadier:

Okay, good. Thank you. I am not saying we will not come back to this but let us see how we get on for time.

The Minister for Sustainable Economic Development:

You are welcome to propose alternative policy. I think that is the role of Scrutiny, by the way.

Deputy M. Tadier:

No, we just want to understand it. But I think it is … thank you. So, Assistant Minister, again, thank you for being here. We are aware that there is a Cyber Security Jersey Law which is lodged and how does it align with the cyber security policy framework from now and for the next 15 years, and the broader sustainable economic development strategy, please?

Assistant Minister for Sustainable Economic Development:
It is an important framework in terms of supporting cyber security in our Island as envisaged by the cyber security policy framework which sets out policy ambition. The framework itself is a continuance of a previous cyber security policy that anticipated the establishment of the Jersey Cyber Security Centre and the bringing in of the law. So, the cyber security policy framework has, if you like, a broader reach than the law because it is setting out areas of work outside the law as well as within the law. Within the law it starts with a focus on these operators of essential services setting out the statutory framework for them to ensure that they implement certain security measures and report cyber instances so that our essential critical infrastructure is not so vulnerable that we can try and protect it in that way. It contemplates that the nature of these duties could potentially be extended through further regulations made under the law as the cyber security culture that we hope to evolve in this Island becomes more established. This is very much a first step to a journey. The way that I have likened it is that when it comes to being online, we are talking about the use of technology. There was a time when the motor car existed and you did not have to have a licence. You did not have rules for the road, all that sort of thing. Nevertheless, it was a potentially dangerous and disruptive piece of equipment. What can happen and through cyber instances and attacks, it is potentially very damaging to this Island's well-being. We are already seeing a very massive increase in attacks by, let us say, not so friendly states, but also ransomware attacks to the point where you can even download ransomware-type things to make your own attacks on the dark web. It is an area that we really need to keep pace with.

Deputy K.M. Wilson:
In terms of the Cyber Security Centre itself, can you tell us how it will have powers beyond issuing guidance and also how will compliance be monitored through the centre?

Assistant Minister for Sustainable Economic Development:
Yes. It is very important to explain that the Cyber Security Centre is basically a support area and co-ordination centre. What it is not is an enforcer. It is not a regulator. So to answer your question, it does not regulate. It does have a role in advising the Minister in terms of what might be appropriate security measures to ask operators of essential services to take and indeed, possibly the Minister in, I would say extreme cases, could potentially act as an enforcer but to give advice in that respect because sometimes there is a certain amount of relative forensic work just explaining what standards have not been complied with or not. and that needs to be looked into by Jersey.

Deputy K.M. Wilson:

Do you envisage that that may change over time, particularly with the advance of A.I. (artificial intelligence) and …

Assistant Minister for Sustainable Economic Development:

I think, yes, to some extent because Jersey is following in the wake of other more sophisticated jurisdictions and we do have the ambition to develop in this area. Indeed, we have a finance industry that is quite important to our economy that is really reliant on cyber security, so having everybody in this community begin to acknowledge that they have a role to play and to begin to assume some sort of responsibility is an important part of this work. In particular, when we refer to cyber security standards, so again, we have got regulators in different areas like data protection. There could be a data breach and there is a certain amount of work that is going hand in hand. What sort of standards of cyber security should we be expecting our operators of essential services to be implementing and from there other types of organisations.

Deputy K.M. Wilson:

Do you have any assessment of the costs associated with the impact this law will have on small businesses in particular, for example?

Assistant Minister for Sustainable Economic Development:

Well, they are getting a free service essentially to support them, so …

Deputy K.M. Wilson:

But if they have to step up their own security measures that are proportionate, and surely that is going to be a cost to them, do you have any sense of …

Assistant Minister for Sustainable Economic Development:

Yes. I would say down the line if we get to the point, and at some point I expect that we will, but this is a cultural development exercise where you are saying to certain businesses: “Well, we expect you to have this as a minimum in terms of cyber security.” If you are going to operate your business through the web then there will be a related cost. But then on the other hand, you might equally say you would expect any business to make that investment because, if you are subject to a cyber-attack somewhat as we have seen with Marks & Spencer, Volkswagen, you cannot trade.

Deputy K.M. Wilson:

I suppose the question is: has the Government made any assessment of the costs around the implementation of this law, particularly on small businesses?

Assistant Minister for Sustainable Economic Development:
At this stage, in terms of small business, because that is not really the focus, that is not what we have done, because the focus is on operator essential services so we need to rule that out.

[14:45]

We already are working in terms of issuing guidance with them, we have been consulting with them. Indeed, when we come to the point where we are expanding law we would expect there to be consultation phases there. It is not a matter of just suddenly saying, right, now it is you. It is intending to consult.

Head of Digital Economy, Department for the Economy:
Just to add to what the Minister said, a bit like the Deputy then, the telecom security framework, this is the cost of doing business on the Island with Jaguar Land Rover, M&S, the Co-op, etc. The cost of doing business does necessitate having security …

Deputy K.M. Wilson:
Measures in place.

Head of Digital Economy, Department for the Economy:
Yes.

Deputy K.M. Wilson:
Yes, okay. Thank you for that, Mark. Are there any businesses that may be struggling with this in terms of any undue burden that has been placed on them by the law being implemented?

Assistant Minister for Sustainable Economic Development:
This has been extensively consulted with. We have had 2 public consultations in 2022 and 2024 but, on top of that, anybody that we could imagine would be operating essential services, there have been discussions with them, which really has shaped the nature of this law. So as we have explained, it has been quite important that J.C.S.C. (Jersey Cyber Security Centre) is very much there as a co-ordinator and a support centre primarily. The real obstacle in terms of co-ordination has been that we have not had a law that requires people to share this information, otherwise they have got no right to. So, I think any kind of objection that I personally have been aware of has been more that the law has not been in place, and I have had certain people in the cyber security area just say: “Where is this law, why have you not delivered it yet?” Well, here we are. Just for that reason, because it needs to be in place to achieve a really important part of what we might call cyber

resilience, which is sharing information to anticipate types of attacks that may follow up on other organisations.

Deputy K.M. Wilson:

Okay. Thank you. Is there anything you wanted to …

Deputy M. Tadier:

I was just going to ask, is there a concern that any businesses will struggle with this ultimately and that this will be just another added cost at a time when some are struggling with both red tape, allegedly, and also costs?

Assistant Minister for Sustainable Economic Development:

Yes, the concern we have been really conscious of - a potential concern - that it could be regarded as red tape insofar as those reporting requirement. Two aspects to that. Number one, if you are the subject of a cyber security attack you are putting a lot of energy into trying to deal with that attack, so having a number of different areas or agencies that you need to report to adds to the stress of managing that. The cyber security strategy that we have published is so that to the extent that we will be aiming to minimise any potential overlap there. So the most obvious overlap is you get a data breach, you need to advise our Information Commissioner as well as potentially the J.C.S.C. so the extent to which there could be some. But then it is not …

Deputy K.M. Wilson:

There is one question, if I could just ask on that very quickly. Will you test the resilience or will you find how resilient the Island is if there are breaches or if there are attacks on the systems that will be subject to this law?

Assistant Minister for Sustainable Economic Development:

When you say will "you". Who essentially tests the resilience?

Deputy K.M. Wilson:

You mention there about cyber resilience and the question is: how do you test that? You have put a law in place and you have put arrangements in place but the question is how do you test its …

Assistant Minister for Sustainable Economic Development:

It is to the extent to which information is communicated about potential attacks to enable people to just be extra vigilant on that. In a sense what you are saying is: "How do we prove that that actually had an effect? Would that attack have spread in that direction?" That may be difficult to prove but we will be able to say: "Well, we had this knowledge, we shared it within this time and that that did make people more vigilant" and maybe we will be able to collect instance of people just saying: "Oh, okay, we have received this email, this phishing attack", and so that has been the pattern.

Head of Digital Economy, Department for the Economy:
Certainly awareness raising is very much an important function of the J.C.S.C. Just to go back to the Chair's point about the cost to business. It is worth reminding ourselves that the cost to J.L.R. (Jaguar Land Rover) was £1.9 billion and rising, so essentially the message is the cost of not protecting yourselves as a business is not something you want to contemplate.

Deputy M. Tadier:
What is J.L.R. for the record?

Head of Digital Economy, Department for the Economy:
Jaguar Land Rover.

Deputy M. Tadier:
Yes, thank you. J.L.R, thank you.

The Minister for Sustainable Economic Development:
I think as well there are 2 elements. There are statutory duties for operators of essential services. So it is a limited set of businesses.

Assistant Minister for Sustainable Economic Development:
Yes.

The Minister for Sustainable Economic Development:
The first element is that they must implement proportionate cyber security measures to the question about resilience that the J.C.S.C. can assess whether they have an appropriate set of cyber security measures for any one organisation. Then, secondly, the other element is reporting when there is a breach to report within 24 hours to the Jersey Cyber Security Centre. That in itself is a point I was making in the past was that is not a big report.

Assistant Minister for Sustainable Economic Development:
No.

The Minister for Sustainable Economic Development:
It can be an email; very simply, an email.

Assistant Minister for Sustainable Economic Development:
That was how I was going to follow up.

The Minister for Sustainable Economic Development:
Yes. They are really light measures in that respect.

Assistant Minister for Sustainable Economic Development:
It would be a high level report, just look out for this, rather than … and then, you have got to do this and this.

Deputy M. Tadier:
Point of fact, is it 24 hours of 48? What is the …

Assistant Minister for Sustainable Economic Development:
It is 24.

Deputy M. Tadier:
Twenty four, okay. That is less than …

Assistant Minister for Sustainable Economic Development:
Which aligns with what happens in the U.K. right now and, as you might expect, a number of organisations in this Island are branches of U.K. organisations already.

The Minister for Sustainable Economic Development:
I think 24 is quite important as well because a notification is something as simple as an email. Just saying: "We have been breached." In itself that notification does not …

Deputy M. Tadier:
It was going to be longer before, was it not? This is a recent change.

Assistant Minister for Sustainable Economic Development:
Yes, originally. Well, the law has been a long time in discussions so in terms of we started with 48 hours and then people just got more comfortable with the whole idea, and the …

Deputy M. Tadier:
But also the U.K. brought it down to 24 hours, is that not right?

Assistant Minister for Sustainable Economic Development:

Yes.

Deputy M. Tadier:
I think we did raise concerns about it being too long so we are pleased to see it come down.

The Minister for Sustainable Economic Development:
As am I, I think. Because otherwise you could have up to 48 hours of …

Deputy M. Tadier:
Wasted time.

The Minister for Sustainable Economic Development:
Yes, and also those attacks spreading to other organisations in Jersey.

Deputy M. Tadier:
Good, thank you. Assistant Minister, thank you for that. We appreciate the update.

Assistant Minister for Sustainable Economic Development:
Thank you, Chair, for accommodating me on limited time. Thank you.

Deputy M. Tadier:
I appreciate you coming. Sorry you cannot stay longer.

Assistant Minister for Sustainable Economic Development:
Thank you.

Deputy M. Tadier:
Minister, can we go back to Blue Islands?

The Minister for Sustainable Economic Development:
Of course.

Deputy M. Tadier:
Did you have any questions at this point? I just wanted to otherwise …

Deputy K.M. Wilson:
Yes, please. Because I just wanted to come back to the issue around the public service obligation, if I could.

The Minister for Sustainable Economic Development:
Yes.

Deputy K.M. Wilson:
Do you still have responsibility for resilience in terms of emergency resilience as the Minister responsible?

The Minister for Sustainable Economic Development:
Do I have responsibility?

Deputy K.M. Wilson:
For emergency resilience.

The Minister for Sustainable Economic Development:
I have responsibility for connectivity and for food supplies in terms of resilience.

Deputy K.M. Wilson:
Okay, but the question still applies then. In terms of the public service obligations around that, and we have not got a P.S.O. (public service obligation) agreement in place with our airline that is likely to supply our food and goods, what is your view on that? Do you think we should have a public service obligation in place?

The Minister for Sustainable Economic Development:
Not really because very little of our food comes via air. I would say 90 per cent ... I do not know the exact figure, but probably more than 90 per cent of our food comes via sea, not via air.

Chief Officer, Department for the Economy:
98 per cent comes via sea.

Deputy K.M. Wilson:
Right, okay.

The Minister for Sustainable Economic Development:
Medical supplies are usually by sea as well, as in medications, things like this. So I do not think there is a supply reason for having a P.S.O. It is also important to note, and I have double checked this, is we do not have the ability to designate a P.S.O., so there is no law under which I could, or anyone else could, designate a public service obligation route by air in Jersey. That is a

consequence of the open skies policy that was adopted, I think, in 2008 or thereabouts. So there is no way for me or anyone to designate a P.S.O. route in Jersey.

Deputy K.M. Wilson:

How would that apply to medical emergency, for example? Would there not be a public service obligation for an airline to step up on that basis?

Chief Officer, Department for the Economy:

No, so emergency evacuations off-Island, there is an air charter service that provides for that. I think in the most extreme cases, or when we have also had bad weather set in that limits otherwise air operations, there are military or coastguard support as well. The key part was routine health transfers to and from Southampton, and ensuring that that is adequate and protected was about having the connectivity. So there was a background concern of a potential airline like easyJet saying ... I think they now service Southampton, not for Jersey but elsewhere, if they commit and say: "Well, we are going to run 3 services a week as easyJet between Southampton and Jersey" that will be really harmful to whoever else is operating Southampton-Jersey, had that been Blue Islands in terms of taking volume traffic away. Where Blue Islands, and now Loganair, provide a really valuable job for us is providing not just the connectivity, but the frequency each day to and from those smaller destinations like Southampton or to Bristol that could not be supported with a much larger aircraft as operated by people like B.A. (British Airways) and easyJet.

Deputy K.M. Wilson:

Okay. So in terms of … and again, it is just about helping us to understand the context of this, so we do not have any public service obligation in place, we do not have a contract in place, but we believe we have got a resilient service to the Island. What gives us confidence, apart from the fact that we have talked about scale and we have talked about connectivity with other islands, what else would give us confidence that the management and the performance of that service to the Island will be appropriately monitored, will not occur any particular risk to the Island? Who will manage the risk around it?

Chief Officer, Department for the Economy:

I think with open skies we know that the routes can be profitable. The routes were profitable for Blue Islands had they not had the issues that they encountered with fleet and the lack of resilience in the supply chain for spare parts and so on. Those were the critical problems that really brought Blue Islands down because it was not necessarily a bad management team and the routes were not the problem either. It was the fact that a very small fleet were not able to carry a significant inventory of spare parts, and the supply chain was incredibly strained for spare parts for that aircraft type. With Loganair you have got an airline with 38 aircraft. A significant proportion of which are narrowed down into 2 or 3 categories of plane types. So they are able to carry a bigger inventory and have more buying power in the supply chain, which helps. But open skies means if the routes are profitable there is an increased likelihood another airline comes into do the routes just as Loganair have come in and were already interested in serving Jersey. I think all of this is the inverse, if I may say, of arguments that have been made about the ferry concession agreement, which effectively is a public service obligation by virtue of the agreement and where we have all of that visibility around financials and scheduling requirements and so on. That is because 98 per cent of the Island's consumption comes in by sea; food, pharmaceuticals, fuel and so on. That is a critical supply chain line and that is why that is managed a very different way. That is why we are not open seas but we are open skies.

Deputy K.M. Wilson:
Does that mean with an open skies policy there is likely to be more competition for routes than rather than sustainability in the routes?

Chief Officer, Department for the Economy:
That is up to the market to determine. We believe the routes are profitable but they are profitable if it is the right airline and the right plane type, and all of those other factors. easyJet have made a good effort at a number of U.K. regional routes with their aircraft being served maybe several times a week, or in some cases, several times a day. They operate a very different model in terms of the cost per seat for them compared to an airline like Blue Islands or Eastern Airways, which recently collapsed, or Loganair.

The Minister for Sustainable Economic Development:
I do not know that easyJet fly to Southampton for any routes.

Deputy K.M. Wilson:
No, they do not.

Chief Officer, Department for the Economy:
I thought they did, yes.

The Minister for Sustainable Economic Development:
I think this is another as well, is it is understanding the different business models with different scales of airlines and easyJet's business model is very different to Loganair's business model, which is again different to Blue Islands' business model. So Loganair has definitely positioned itself as a supplier of regional connectivity, principally to the U.K., a bit to Scandinavia and obviously now, to Paris possibly as well, which they did not do before. That is not in the main an area that we

understand easyJet or other similar airlines are looking at. It is not the type of routes that they want to fly, and so our understanding is that there is not the question of competition from that sector of the air industry.

Deputy K.M. Wilson:
What will Government's role be in that if that competition emerged?

[15:00]

The Minister for Sustainable Economic Development:
It is a really good question. I will be candid, it is the first time I have thought about it, and I think what we would have to do, if an airline like easyJet were to, say, want to do Jersey-Southampton, our policy would be to let it happen but I think we would have to have conversations with easyJet to talk about the importance of the medical supply routes and if they were to be taking revenue from Loganair in this case, to the point where Loganair were thinking of pulling out that we would expect easyJet to be able to put on those sorts of … because we have got to remember we talk about them being medical flights, but they are not dedicated medical flights. They are, and always have been, just regular passenger flights that take medical patients on them, and so this is different to Finist'air for instance, which does the Aurigny route for us, but they do medical flights and medical evacuations specifically for the Île d'Ouessant. We do not have any situation like that. When we need a medical evacuation we have helicopters, rescue services that we call on. So I do not think that in the event where somebody like easyJet came into operate Jersey-Southampton, I think our initial reaction would be to sit down and have the conversation to make sure that they were able - should they end up being the dominant player, possibly the only player on that route - would they be happy taking our medical patients to Southampton Airport. I think the biggest issue, and Richard has touched on it, would be, because of the size of their airplanes, the regularity of the flights - it is a very short route Jersey to Southampton - would they do that 5 times a day? I would suggest it is unlikely and so those are the sorts of conversations we would have to have. But, touch wood, it is not a route that I believe easyJet or other similar British-owned airways, et cetera, have ever shown any interest.

Deputy K.M. Wilson:
Thank you.

Deputy M. Tadier:
Minister, can I ask a question about the current aircraft that are grounded in Jersey? Could you tell us how many Blue Islands aircraft are currently, in your understanding, at Jersey Airport?

The Minister for Sustainable Economic Development:

I have heard that there are 2, but I do not know that. That is only something I have heard.

Deputy M. Tadier:

Any further advances on 2?

Chief Officer, Department for the Economy:

I think it is 2. I think there are 2 on the ground at Guernsey. There should be a fifth one somewhere.

The Minister for Sustainable Economic Development:

I was going to say, there is a fifth plane so it is either going to be one, 3 or 2.

Deputy M. Tadier:

I heard 3 but we will find out. So, those planes are not owned by Blue Islands, are they? They are leased?

The Minister for Sustainable Economic Development:

That is correct.

Deputy M. Tadier:

Do we know who they are leased by?

The Minister for Sustainable Economic Development:

I have no idea. Sorry, leased from?

Deputy M. Tadier:

From, yes.

The Minister for Sustainable Economic Development:

No, I do not know. I am sure we do as in the Government. I am sure Treasury know who the lessor is but I do not.

Deputy M. Tadier:

What do you think the chances are of Ports of Jersey getting all of the money back that they are owed in landing fees? I think the last figure we have was about £3.2 million.

The Minister for Sustainable Economic Development:

Yes. I have no idea what the chances are.

Deputy M. Tadier:

No. Anyone?

Chief Officer, Department for the Economy:

No, Ports of Jersey will submit a claim to liquidators in the usual way and until all of the claims have been staked with liquidators there will be absolutely no idea of what level of potential payout there might be once the liquidators have taken their own fees out of the equation.

Deputy M. Tadier:

What is the relationship in terms of Ministerial oversight of the airport between yourself, as the Minister for Sustainable Economic Development, the Minister for External Relations and the Minister for Treasury and Resources? Do you all have some kind of interaction with the airport authorities?

The Minister for Sustainable Economic Development:

Yes, in different ways.

Deputy M. Tadier:

What do you describe your role as?

The Minister for Sustainable Economic Development:

My role is about very much the operations in terms of the route operations; that side of it. The Minister for External Relations is very much … it is not with the airport directly, it is the regulator. So the Office of the Director … I could not think of the "D". The Director of Civil Aviation, the D.C.A. as we call him, sits under the Minister for External Relations and he regulates the airport and their operations. Then Treasury has the shareholding side of reports.

Deputy M. Tadier:

How are Blue Islands allowed to rack up £3.2 million of unpaid landing fees and port fees?

The Minister for Sustainable Economic Development:

My understanding is that because of the cash flow issues that Blue Islands were having, the decision was made … from the top of my head I could not say whether it was at the instigation of Government or not; I just do not know. But Ports held off charging those fees in order to avoid a catastrophic … when I say "catastrophic" I mean that in terms of financially catastrophic situation around Blue Islands earlier in the year, potentially in a high season.

Deputy M. Tadier:

Do any of you know, in the U.K. there is something called the Civil Aviation Act 1982; section 88(2) of that Act gives the ability for airports to impound aircraft where fees are outstanding and not release them until the fees have been paid? They can ask that money to be paid by the owners of the aircraft even if it is not the operator which owes them money. Do you know if that applies in Jersey, that law? Do we have an equivalent, rather?

The Minister for Sustainable Economic Development:
I was going to say I doubt the law is …

Deputy M. Tadier:
The law does not apply but do we have any …

The Minister for Sustainable Economic Development:
… but I doubt the law itself applies. If we have an equivalent, I imagine it would be in the Ports Incorporation Laws. I do not know whether we have the ability to impound in the way that you talked about, I have not checked the law.

Deputy M. Tadier:
I understand Guernsey does have an equivalent of that law. Does anyone know that? Because there was a headline about ...

Chief Officer, Department for the Economy:
All I know is having read in the media, it said that they were seeking to recover it with legal grounds. I do not know if they have legislation or if it is contractual terms between Guernsey Airport and whoever the airline operators are.

Deputy K.M. Wilson:
We were told that it was taken off the statute in Jersey.

The Minister for Sustainable Economic Development:
It may well have been.

Deputy K.M. Wilson:
Do you know why?

The Minister for Sustainable Economic Development:

If it was, I imagine it was around the incorporation of Ports, which would have been 2012, 2014, that period. So, it would have been then. I imagine that is what would have precipitated if we had that before, and if we do not have that now. I do not personally know whether we do or not.

Chief Officer, Department for the Economy:

Maybe it is slightly crossed-purposes. I understood what had been taken off Jersey's statute book was around the transition to open skies, so previously having protected routes. When Jersey moved to open skies, it was some years later then that the legislation that would have allowed routes to be designated was allowed to lapse. It was repealed.

The Minister for Sustainable Economic Development:

That was about 2012 as well, I think.

Chief Officer, Department for the Economy:

I was not aware there was anything around exercising any sort of lien over an aircraft, or impending aircraft, whether that was revoked in any way or repealed.

Deputy K.M. Wilson:

Have we ever impounded aircraft before, do you know?

Chief Officer, Department for the Economy:

Not that I am aware of. It would be an operational matter for Ports of Jersey.

The Minister for Sustainable Economic Development:

I have not heard of it.

Deputy M. Tadier:

You said that this would be with the liquidator, but the aircraft are not owned by Blue Islands, so there is no point; the aircraft cannot be part of what is being wrapped up in terms of Blue Islands.

Chief Officer, Department for the Economy:

No. The money is owed by Blue Islands to Ports of Jersey. Ports of Jersey will put a claim into the liquidators of Blue Islands for the landing fees that are due.

Deputy M. Tadier:

Do you know if there are negotiations going on currently between Ports of Jersey and the owners of the aircraft to try and recoup money?

Chief Officer, Department for the Economy:

No. Again, that would be a shareholder matter in terms of the financial relationship between Ports of Jersey and Treasury.

Deputy M. Tadier:

Would you not be expected to be informed of that, Minister? Do you know about that?

The Minister for Sustainable Economic Development:

I have heard this morning, indirectly by yourself, Chair, that there is a conversation. But I have only heard that. Again, it is not official information that I have heard.

Deputy M. Tadier:

Would you expect that if the planes are in Jersey, let us say there were 3 of them, and the money is not owed by the owners of the planes, and Jersey does not have any law by which to demand payment, which the money is owed by Blue Islands ultimately, that Ports of Jersey should not be restricting access to those planes, should they?

The Minister for Sustainable Economic Development:

I do not know. I do not have a view. You are going into very legalistic areas, and I do not know the law in these areas. I am not going to give an opinion. I do not know.

Deputy M. Tadier:

Could I ask, have you been briefed not to say anything at this meeting?

The Minister for Sustainable Economic Development:

No. You are talking about an area I do not know anything about the laws around the impounding of planes and liquidation laws in terms of the seizures of assets. I just do not know.

Deputy M. Tadier:

Can I ask about the conditions of use of the Jersey Airport? There is a document called *Conditions of Use of Jersey Airport 2015*. Are you aware of that document?

The Minister for Sustainable Economic Development:

I have not read it, no.

Deputy M. Tadier:

It is in the public domain. Do your officers know about it?

Chief Officer, Department for the Economy:
No.

Deputy M. Tadier:
There is an article in there where it says under 7.2, the lien, that: "Jersey Airport shall be entitled to levy fees in respect of any aircraft or property for storage or otherwise during the period of exercise of the lien. Jersey Airport may further exercise a lien in respect of unpaid charges, costs, fees, or other liabilities." What would your interpretation be of that?

The Minister for Sustainable Economic Development:
Would you repeat it, please?

Deputy M. Tadier:
It says that: "Jersey Airport shall be entitled to levy fees incurred in respect of any aircraft or property for storage or otherwise during the period of exercise of the lien. Jersey Airport may further exercise a lien in respect of unpaid charges, costs, fees, and other liabilities as it sees fit."

The Minister for Sustainable Economic Development:
To me, it sounds like they are saying if you leave an aircraft at Jersey Airport, then charges can be levied against that aircraft. I do not know exactly the definition of a lien, except I think of it as in terms of some sort of bond alone. It sounds to me - though I am not a lawyer and I am not the Minister responsible for recovering monies in any way at all in Jersey - those terms and conditions are saying that if there is some sort of loan, in that case perhaps unpaid fees, then there is a claim over those aircraft.

Deputy M. Tadier:
Do you think the public deserves to have an answer about whether or not Ports of Jersey has a right to be able to get all of its money back from the owner of these aircraft? You are aware I have asked the Minister for Treasury and Resources; I sent her an open email last week with all States Members copied in. I have not had a written response to that yet. Is that an area of concern for you?

The Minister for Sustainable Economic Development:
I think what is most important is that these processes play out first and then afterwards we can understand what the rights and wrongs were.

Deputy M. Tadier:
What processes?

The Minister for Sustainable Economic Development:
In terms of whether it is getting monies back, whether it is going through liquidation processes, all of these processes around Blue Islands' liquidation. I think they need to play out before we start getting into public commentary, because I have a funny feeling public commentary might end up leading to greater adverse effects for the Government of Jersey and the public purse than the lack of public commentary.

Deputy M. Tadier:
Is it not right that Ports of Jersey and Ministers need to know that Ports of Jersey have a legal basis on which to pursue a third party for any money that they might or may not owe. Do you think that is important for public confidence?

The Minister for Sustainable Economic Development:
I think if there is a legal basis, then it is up to Ports of Jersey to exercise that or not. It is their decision.

Deputy M. Tadier:
But if there is not a legal basis, they should not be pretending there is, should they?

The Minister for Sustainable Economic Development:
I do not know that they are pretending whether there is. You are making some accusations to suggest to me, and I am not going to get drawn into accusations on a subject matter that I am not aware of. I know of your email, and that is pretty much all I know about it. I do not know anything else. I cannot respond to you on that.

Deputy M. Tadier:
As a fellow Minister, with the Minister for Treasury and Resources, are you not concerned as somebody with oversights for Ports as well that you want to make sure that they are acting with fire and that we get the right sum of money back for Port of Jersey? So, if it is £3 million, we should be getting that back. If we do not have a right to get anything back from those companies, we should not be asking them for money. Are you concerned that we get the right amount of money back from the right people?

The Minister for Sustainable Economic Development:
I am sure that Ports of Jersey are acting within their legal remit entirely. I have no reason to think that they are acting in any way *ultra vires*. I do not know.

Deputy M. Tadier:

How can you be sure if you do not know what the law is?

The Minister for Sustainable Economic Development:
Because I have no reason to believe that they are acting in an *ultra vires* manner.

Deputy M. Tadier:
Would you do us a favour as a panel and ask, and assure yourself that that is the case and maybe report back to the panel?

The Minister for Sustainable Economic Development:
Or you could ask the Minister for Treasury and Resources yourselves from a Scrutiny perspective.

Deputy M. Tadier:
We have asked her, but she is not responding. So, we are asking you, it is a quarterly hearing. I know you value transparency and due process.

The Minister for Sustainable Economic Development:
Yes. I do, absolutely. But this is just an area that is not my responsibility.

Deputy M. Tadier:
But are you keen to make sure that there is due process followed?

The Minister for Sustainable Economic Development:
I have no reason to believe that due process is not being followed.

Deputy M. Tadier:
You have no reason to believe it is being followed.

The Minister for Sustainable Economic Development:
Yes. I do not know much about this area.

Deputy M. Tadier:
Would you maybe make your own inquiries too?

The Minister for Sustainable Economic Development:
I can make my own inquiries.

Deputy M. Tadier:

Would you do that?

The Minister for Sustainable Economic Development:
I can do.

Deputy M. Tadier:
Would you?

The Minister for Sustainable Economic Development:
I can do.

Deputy M. Tadier:
Will you do it?

The Minister for Sustainable Economic Development:
I can do, yes.

Deputy M. Tadier:
Will you do it, Minister?

The Minister for Sustainable Economic Development:
Yes. I can do.

Deputy M. Tadier:
But will you do it and report back to us?

The Minister for Sustainable Economic Development:
I will see. I do not know. I will find out.

Deputy M.B. Andrews:
When were you made aware of the Ports of Jersey waiving the fees?

The Minister for Sustainable Economic Development:
I could not tell you. I have known for some time, but I could not tell you when.

Deputy M.B. Andrews:
So, before your meeting in June, you are aware of ...

The Minister for Sustainable Economic Development:
I definitely knew at that meeting in June. I could not say whether it was before. I genuinely could not say, but I know at that meeting in June I was definitely made aware of that.

Deputy M.B. Andrews:
Do you agree with the decision that Ports of Jersey made in terms of waiving the fees of Condor as well as Blue Islands?

The Minister for Sustainable Economic Development:
I do. "Condor" did you say?

Deputy M.B. Andrews:
Yes.

The Minister for Sustainable Economic Development:
I do think that Ports of Jersey have played a very good role over the years in many different ways of helping the Government of Jersey maintain connectivity. I do think that one of the ways they do that sometimes is backing away from fees where an important provider of connectivity to the islands needs that help. I think that is an appropriate way to operate. It does not help Ports of Jersey, obviously, because it affects their financial situation. But that is kind of part of that Team Jersey idea, that sometimes we need to pull together to ensure that events go as well for Jersey.

Chief Officer, Department for the Economy:
I think it is worth noting there, Deputy Andrews, that at the time of Condor's issues and deferral of port fees that Ports of Jersey agreed to, they agreed to that on a goodwill and good faith basis. Certain other ports took measures to take security over Condor's vessels that would have seen those vessels being impounded at a moment's notice in other ports and therefore denying us our supply chain.

[15:15]

So, in that context, Ports of Jersey acted responsibly in the wider interests of the Island, and you have no reason to doubt they would be doing any different now.

The Minister for Sustainable Economic Development:
"Wider interest of the Island" is a much better way of saying "Team Jersey." It is a much more eloquent way of saying it.

Deputy M.B. Andrews:

But obviously the Ports of Jersey are an arm's length organisation.

The Minister for Sustainable Economic Development:

Yes. A States-owned entity.

Deputy M.B. Andrews:

Yes. But do you feel that such decisions where you are looking at Ports of Jersey deciding to waive the fees should be directly reported to you as soon practicable? Do you also feel that they should maybe consult with you before they then come to a decision to do that?

The Minister for Sustainable Economic Development:

Good question. Again, I am the wrong Minister on this. The appropriate Minister mainly for that is the Minister for Treasury and Resources, because ultimately, as I said, the impact on Ports is their financial performance. That is definitely the domain of the Minister for Treasury and Resources. From my perspective as Minister for Sustainable Economic Development, I think there is that conversation to be had about: "Minister, is this airline or is this sea line critical? Do we need them? We know they are in trouble. Would it help if we lifted their fees for the moment and just backed off away from their fees?" I think that is the appropriate question to be asking the Minister for Sustainable Economic Development. The financial impact side of it needs to be determined by the Minister for Treasury and Resources.

Deputy K.M. Wilson:

Can I just ask one final question about the assets that are on the runway at the airport. Given that you have oversight of Ports of Jersey, what would your expectation be about how they should deal with those assets, and the disposal of those assets?

The Minister for Sustainable Economic Development:

As I am going to, and it is not me being awkward, I promise, this is not an area I have been briefed on. I do not know under *vires* those assets are at the airport. I do not know if it is voluntary, if it is impounded. I do not think it is impounded, but I cannot be 100 per cent sure. So, they are there. I think it is appropriate for Ports of Jersey to see if they can get payment to some extent for those aircraft. If it is appropriate to get it from the owners of the aircraft, because that is where the terms and conditions and possibly even a contract between Blue Islands and that owner of the aircraft may even stipulate it. Ports of Jersey have a right, and it is appropriate for them to look at ways that they can recover fees. If the aircraft play a part of that, then I think it is appropriate.

Deputy K.M. Wilson:

Would you expect a full cost recovery?

The Minister for Sustainable Economic Development:
That is an impossible question to answer, because, in fact, I would expect the opposite. If I had to say where the greater probability is, I would say it is on not a full cost recovery, and that is just from my ... not experience personally, but reading in the media over many, many years, in any liquidation scenario, I think 99.9 per cent of the time you do not get 100 per cent of your money back. So, I would doubt that in this liquidation scenario there is any way that Ports could get 100 per cent of their money back. But that is from experience rather than any knowledge of this specific issue.

Deputy K.M. Wilson:
What sort of briefing will you seek from Ports of Jersey about this situation? What would be the content of that briefing that you would expect?

The Minister for Sustainable Economic Development:
I think it is appropriate now I am more aware of the situation. I think it is appropriate that I do undertake, but I think it is more appropriate for the Minister for Treasury and Resources because it is definitely the financial side of it, to understand what the situation is with regard to assets that are at the airport and Ports's understanding of them.

Chief Officer, Department for the Economy:
The directors of Ports of Jersey, as a limited company, have a fiduciary responsibility to act in the best interests of the company and its stakeholders, including the shareholder. In that regard, I am sure they will be pursuing any debts that are owing through the right channels, and legitimately. There is legal recourse on both sides to be able to achieve that outcome in a fair and equitable way. So, going to the Minister's early point, I think that is best left to the contractual parties to resolve that as appropriate as to whether there is a legal claim or not. I think speculating on what may or may not be a valid legal claim is something we probably should not do at this stage or in this forum.

Deputy K.M. Wilson:
Do we know how long the process will take at all? Have you a sense of how long it is going to take?

Chief Officer, Department for the Economy:
My understanding is that send claims to the liquidators. I think there is a closing date later in December for claims to be staked with the liquidator, and then they will have to work through the affairs of the company to see what realisable value there is and then see what distributions, if any, are available to be made.

Deputy M. Tadier:

Do you accept that while it might not be ... in your words I think, we should not speculate as to the validity of the claim, it is entirely reasonable for Scrutiny to ask what legal framework exists under law and under conditions of use of the airport for this kind of scenario? That is entirely a valid question.

Chief Officer, Department for the Economy:

Yes. We are not speculating on the outcome is the point that I am making, and the parties have a legal right to seek redress.

Deputy M. Tadier:

But do you accept, for public administration purposes, it is important that we know, and the public knows, what law exists in Jersey and what conditions of use of Jersey ...

Chief Officer, Department for the Economy:

I think you have already referenced an airport ... those conditions or documents. So, that is available for the public to view.

The Minister for Sustainable Economic Development:

What I would say is if there is an ongoing negotiation, us speculating about the kind of ins and outs of a negotiation that we are not party to at the moment, and the legal *vires*, lack of legal *vires*, I do not think that is helpful to any negotiations, because none of us are party to that.

Deputy M. Tadier:

I did not start speculating until I did not get an answer about a basic legal question. That could have been answered at any time, and it has not been answered.

The Minister for Sustainable Economic Development:

In my case, I do not answer it because I am ignorant of it.

Deputy M. Tadier:

We are going to move on to a new section, so thanks for your questions and your answers on that one. What we would like to do for the remaining time, which I know is limited, is really move on to the export strategy. It is not something we have talked a lot about in the past. Minister, could you talk us through how you are progressing with the 6 strategic themes contained in the export strategy? Perhaps list them for us.

The Minister for Sustainable Economic Development:

I do not know if I would be able to list them all for you off the top of my head.

Deputy M. Tadier:
I can talk you through, just so it is for the public really. We have got data; export support; raising the profile, of export presumably; connectivity; France and Europe; and international engagement. Do any of those inspire you?

The Minister for Sustainable Economic Development:
I think they all inspire me. They are exactly the sort of thing that I would love to see Jersey doing a lot more of. Jersey has a huge export market because of the financial services industry, and also tourism, which is effectively an export market. One of the things that has happened over the course of my lifetime is that the kind of goods and that side of exports has diminished. That is also because of the lopsided nature of our economy. But that is changing, and I am really pleased to see that now, and this was not the case 15, 20 years ago. But now the non-financial services side of the economy makes up 60 per cent of the Island's economy, and that has grown from about 50 per cent 20 years ago. It is now 60 per cent. It is really important both for a variety of careers in the Island, because not everyone wants to sit and work in an office, but also the resilience of the Island that we do have an export, and strengthen our export industries. Jersey has always thrived on exports. As a tiny Island, that is where our economic gain has always been. I think it is important. One of the stats that I did check before coming in here was outside of financial services, 2023, we had £113 million worth of exports. In 2024, we had £161 million. That is an increase of £48 million in exports. That is a significant increase.

Deputy M. Tadier:
What was the time of the gap there?

The Minister for Sustainable Economic Development:
£113 million in 2023. £161 million in 2024. It is worth it. It is appendix B to the G.V.A. (gross value added) stats. It is the Annual Business Survey that that information comes from.

Deputy M. Tadier:
Just so we know what we are talking about, if we put services aside, not because they are not important ...

The Minister for Sustainable Economic Development:
These are goods that I was talking about.

Deputy M. Tadier:

These are talking about goods. What do we export in Jersey in terms of the headlines?

The Minister for Sustainable Economic Development:

Our biggest headline exports would be potatoes; that is about £40 million a year on its own. But we also export significant amount of dairy products and they are going worldwide now and increasing significantly. We also have other elements, and this is where the frustration of our statistics labelling. I can see that £20 million in 2024 came from the export construction, mining and quarrying. So, that could be stone. I would love to know more about it. £29 million came from wholesale, retail, repair of motor vehicles and motorcycles. It is frustrating that the labels used by statistics are not clearer. Those are the main ones. Manufacturing had £36 million. There are various manufacturing businesses that are growing in Jersey as well, which I think is really interesting.

Deputy K.M. Wilson:

In what areas? What are we producing?

The Minister for Sustainable Economic Development:

One of them that I spoke to recently was in the energy area, and they were creating both solar panels and also underfloor heating, which can be manufactured here and exported. We also have areas, and it is still small, but we also have the export potential of both medicinal cannabis industry, which has been exporting all year, and also that biopharmaceuticals element, which is somewhere which we can grow over time. But at the moment, the non-cannabis side of that, the exports are negligible, but would hopefully grow in time.

Deputy M. Tadier:

You have given us the recent growth. I think it is pretty impressive growth from 2023 to 2024, that seems to be much more than inflationary. If we go back to pre-2012 when L.V.C.R. (Low Value Consignment Relief) ruling came in, how do the stats compare to that time period?

The Minister for Sustainable Economic Development:

I have to profess, I have not checked out the pre-2012 period. I would really be pleased to. More candid in what I decide to go off, and report back to you on that one.

Deputy M. Tadier:

Presumably those were the golden days in the modern sense when we could export carnations, but also there was that loophole of the DVDs, which of course is obsolete as a format now, I suppose, anyway. But it is becoming increasingly difficult for people, certainly, and maybe businesses to export, to post out. Is that an area of concern?

The Minister for Sustainable Economic Development:
L.V.C.R. in itself was an import/export business. You are importing the DVDs and then selling them out. In that sense, I say it has got less value. It was very valuable at the time, there is no question. But on-Island production, whether that is through growing or through manufacturing and then selling out is preferable. I do not know whether that is just me having a sense that producing on-Island is a good thing, or whether economically it is preferable, I could not be sure. But I think we are now in a situation where rather than just import/export, what we are doing is more production in Jersey and then exporting of that production. It has been led by the agriculture sector, there is no question.

Deputy K.M. Wilson:
When you talked about some of the areas where there has been growth, how is that translating into things like building up the skill space in Jersey, and where is your connection with that agenda?

The Minister for Sustainable Economic Development:
I really am committed, and I hope the next Minister for Sustainable Economic Development is the same. I just think we do need to diversify the number of ultimately career opportunities in Jersey through diversification of the economy. It makes for a more rounded society, and it gives opportunities to people in areas ... the more opportunities we can create, the more likely people are to stay here. One of the biggest drivers for people leaving the Island, when young people leaving the Island, is careers that they cannot fulfil in Jersey, therefore they can fulfil elsewhere. So, just the diversification of the economy, I see as a good. I think manufacturing and export plays a dual role as well, because it also puts us on the map in the way that the tiny islands might not be on the map. There is an economic benefit, but I think there are really clear social benefits to this kind of export, and production and export is genuinely something that it makes you proud. I cannot think of an area which produces something which is not proud of what it produces. Jersey, we are very proud of our agricultural produce, but there are many other things we can be proud of. The fact that we are now going into more technical manufacturing and things like this, and seeing, like I said, this underfloor heating, things like that, I think is something that Islanders will grow over time to be more and more proud of as well.

Deputy K.M. Wilson:
Do you think, from an economic development point of view, that the diversification will retain young people in the Island, and do you think we are creating the right economic conditions to support young people to develop skills and capability in the Island?

The Minister for Sustainable Economic Development:
I do. I really strongly do.

Deputy K.M. Wilson:

Where do you see that to most effect?

[15:30]

The Minister for Sustainable Economic Development:

It is really interesting. I will come back to agriculture; I have seen it hugely in agriculture, where we now have smallholders, who tend to be younger, not all, it depends what you mean by young, but they tend to be younger. We have seen 60 new smallholders set up in agriculture. You can always feel the relief for some of the people who have gone into there that they now have a route into agriculture through this smallholder route. Whereas previously the idea you get together £8 million to buy a farm and become a commercial farmer, it was not a career opportunity. Now we have a way of those smallholders becoming commercial farmers. So, there is a route into agriculture which just was not there 3 or 4 years ago. But we also see it in other areas. We have so many good artisans in Jersey. The Christmas market just outside here, you see some of the quality of the work that is there and the ability to take that perhaps from a job that you are doing outside of your day-to-day 9-to-5 job and turn that into your career, I think that is really fulfilling. I just think for young Islanders who grow up and feel that there are not many opportunities in Jersey, to feel that there are opportunities which speak more to their personal skillsets, is just so much more likely to keep them here and make them think, even if they go, because I am a big proponent of go and experience the world, but please come back. I do go from personal experience, in my 20s what was I looking at? I was looking at not being in Jersey because it felt like the career opportunities were not in Jersey.

Deputy K.M. Wilson:

Do you think that some of the capability that you have developed in the form of loans and funds has targeted that particular group of people? Or do you think maybe something needs to change around that? For example, Better Business; how do you think that is tackled?

The Minister for Sustainable Economic Development:

I think the Better Business Support Package helped businesses as a whole. It has not helped entrepreneurialism directly because it is not targeted at the entrepreneurial. You have to be an existing business effectively to tap into it. But there is the skills and apprenticeship money. There is £1 million there of skills and apprenticeships. I have to say I am disappointed that it has not been taken up more clearly by businesses in Jersey, and there may be reasons, and over the next month or 2, I want to try to understand the reasons why it has not been taken up, because there is a pot of £1 million to upskill Islanders of all ages, apprentices would be younger, but then the other side of the pot is for all ages, all parts of their careers. I would like to see employers training their staff. We have a pot of £1 million to increase that training. I would like to see it being used more than it is at the moment.

Deputy K.M. Wilson:
Would that stimulate an export kind of philosophy, or do you think that is about sustaining in-Island's position around day-to-day delivery?

The Minister for Sustainable Economic Development:
The way it is set up at the moment is more around the day-to-day upskilling of yourself; one of the reasons why the skills part of the £1 million was very much aimed at enabling individuals to say that they wanted to do something through their businesses. They can then encourage their business to take that money on and train them into different parts of their business. I do not think it speaks directly to exports, but, again, the apprenticeship side of it may well do. If you are a manufacturer and you were looking to train somebody up because you want to expand your production base to be able to export then this can help you.

Deputy M. Tadier:
I think we have moved on from the export strategy to the wider economy and apprenticeships, which is fine. You have talked to us about a lot of aspiration there, but what are your targets and measurables for the creation of new jobs in any of those diversified industries?

The Minister for Sustainable Economic Development:
Genuinely, we do not have actual numbers that we would like to see, and I think it is because we are starting from such a low base that we are looking to see just increases. We do not have actual individual targets.

Deputy M. Tadier:
Are there any industries that you are targeting, like we would like to see growth of jobs in those areas?

The Minister for Sustainable Economic Development:
We would like to see growth in agriculture. I would like to see it in the manufacturing as well. Tourism is definitely an area that I would like to see, and tourism, while it takes place here in Jersey, is an export market because the money comes in from outside.

Deputy M. Tadier:
So, if we take agriculture, how do we square the circle of the industries with very tight margins? They tend to rely on imported labour, probably minimum wage or thereabouts and often

accommodation, which is on-site. How do we make that attractive to a wider workforce, including younger people and locals perhaps?

The Minister for Sustainable Economic Development:
So, you are saying outside of agriculture?

Deputy M. Tadier:
No. I am saying in agriculture. In fact, the drive is often the other way around. Agriculture might want fewer workers but more productivity in automation.

The Minister for Sustainable Economic Development:
It has done. One of the big productivity success stories of the last 10 years has been the agriculture sector. Its productivity has increased enormously. One of those reasons is, as a result of that, because it is mechanising and automating in many different areas, it does have less of a need for workers in the field, per se, and very much has very clear roles for management of farms and farm managing. So, there are absolutely career paths where people who perhaps do not want to stand ... an Islander goes to school in Jersey comes up, we have to put our hands up. I did not want to pick produce in the fields day after day after day when I grew up. I think it is true that lots of Islanders do not see that as their future. But there are now roots into agriculture, which are more at the management level of agriculture, and Farm Jersey definitely helps people there, and through the Cultivate programme helps people understand the options available to them in agriculture.

Deputy K.M. Wilson:
It was really just about how do you think the economy is doing. Have you done any surveys which compares the beginning of your tenure to the position now?

The Minister for Sustainable Economic Development:
It is amazing how words change the way people think. I am often thought of as the person with the economy. I am Jersey’s person for the economy, the Minister for the economy. I am not. There are 2 of us principally, and if you count the Minister for Treasury and Resources, there are 3. But there is Deputy Gorst who looks after financial services, and then what is called the local economy, which is effectively everything outside of financial services, that is the area I focus on. The financial services industry is the reason we are a wealthy Island today, in the way that we are today. We have got a huge amount to be grateful for. But one of the issues around the financial services industry is that a lot of its profits come through the interest rate mechanism. Those interest rates are set by the U.K., the Bank of England, elsewhere. We knew during COVID and after that when we had zero per cent interest rates, we knew that the moment interest rates went up, which was out of our control, it is done by the Bank of England, that you would suddenly see a massive boost to

the productivity and the economic growth of the financial services sector. But equally, those interest rates, as easy as they can be put up, they can be slashed, and then you will see a sudden downturn in the financial services sector. Nothing to do with Jersey at all. It is just a product of the way that industry works. I set out in 2022 and said that I wanted to grow the rest of the economy to enable us to have a more resilient economy and to be able to see growth outside of this interest rate element, and we have. It is slow. I do not think people ever understand just how slow it is to change things in an economy, but it does take a long time. I was really pleased in the G.V.A. statistics from this year's economic report in October that the non-financial services sector part of the economy, so everything that I take responsibility for, has grown by 3.3 per cent, which is a really significant amount of growth from 2024 over 2023. That was a really significant amount of growth in a mature and developed economy. If you are getting 2 per cent, you are doing pretty well, but 3.3 per cent was genuinely good. That is because we turned around agriculture. It is because we are seeing growth in the manufacturing. Construction did quite well in 2024 as well. So, there are various areas, and from my perspective, to your question, that was one of the most pleasing things that I have seen was the 3.3 per cent increase in the local non-financial services side of the economy, because that was significant growth, and that is 60 per cent of our economy.

Deputy K.M. Wilson:

Do you think that is sustainable still?

The Minister for Sustainable Economic Development:

Yes, I do. I genuinely think that we have a huge amount of work to do on the productivity front. The Future Economy Programme is set up to increase productivity. The Better Business Support Package has played an important role in stimulating investment. That has been one of the most pleasing things to see as well. It is a shame that Government has had to trigger it, but the Chief Economist said it a couple of years ago, Jersey has a very low rate of business reinvestment. That is a problem and it is something that we need to change. So, if Government has to do something like the Better Business Support Package to try to change that narrative and try to change that way of thinking, then it is the appropriate thing to do. The fact that we have seen more money, rather than just be matched 50:50, we have seen it kind of 33:66 in terms of the amount of money the Government has put in and the amount of money that the private sector's put in, it is two-thirds, one-third, so it has exceeded our expectations in being matched by private sector funding.

Deputy K.M. Wilson:

The forecast for next year?

The Minister for Sustainable Economic Development:

I do not think we have a forecast for next year, but I would hope to see at least the same levels of investment. I also think it is quite important, a lot of that investment has gone to I.T. (information technology), so businesses spending it on I.T. systems. A lot of it they are all capital programmes in terms of building that side of things. We know that the construction sector, so £1 that Government has had matched becomes £2. That £2, if it goes to the construction sector, becomes £16, because the construction sector has got one of the best multiplier effects of all industries in Jersey. I think it is 8:1, so £1 in, £8 out. We are seeing that that £2 million that Government has put in, it became 2.8 in the end, is being circulated in the economy to a great impact. Government has also done a ban, if you remember, on consultancy services. That did, I believe, have an impact on I.T. consultancies particularly. It is not an intention of the policy, but where perhaps some spend has been withdrawn through Government withdrawing its spend, the investment that businesses are now by buying new I.T. systems and that sort of thing, which has been triggered by Government, but not entirely financed by Government, has helped full that retreat of Government from that sector, or replaced the Government's involvement in that sector.

Deputy M. Tadier:
Thank you, Minister. Any further points that you would like to tell us?

The Minister for Sustainable Economic Development:
No. Just to reiterate, because I think it is under-noticed that the non-financial services side of the economy grew quite significantly last year.

Deputy M. Tadier:
I thought you were going to tell us that you were doing a great job.

The Minister for Sustainable Economic Development:
I would never say that.

Deputy M. Tadier:
Minister and your team, thank you for coming in today, and obviously thanks to Deputy Scott, who has left now, but we appreciate your time and we will see you next week for a busy week.

The Minister for Sustainable Economic Development:
I think you will see me in about 3 minutes.

Deputy M. Tadier:
Do not tell anyone, that is a secret.

[15:42]