



OFFICIAL REPORT

OF THE

STATES OF GUERNSEY

SCRUTINY MANAGEMENT

COMMITTEE

Committee *for* Economic Development
Public Hearing

HANSARD

Guernsey, Wednesday, 13th September 2023

No. 4/2023

*Further information relating to the Scrutiny Management Committee
can be found on the official States of Guernsey website at www.gov.gg/scrutiny*

Members Present:

Panel Chair: Deputy Yvonne Burford – President
Deputy Simon Fairclough – Vice-President
Deputy John Dyke – Member, Scrutiny Management Committee
Deputy Adrian Gabriel – States’ Member

Mr Mark Huntington – Principal Scrutiny Officer

Business transacted

Procedural – Remit of the Committee	3
EVIDENCE OF Deputy Neil Inder, President, Committee <i>for</i> Economic Development; Deputy Sasha Kazantseva-Miller, Member, Committee <i>for</i> Economic Development; Deputy Nick Moakes, Member, Committee <i>for</i> Economic Development	3
<i>The Committee adjourned at 3.36 p.m. and resumed at 3.44 p.m.</i>	20
<i>The Committee adjourned at 4.30 p.m.</i>	31

Scrutiny Management Committee

Committee *for* Economic Development Public Hearing

*The Committee met at 2.30 p.m.
in Castel Douzaine Room*

[DEPUTY BURFORD *in the Chair*]

Procedural – Remit of the Committee

The Chair (Deputy Burford): Good afternoon, welcome everybody to this Scrutiny Management Committee public hearing session with the Committee *for* Economic Development. Today we will be focusing on items in the Government Work Plan, which are the responsibility of the Committee, together with more broad items in the Committee's mandate.

5 I am Deputy Yvonne Burford and with me on the panel today I have Deputy Simon Fairclough, Deputy John Dyke, Deputy Adrian Gabriel and Mr Mark Huntington, who is the Principal Officer of the Committee. Following this session, we will decide if any further action is needed and there will be a transcript published in due course on the Scrutiny Management Committee's website. Could everyone please be aware that this hearing is being live streamed. We will take a short comfort
10 break at around about 3.30 p.m., for five minutes.

So if I could just now ask you to introduce yourselves please, perhaps starting with Deputy Moakes.

EVIDENCE OF

**Deputy Neil Inder, President, Committee *for* Economic Development;
Deputy Sasha Kazantseva-Miller, Member, Committee *for* Economic Development;
Deputy Nick Moakes, Member, Committee *for* Economic Development;**

Deputy Moakes: Good afternoon. My name is Nick Moakes.

15 **Deputy Inder:** I am Neil Inder, President of Economic Development.

Deputy Kazantseva-Miller: Deputy Sasha Kazantseva-Miller.

20 **The Chair:** Okay, we are going to start off today with questions on air and sea links. I think that is quite topical. Deputy Inder, on 17th March it was reported that services provided by Condor Ferries were only guaranteed for the next two years, until March 2025. It was pointed out this was despite the States' financial investment in the purchase of an additional, traditional-style ferry for Condor. The article stated that talks were underway about services beyond 2025, however there

25 remained uncertainty about the future of Condor services. How close is Guernsey to having a legal operating agreement signed with Condor?

30 **Deputy Inder:** I think I mentioned this in my last statement and I was questioned on that at the end. Some things are of a commercial sensitivity and nature. I think I also mentioned in the statement back in March that the MoU for Jersey runs out in 2025. In an ideal situation, we would not have overlapping MoUs like we have now. I also mentioned ramp licensing as well. I can assure the Committee that the Island is in constant communication with Condor on this significant matter and also with Jersey as well.

35 **The Chair:** Okay, because of course we have an MoU and they in fact have a legal agreement, don't they?

Deputy Inder: That is correct.

40 **The Chair:** Yes. Because this negotiation, really, has been going on in various ways, certainly since the start of this political term. I know Scrutiny had discussions with the Policy & Resources Committee early on in the term. Indeed, when we were considering reviewing air and sea links in particular and apparently negotiations were at a stage then where that precluded us doing that. Here we are, three years on, and we are still negotiating. Do you have any confidence that we are going to get to a beneficial agreement in time?

45 **Deputy Inder:** Certainly on the Guernsey side, and I cannot speak for Jersey, we are certainly negotiating in good faith. We know that we have got the ramp licences, which is a piece of legislation, which would hopefully be part of that agreement. On the matter of the purchase of the boat, you will understand that we were not members of the CCA, so we will not entirely understand the rationale for that, so it is quite difficult to connect our negotiations as Members of Economic Development with the purchase of that boat, because I genuinely do not know why that boat was purchased. I could guess my way through it but I would rather not.

50 But to answer your question, I know that our Committee is acting in good faith. In an ideal situation, any future agreement would effectively match Condor's desire, it would sort out the overlaps as well and we would get, effectively, a bilateral agreement. Whether that happens or not, right now I would not guarantee it entirely. But do not read into that because it takes two to negotiate and two to agree.

60 **The Chair:** Okay. Is the principal difficulty with Condor or with Jersey?

65 **Deputy Inder:** I know that we are acting in good faith and I know our Committee would, in an ideal situation, like to get a bilateral agreement between the two Islands. Until we get a point that there is ink on paper we will not know the end result. From what I have seen so far, Jersey, talking to Mr Morel, my opposite in Jersey, by all accounts they are equally acting in good faith.

70 But I have not personally had a meeting with them in the last two or three months on the matter. So that is all background. It might be helpful in this regard – because Deputy Kazantseva-Miller, or Deputy Moakes have not – it might be helpful for Mr Wakelin, one of our officers, to fat out some of that in some way to give you a little bit more detailed information from actual negotiations, so I am happy to hand over to him.

The Chair: Please do, thank you.

Mr Wakelin: Yes, thanks Deputy Inder.

75 There have been a number of recent meetings that have involved Deputy Morel and Jersey Ports, as well as the States of Jersey. They have also been with Members of the Policy & Resources Committee, representatives of the Ports and officers as well. I think there is progress being made. Deputy Inder is right.

80 What we are trying to do is find a way that puts all three parties in the same position so, at the moment, as you have rightly said, Deputy Burford, there is an operating agreement and an aligned MoU. I think the idea is that we can all get ourselves into the same place so that everybody has got an equal understanding, an equal access to services and the discussions that would be around that.

85 Clearly the main driver for, hopefully, the operating agreement to be finalised, is potentially around investment and investment in the future fleet as well. It is a really important part of the agreement and I think that is where we are having the discussions at the moment.

The Chair: So, when you say investment in the future fleet, that is further investment beyond the purchase of the ferry that has already been bought?

90 **Mr Wakelin:** This would be about the commercial investment in the fleet in order to deliver services, yes.

The Chair: Thank you.

95 And as time ticks away, do you think that the parties are going to be more inclined to try and bring something together as we approach the deadline of the end of the agreements?

100 **Mr Wakelin:** Yes, I think there has definitely been more, as a deadline looms, it accelerates conversation. It certainly feels like it is heading towards a place where there is going to be hopefully an agreement in principle. Clearly that is for political leads in the discussions and for Condor and its board to come to in due course.

The Chair: Okay, thank you.

105 **Deputy Inder:** Deputy Burford, if you do not mind, I notice that you mentioned about the investment in the fleet. I think in any commercial contract, if we are going to give a commercial entity, effectively 'soleness' to be perfectly frank with you, on our various routes, it does not necessarily mean we will be doing the investment, we need to be assured that they are investing in their own fleet. I hope that clarifies that, I might have heard something you did not say but I just thought I would clarify that.

110 **The Chair:** Yes, indeed. Thank you for the clarification.

In your March statement you said the additional roll-on, roll-off ferry:

... is to be welcomed to increase resilience and it reflects the ability of Condor fleet, which is clearly beneficial to our community as a whole and I look forward to learning more about Condor's plans for a new vessel and the positive impact I am sure it will have on the schedules in due course.

115 We read in the *Press* of changes over the winter period; is your Committee content with the level of service provided to Guernsey by Condor Ferries in their recently released winter timetable?

120 **Deputy Inder:** Not overly, but we only found out probably at the same time, as a Committee, as you did. We saw it on the front page of the *Press* yesterday. I have spoken to the chief officer of the firm and have expressed my concern that us having an, I thought, very good working relationship, it would have been fairly reasonable for him to have spoken to us beforehand because we had built, I thought, a reasonable relationship. So it came as a surprise that that was released.

But as a consequence of that, I will be meeting him next week. Having said that, I am fairly sure what some of the argument will be and you have to accept that when you have got a mixed fleet

or any fleet, they certainly need to go into dry dock and need scheduled maintenance. That is a statement of fact.

125 We know that the Islander came in as, effectively, a bare ship. We know that she is in dry dock at the moment. We know that there is a substantial amount of money being turned into the accommodation section itself, for the recent venture, so that boat will be out of action and it will come in November 1st.

130 But to answer your question about the scheduling, strangely enough the scheduling for next year is actually earlier than normal but it might not be the schedule that we want. But it sounds like Deputy Kazantseva-Miller might also have a view on that, so I will turn to her.

Deputy Kazantseva-Miller: I think it is worth mentioning, there are a couple of items there. There is no Liberation service to the UK in November/December, and that is driven by maintenance requirements. Obviously boats need to be maintained. And the other fact is that St Malo is closed in January and February so there is a restriction to where you can go to. So all the sailings will be via Cherbourg. So clearly there are those external factors that are beyond Condor's and our influence that need to be taken into account.

140 **The Chair:** Okay, thank you.

Deputy Inder: Can I just say, probably, if I may add to that, even though there is an initial reaction, what we do know is conventional ferries will go through the Channel. It is almost certainly, even though we have got high speed ferries, it will only go on the right day and with its current limitations – and this is only my personal view – if I am booking a ferry in the winter months, I know what will go and I know what I am not sure will go.

The Chair: Thank you.

150 In your view, how will the new ferry impact positively on the local economy? Do you think we will see benefits in the economy from it?

Deputy Inder: It entirely depends. We do know that the Clipper and the Goodwill will eventually come to an end of life and I think it is something I really need to pursue with Mr Napton when I meet him next week. We speak about the extra capacity, we can see that they are clearly investing in their fleet, which is actually good news. But I think what we do need to draw out, what is this really about? Are you actually adding something to your fleet or is the real plan, in two years' time, to sell off one of the boats and head towards conventional ferries. I would like to dig that out in that meeting we have next week and find out what really the long-term plan is.

160 **The Chair:** So, when you say one of the boats, and then head towards conventional ferries, do you mean the Liberation in that case?

Deputy Inder: Yes, either of them, yes.

165 **The Chair:** Okay.

Moving onto air links, what benefit has the air policy framework delivered this term?

Deputy Inder: I have got notes on the air policy framework, you will have to excuse me. Right, there were three areas, there was the route development plan, which was part of their policy framework, was the development of an international hub. The other one was to develop European destinations and UK regional.

170 It probably needs to go back to the States again, for another discussion on it but in terms of the development of an international hub, you will have heard also, in one of my statements, that I mentioned a Paris link. Quite clearly, if we end up in Charles de Gaulle, which is subject to that being

175 agreed by the States, because it is part of the Government Work Plan, it does not come out of our cash limit it is part of the Government Work Plan and we have got something up to half a million pounds over the life of the Government Work Plan to look at an international destination. That would basically tick off the international hub because, quite clearly, going into Paris, Charles de Gaulle is an international hub.

180 It also ticks off priority two, which is a European destination, and in terms of UK regional, we have made some efforts. I think we gave some funding to, I think it was, British Airways over the COVID period, to Edinburgh. We did not think it was going to last, to be perfectly frank with you. We tried to encourage them again, to carry on that route, but it did not really happen. There was not much interest in it.

185 If there was, with a small 'f', failing the UK regional, in my view, has not necessarily gone as well as it might have done. But I do wonder if we look at the map of how we are served, we are quite well served, going to UK. There is no two ways about it, if you look at just the Aurigny map alone, we land practically everywhere, in my view. Just on that. I do not want to dominate it and I did say there are always nuances. I do not know if any other Members have a particular view on that response? No? Okay.

The Chair: I was going to pick up on the Paris link because I think that is very interesting, obviously. We have had Paris links in the past, in smaller aircraft. So you are seeking funding from the Government Work Plan for the Paris link, in particular. In that case you are going to have to wait for the vote in the States. (**Deputy Inder:** That is right.) If it does go ahead, can you give any indication of the likely frequency and operation of these flights and the length of time for which the subsidy will be in effect?

Deputy Inder: I can. We have been approached. It is still confidential. They gave us a general view of what is likely to happen. I cannot tell you it is going to be one o'clock on a Thursday, coming back at four o'clock on a Friday afternoon. But effectively, to answer your question, it is a twice-weekly service, starting from March 2024. It is a three-year trial, it will land to Charles de Gaulle, as I explained earlier, but ultimately it is a bid through the Government Work Plan. If it does not get through the Government Work Plan, it will not happen.

The Chair: Thank you.
Deputy Gabriel.

Deputy Gabriel: Thank you, Deputy Inder.

210 Moving a little more closer to home, in a speech very early this term, you said Alderney is a 'great blank canvas' and 'I do not know why it has not got better than that because there is something not quite right going on there' and 'I would like to get to the bottom of it' and 'I will help Alderney' So what has your Committee been able to do to help Alderney in the last three years so you can build on that statement?

215 **Deputy Inder:** We have engaged. We have been over to see Alderney. But we have got to accept that Alderney has its own form of government. If I was the king of Alderney, there are lots of things I would particularly like to do. I think one of our Alderney Representatives is effectively my equivalent, I do not know if they have Presidents over there, the lead committee member for their equivalent of Economic Development.

220 I have tried personally to encourage them on giving them areas to consider. But these are more about my personal ideas. But if you are asking from a policy point of view, our door is always open. There is no one on our Committee that would not assist Alderney. But we cannot go in there with big boots and start shouting the odds. Alderney, to a degree, has got to come to us and that statement I made back in the early days was effectively an open door for them to come and talk to

us but I have not heard any serious engagement from them to come to us but we cannot go there and ask them to do anything.

Deputy Kazantseva-Miller has her hand up and she has got a response as well.

230 **Deputy Kazantseva-Miller:** I want to add to that, actually. Some of our service areas, such as the Digital Greenhouse, do have an ongoing relationship with the Alderney community and because they provide events and online resources, you can dial into an event, etc. So I certainly know that there are active conversations with the Alderney community, including Alderney Chamber on the development of some of our enterprise initiatives, such as the Guernsey Enterprise Investment
235 Scheme. A political team also got in touch with us to learn more about the potential applicability of the scheme.

So I think there are different levels of conversations at officer level and at service level, that also do happen with the wider Alderney community.

240 **Deputy Inder:** But Deputy Kazantseva-Miller, I think you would accept, that what you are driving at, Deputy Gabriel, is there is no set piece big idea, which I think could be developed and it is great that we do transfer services and some of our skill sets there but there is no set piece idea and I still think Alderney has got an awful amount going for it but I am not entirely sure they have got the right politicians up there. But that is possibly for another day.

245 Deputy Moakes also has a comment on that as well.

Deputy Moakes: Just a very small thing. I understand that Guernsey Finance went up to Alderney very recently. Obviously they promote the Bailiwick in general but they wanted to understand the nuances and perhaps the specifics of Alderney itself, just to see if they could help in any way. What
250 that will lead to I do not know but I think it is a step in the right direction and a good thing to do.

Deputy Gabriel: Deputy Dyke has got a supplementary question.

Deputy Dyke: Before we leave connectivity, can I make one supplementary regarding the
255 Condor ferry that we are financing? You mention it is in dry dock for upgrades and filling out. I take it that we are not on the hook for any more of that expense?

Deputy Inder: As far as I know, to answer your question –

260 **Deputy Dyke:** Thank you.

Deputy Inder: I have not finished answering yet!

Deputy Dyke: Sorry.
265

Deputy Inder: Just for the sake of clarification, because I would hate to see this on Facebook saying that we are paying for the maintenance, as far as I understand it, there was initial investment, which was published by Policy & Resources, under the CCA, and as far as I know it was purchase only. I am fairly sure, in fact I could almost guarantee without knowing, that we are not fitting out
270 the new pet suites for Condor.

Deputy Dyke: In connection with that purchase, I think the financing was £28 million; are you concerned – I know it was not your Committee that was involved in it – that we seem to have done that without any commitment as to what is in it for us in terms of connectivity?
275

Deputy Inder: We are in the same position and again I would be careful. I do not think we put up £28 million. I thought the vessel was a certain amount. Does anyone remember?

Deputy Dyke: £25 million, sorry. It was a type of loan.

280 **Deputy Inder:** Okay. To be perfectly honest with you, I thought it was slightly less than that that we had put in ourselves. It is a very difficult question to answer, I could not even answer it if I was on the CCA, but the reality is that there is no Member of Economic Development on the CCA, which is quite perverse. Even if I did know what the deliberations were, I simply could not tell you, Deputy Dyke. It was as simple as that.

285 But there was no communication whatsoever, before the purchase or after the purchase or the investment in that boat.

Deputy Dyke: Understood, thank you.

290 **The Chair:** Deputy Fairclough.

Deputy Fairclough: Thank you.

We have touched on Alderney and I would like to broaden that out to general Economic Development on-Island, if I may, and Deputy Kazantseva-Miller has already mentioned some
295 initiatives, which we are going to come onto a little bit later in the hearing, hopefully. First of all, in your update to the Assembly last March, you spoke about the development of the Human Capital Development Plan and that it would be published in Q3 this year. How is that progressing?

Deputy Inder: We have obviously missed Q3. We have gone through a process now where I
300 think it is in better shape. It is about to come to the Committee but at this point I am going to hand this over entirely to Deputy Kazantseva-Miller to answer that question.

Deputy Kazantseva-Miller: Wonderful!

So Skills Guernsey is an initiative that has been going around for a good number of years and
305 when we started this political term with the Committee *for* Education, we have kind of pressed the reset button and said, listen, this is our chance to really give it a fresh start. We were very quick to develop a framework of human capital, that we called the Human Capital Development Framework, which has been approved by both Committees last summer.

So a framework of how we should be thinking about skills of human capital development exists.
310 We have not published it but it has been approved by both Committees. One of the key items within that, within creating the action plans to deliver against the human capital network, was to set up a body that would help deliver on the plan and we agreed that we would not publish the plan until we have actually taken a step to develop the governance around the delivery model.

This is the part that has taken slightly longer than I think we hoped for. It has been a combination
315 of officers caught up with other priority items. Ultimately, we are quite a small Committee. But also because we have wanted to look at some of the synergies with other mandates that we have within our Committee, such as digital, because digital skills and digital skills development are a key component of any future skills/human capital programme.

So we have taken a very conscious effort to say, listen, are there synergies to be explored, how
320 are we going to do it, because cost efficiencies and value for money and doing really the best for our community are key. We are very much there, in terms of showcasing both Committees the proposed governance models. Hopefully they will go to both Committees imminently and I think one thing to mention, obviously skills is also dependent on the Government Work Plan and that has dependencies on the Government Work Plan, so ultimately we are a little bit in *Catch-22* territory
325 as well.

Deputy Inder: Can I just add something?

I am not entirely sure, an important part of this, Deputy Fairclough, is I think the Committee genuinely believes that the best place for certain services to be delivered would be effectively in the

private sector. I am not sure that Deputy Kazantseva-Miller mentioned this. She spoke about the framework. But the priority on this is effectively going through a commissioning model where we would set up a board to deliver the framework and the skills tranche of what similarly we are hoping that there would be one Education Member on that board, probably, and one Member from Economic Development. Really we would be turning it into, if agreed by the States getting the funding, an arm's length body.

Deputy Fairclough: It is one thing, obviously, having the plan, and we look forward to seeing that, but how frequently does your Committee meet to identify skills gaps in the workforce and what is the process for addressing those, given that this is going to have to be a fluid plan, if you like?

Deputy Inder: I am going to try and answer some of that but I am not going to directly answer the question of whether we sit as a Committee to identify the skills gap. I think that really what you are asking is the reason we wanted it out into the private sector because it is not always the case that the Committee is so busy doing different things it does not have the time to sit down and decide, 'Right, this week, it is going to be a skills week, next week it is going to be tourism.' Because stuff comes in, as you all see on your various Committees, left, right and centre.

On top of that, from a project management point of view, it is very hard for us to identify individual project managers to do one single job. In the private sector, and I come from advertising and marketing, for way of explanation, you would have basically set up what looks like a brief, or an idea and a policy. You would set that brief, you would have a client. You would probably speak to the client again on the Wednesday. You would hammer out the brief to get it into some kind of a shape. By Friday you would get final sign-off and then there would be a set of budgets and dates.

It does not work like that in Government. What we find, and I think it is to the frustration of Committee Members, the really active Committee Members, is that we think that we have got a lead on a certain project but we find that he or she might be co-opted somewhere else or cannot do the work, or might be away, or might be sick, or has left the building.

It is not the way. I do not know if it is culturally or from an organisational point of view, it is not that easy to deliver policies in the manner we are all used to doing. So I hope that sort of answers your question.

Deputy Fairclough: So is it fair to say that there are no staff dedicated to this area of work specifically?

Deputy Inder: Not –
Unless Deputy Kazantseva-Miller is going to challenge that, but I do not think –

Deputy Kazantseva-Miller: I think if you look, for example, specifically at digital entrepreneurship creativity skills within enterprise, those skills are the bread and butter of what Digital Greenhouse is doing on a BAU basis, on a constant basis. So they will all, in their capacity, be looking and analysing the market and then, in partnership, with industry and Agilisys and others, delivering programmes to meet certain gaps in that market.

In terms of the wider question about skills and labour market forecasting, that is the kind of capability we are very keen for this body to develop. So we have undertaken some work within the Skills Guernsey group, with PwC to look at the kind of metrics we should be looking at, but establishing the data capability and data capture infrastructure for skills is one of the central pieces of what we see this agency basically developing.

So I would say to your question, and to support what Deputy Inder was saying, it is not something we as a Committee regularly look at, but it is something our service areas are looking at with their niche capacities, it would be something quite central that the body is developing and we have also done work with a central data analysis team to understand what kind of data they have

access to, can we tag along to some of our systems we may have, such as returns creator capturing a certain amount of data.

385 Actually it is quite complex. How do you forecast for skills? How do you analyse the gaps? So this is the kind of capability that is central to developing as part of this body.

Deputy Inder: Deputy Fairclough, I think –

390 **Mr Wakelin:** If I may, I was only trying to add a couple of points, really, to what Deputy Kazantseva-Miller has been saying, as well, Deputy Fairclough.

In terms of staff time, I think it has been mentioned, there is staff time but it is used, probably, across different areas. But I think if the States and the Committees agree the establishment of this approach it will make it much more straight forward to focus and deploy staff time to support this.

395 In terms of going back to the original question about the analysis of gaps in the workforce and the economy, there is also of course the Population and Employment Advisory Panel that was established. That is still there, the States agrees the different nominees and the different representatives for each of the economic sectors that it covers and that provides advice both to Committees. I am sure that the Guernsey Institute as well and for training and development bodies in the private sector.

400 Also of course the Population Management Office in order to think through how some of the permits might impact into those sectors where there is training. So there is quite an ecosystem around all of this and I think that what Deputy Inder and Deputy Kazantseva-Miller just described will help to pull that together and make it even more effective.

405 **Deputy Inder:** And just to –
It is up to you, Deputy Fairclough, it is your two questions.

Deputy Fairclough: Deputy Moakes, would you want to come in?

410 **Deputy Moakes:** Yes. I also think that the work that Deputy Kazantseva-Miller was talking about is critically important to the Island's future but I think we also need to reflect upon the fact that one of the other problems that we have is that we are struggling to retain on-Island talent and therefore skills, because of the cost of living and particularly the cost of housing.

415 We are also struggling to hire new people into the Island for the same two reasons. So whilst that happens in parallel, you will have heard me talking about this on multiple occasions, we also need to solve the housing crisis, so that we retain talent and attract talent to the Island.

420 **Deputy Fairclough:** You have answered my next question actually, which was going to be that I know that you always allude to this point, but to what extent full employment is stymying the development of, or rather the filling of posts, which are essential to the Island's economy?

425 **Deputy Inder:** It is all over the place. You will have heard me mention my three amendments that have never come to fruition in the last Assembly. One of the important ones, I thought, was the Housing Action Plan. That was seconded by our Chief Minister, and the whole point of that was to get on a page what we have got in terms of States' property, what the GHA are doing, what have they done in this sort of land purchase process that Policy & Resources, the previous version of P&R did and can we have it straight on a page? And what does it mean for that field? What are we doing with the Castel Hospital? What are we doing with the King Edward VII? What are we doing with the vineries? Where is the Fontaine? What is happening there?

430 For some reasons, frustrated as we are, and I did it effectively on behalf of myself, thinking that with the Chief Minister we might actually get that on the page, but on behalf of the Committee as well, I was expecting a plan on a page, which would tell us, that field bought there is not going to go into Planning for two years' time. At least we know.

But that would then give the construction industry something that looks like a housing plan. But right now the construction industry does not have a clue what is going on, on any single site, because that plan on the page, that Housing Action Plan, which was a point of that amendment, was my attempt to try and make some sense of the multiple bits of area that are under States' control.

Deputy Fairclough: I take the point but I do not want to spend too much of this hearing talking about housing, as it is not specifically your mandate. But I absolutely take the point. My final question in this area is, and it is perhaps too early to even ask it really, given what you have said, is what tangible difference will the Plan, when it is published, make to the local economy?

Deputy Inder: Okay, I think I can answer that only inasmuch as I think there has been a review previously, I was just speaking to Deputy Trott earlier. Has there not been a construction Scrutiny review recently?

The Chair: I am not sure it was a Scrutiny review but it was certainly some time ago, wasn't it? It was, I think, possibly eight, 10 years ago, maybe slightly longer.

Deputy Inder: Okay. But building on the same idea, we have all agreed that we need 300 houses a year, The chance of us doing that is not very high at the moment and none of us actually know why. So, part of that HAP, as I described, was that they used to get it on the page and that it was supposed to help Government. It might be, and far be it from me to suggest some further work for Scrutiny but I am about to, you probably need to start looking at what the state of the construction industry is at the moment, what its capacity is, what is fact, what is not fact and what do we need to at least start and probably pulling in some of the industry members.

We are hearing it from the service section that they need more staff. GFSC has even put out a statement on the problems they have got in finding staff. We are hearing across the hotel sector. We are hearing at building. Staff is entirely critical to developing this Island, along with housing as well.

Deputy Fairclough: Thank you.

The Chair: Returning to your March –
Sorry, did you want to add something, Deputy Kazantseva-Miller?

Deputy Kazantseva-Miller: I think the President is absolutely right, so I think there are different parts of the equation. One is how many people do you have on the Island and we all know we basically need more people, we want more people. But I think what is very important is to recognise once we have those people is the structure of skills. Are they able to upskill? Are we able to be quick and nimble? Are we able to make sure people can learn over their lifetime?

And then placing the focus, whether with Government funding, whether through the types of skills pathways we can enable on the Island, is to really also focus what are some of those key strategic potential areas, whether it is more digital skills, AI-enabled industries, creative industries. So the structure of skills and how the kind of programmes we put in place and incentivising people to really go on their journey because that is key for the productivity on the Island to the economy, social wellbeing.

So I think there are two elements of it. The number of people but also the kinds of skills they can develop over their lifetime as the world also changes and we have to be nimble in responding to all the different changes we will face.

Deputy Fairclough: Thank you.

The Chair: Sorry, Deputy Moakes.

Deputy Moakes: It is fine. I just want to go back to Deputy Fairclough's original question, which was do not talk about housing, talk about the impact it is having on stymying the economy and I think there are two ways I would look at this. One is if you look at the number of open positions that are on the Island, of which you have probably heard me say on numerous occasions it is somewhere between 1,000 and 3,000, I always say 3,000 is probably a bit punchy, but just think about whatever that number might be.

Every job that is not filled in a business, whatever that business is and whatever that sector is, puts additional pressure on the other people in the organisation and it means, potentially, they cannot do the expansion that they want to do. So that is one way in which it stymies the economy. The other way it stymies the economy is again think about how many people you estimate, how many jobs you consider not to be filled at the moment, every single job that we fill produces Income Tax.

You do the numbers, 1,000 times the median wage, 2,000 times the median wage, whatever number you want to do, that is another way it stymies the economy. The third way and there are probably more, but here is just three to keep it simple, is every job you fill, apart from paying Income Tax, Social Security and all those types of nice things, also contributes to the local economy because those people are going out and they are shopping in our shops, they are eating in our local restaurants and they are keeping the economy buzzing. So the quicker we can fill those roles, the better it will be for all of us.

The Chair: On that point, which you have indeed raised on several occasions and I think on the last occasion you raised it was in the States' Assembly, and I seem to recall Deputy Trott's response, and this is again something he raises on a frequent basis, that the majority of people do not pay enough in tax to cover the services that they use. How do you resolve that issue? Because I see where you are saying that all of those people pay tax but then they also take services, so where is the balance?

Deputy Moakes: Well that I guess will come up for debate fairly shortly!

Deputy Kazantseva-Miller: Part of the balance is I think for the Island to develop a longer-term economic vision in terms of what other sectors we really want to put a focus on so we do have more high value, high productive jobs. Some tougher decisions could be taken, actually the lower value industry, while very important, we cannot keep growing them forever or growing them above average growth rates.

So I think that is a Resolution that came out of the tax debate and Deputy Murray hopefully will be working more actively on that Resolution. So I think that is something quite important. But in addition to the issue of full employment, I think what we also need to talk about is the non-employment, because it is those people who are in the economy but have chosen not to be actively participating and I think we have touched on that issue through a number of debates on population and others but it is partly driven by non-employment relating to sickness and illness, which seems to be on increasing growth on the Island and I think that is a real issue. And the other one in relation to potentially caring and child caring responsibilities.

I think that is about 10% of people who could be working in aggregate. So I think those are the types of labours we have recognised within also the human capital as one of the deepest Government roles has in terms of managing the supply of labours, the supply of skills, and those I believe should be some of the priority areas, probably for the next political term now, because they are not really within the Government Work Plan right now, for the next political term to look into. So participation looking at those participation issues, potentially, and whether we can have any influence on them.

The Chair: But if they are that important, is it something that the Committee is minded to bring forward into this political term, because of course using people who are already on the Island, you have expressed the difficulty with housing, using people who are already here does not put an additional strain on housing?

Deputy Kazantseva-Miller: We have various Resolutions looking at participation rates in relation to caring responsibilities, potentially childcare support. That is something we have also been touching base through the reducing cost of public service subcommittee with Employment & Social Security potentially the reallocation of some of the benefits could be into family support.

I think work has begun but I have not seen Government Work Plan funding being allocated because it is very early stages.

Deputy Inder: I think, Deputy Burford, you asked us, I think you were directing that to the Committee, but again it is not really the Committee's job because I think that is a direction elsewhere. But if I can add one thing without pursuing this too far, I am going to make a mildly social comment. What I am starting to see, and I think we have all seen, we as Economic Development, we are there to drive our number one industry in the first instance. Quite clearly it has to be the finance industry, and we are getting pushed and pushed, saying, 'We need more housing, we need more staff. I can employ people but I have not got the jobs.'

And this has been said on a number of occasions. But in all of that, the only word of warning, and then of course the – come on, Neil – all of the other services are telling us the same thing and that is everything from your cleaners to tourism, to professional services. Everyone wants more people.

But I am going to give a word of warning here. I am starting to see it, but I think I said it earlier, Guernsey folk are getting left behind. In this constant drive for professionalisation and the gentrification of this Island, the core Guernsey folk, who actually built up all of our pension funds, who built up what is left of our island, they are getting left behind. We are talking about key workers, we are talking about the finance industry. Where is the message for the Guernsey folk?

This from purely as a Guernseyman whose family came here on the plague boat – they probably brought it knowing our lot, along with gonorrhoea, syphilis and every other disease in the Island – what really concerns me, as we look at it at a policy level, I am significantly concerned that the skilled people that we talk and train, they are leaving. In my family, I have seen three or four members are now in Canada.

There is this weird carousel that is going on. We are talking about skills, we are talking about housing. We are not even keeping the people that are actually skilled in the Island. They are leaving the Island and that is not featuring in this discourse in any way, shape or form. What is in it for the Guernseyman and woman?

The Chair: Thank you.

Deputy Dyke: May I ask a follow-up to that? You raise an interesting point, fairly critical point. We are on a carousel. We have got an, it is not a target but an assumption that the population is going to grow by 300 a year. Although last year I think the figure was more like 600. This probably cannot go on forever. At what point and how do you get a grip on that and control the numbers whilst at the same time filling the jobs? It is a conundrum that is almost impossible. Have you had any thoughts on that?

Deputy Inder: Only inasmuch as we have been speaking to Guernsey Finance quite regularly and the reason the extra funding is not ... we have a job to I believe, that may or may not be agreed in the Government Work Plan, to re-funding the single biggest industry that drives absolutely everything. And it is true. If we are successful in our marketing, and we are because only an hour

ago we were talking to one Member who is interested in Guernsey Finance, he is talking about the amount of work that is being brought in from the work they are doing in South Africa.

That is great. But it is not always new business that necessarily needs new people. There is a bit of churn as well because we do lose business every year but we also have to bring in business as well. But what I do not want is when I have those complications does that mean every business means an extra 20 people? I do not know what that is.

I do not know where this Island can top out and I do not think anyone can answer this question but as long as we are wedded to and we have got our carriages hitched to the finance industry, and it feeds every single one of us in this room, that is the horse we have hitched our wagon to. But it is more a philosophical question, Deputy Dyke. I do not know where this tops out.

Deputy Moakes: To be fair it is not just the finance industry. We have an ageing population so we owe it to people that have worked hard all their lives to provide them with the care that they need as they get older. As the numbers of those people grow, the number of healthcare workers that we need, as Deputy Brouard has said on numerous occasions, needs to grow. And it is only right and proper that we bring those people and care for our parents and our grandparents, etc.

The Chair: Moving on.

In your statement in March, Deputy Inder, you said:

... this is how we as a Government can really drive growth: growth in our workforce by increased participation, by increasing the population ... investing in our education and skills base to improve our productivity and investing in our housing and construction sector ...

Which covers a lot of the points you have just made.

... most of which may not be delivered this term but if the Assembly can look back and say, we as the Government of 2020-2025 left a plan for the next two or three Governments, we will have done well ...

Do you not think the public might have been expecting that this extended term of nearly five years might have aspired to more action rather than just leaving a plan for the next two or three Governments, which those Governments might not even follow?

Deputy Inder: Under Scrutiny, is that a political question? Are you asking what we could do under our mandate or are you asking me to talk about what my view is of the –?

The Chair: I am just picking up on something you made in your statement on behalf of Economic Development to the Assembly in March.

Deputy Inder: Put it this way, when we started – I am going back to housing again – and there has been a fading. We will all remember there was a Housing Action Group. Eighteen months it took to come out with a 20-page document that did not have one piece of action on it at all. Back to where I was before, I will not say livid, but certainly disappointed and in that 18-month period we heard this vinery site had been bought, that piece of land had been bought, that X had been bought. So this was all going on.

The whole reason for putting a Housing Action Plan was when I wrote that I was hoping we were going to see that plan and still, how long are we, eight or nine months on? I think the actual amendment came from the previous ... *(Interjection by Deputy Burford)* Six months. Still nothing.

So, to answer your question, part of our job is not our self-edification, it is not our job to see if we can edify ourselves to get into the next term. Part of our job is to leave at least some kind of legacy for the future Government and for our people to look back and say they have done as best as they can in the time that they have got.

So to answer your question, if we do not get something that looks like a Housing Action Plan, I think that will be a failure. And it is so easy to do. Put them all on a piece of paper, tell us how many are there, how much the plot prices were, why did you buy it and when are you going to build on it. How difficult is that?

The Chair: Deputy Kazantseva-Miller.

Deputy Kazantseva-Miller: Can I just add I looked at the statement that was made and that quote was taken out following the President's update in relation to what we are doing in skills and as we said this is about to go out with an actual body that will be hopefully delivering across. It was in relation to what was happening in finance and the ongoing investments of this Committee with Policy & Resources has continued to advocate for Guernsey Finance. So this is a number of items this Committee specifically has been delivering. So I think we are not just leaving something for someone else to do some time in the future.

The Chair: Coming to the retail side of things, shortly after your election as President, you addressed the Chamber of Commerce and in that speech said the Committee is providing funding to enable the establishment of the Guernsey Retail Group to support a retail manager position and data and footfall monitoring. Was that funding provided and, if so, how much has been spent so far?

Deputy Inder: It is coming to the end. I have that somewhere, the actual figures were year one was £110,000, £85,000 in year two, year three – and I believe it is ending in October – is another £85,000. So in total it is £280,000.

The Chair: Is that going to continue?

Deputy Inder: We are under direction to deliver, I think it was, around 2.4%, 2.5%, I think we are under direction to make some savings. If we are going down this continued commissioning model, we are seeing similar with the TMB and I understand we are going to get questions on it later, we are trying to push certain things out for the sector to do, I do not particularly believe, I will couch this carefully, I do not particularly think that because five Members randomly selected from the population who happen to be on Economic Development – and I do not mean these Committee Members – can claim they are experts in X or experts in Y.

My genuine belief, and I mean that for tourism and I will answer your question about retail, it is better for retail to deliver to us what it wants. It is not acceptable, and I have heard this time and time again, a politician gets up and always wants a strategy. Because you were jobbing. The best people to deliver a strategy, which the Guernsey Retail Group have, is the Guernsey Retail Group.

So to answer your question, 'Will that continue?' it will not continue at the same rate and we have met, I believe, our target, as by Resolution we were asked to. But within that it might be we have kept aside an amount of money asking the Guernsey Retail Group whether they want to carry on with a very good retail group – I was looking for a different word but the clue is in the name. To be perfectly frank with you, Deputy Burford, I do not mind mentioning names, by effectively being led by Mr Creasey, we are buying some serious talent that we would not have got, necessarily, from a model whereby we look at consultants.

So I am absolutely comfortable and I am hoping Mrs Le Page and Mr Creasey come back to us and ask us to continue because that is what we would really like to do. I do not think politicians should claim they are X in this or Y in that. It is entirely down to the industry to deliver its action plans and its own strategies, is my view. I hope that has answered your question.

Deputy Dyke: Another part of the question, do you know what the Retail Group are actually doing with the money, how they are investing it, what they are spending it on?

Deputy Inder: Yes, we do. Part of it is funding a staffer, for want of a better word, who I mentioned earlier and I will not mention it again. There is a little bit of event management going on, there is data collection, and they have published their strategy. I think I mentioned the order was £110,000, £85,000, £85,000. The whole point of that was to develop the Guernsey Retail Strategy. If we continue the funding, if they come and ask us for it, then of course it will be reduced quite substantially because effectively it is a maintenance budget because they have already developed their Guernsey Retail Strategy.

In some good news I will answer a question that you have not asked, that we should be very happy the way that retail is going at the moment because the occupancy levels are much higher than they are in the UK. There is something like, I think in the UK from the last time we have the Retail Group in front of us, they were telling us there was 10% dereliction – for want of a better word – across the UK, while Guernsey is only 7%. St Sampson's is heading in the right direction. A lot of churn. A lot of independents. We have recently seen the market finally find a long-term lease. Isn't it great news that someone is investing in retail to the tune of £10 million to £15 million?

It is all actually very good news. Sorry about that guys, but retail is doing quite well!

Deputy Dyke: Don't be sorry, we are happy to hear that!

The Chair: We are here to have good and bad news. I think Deputy Gabriel has got a few questions on tourism before we go to a break.

Deputy Gabriel: Thank you.

Again, back in your March update you spoke about the implementation of a new governance model to oversee the marketing and promotion of the Bailiwick of Guernsey as a destination and the formation of a new Tourism Management Board. Could you update us on how the new TMB is functioning? And, as you alluded to earlier, it is a specialism and that the specialists are doing their job so, from your perspective, could you update us and also whether you have allayed any concerns of those who are in opposition to the structure?

Deputy Inder: The most difficult thing is extracting power from Government. That is the most difficult thing to do. Deputy Kazantseva-Miller has alluded to a skills management board, for want of a better word. Extracting that from Government is going to be very difficult because Government likes keeping in general power.

The most difficult thing I asked my Committee to support was extracting tourism out of Government. Now, the make-up of that Tourism Management Board are sea carriers, travel agents, accommodation sector, providers of events and on-Island transportation. We are in the process of finishing off, I think we probably should have done this first, but we are in the process of setting up the SLA and the KPIs and that is out with the Committee to sign off. Deputy Vermeulen is a representative on that board and he has been a hotelier for 43 years. I am relatively comfortable that it is heading in the right direction.

We have had an update, I think it was about June/July, I am probably going to get this slightly wrong, when the chair of the Tourism Management Board came in and gave us a presentation. A tourism strategy, I understand, will be developed possibly by the end of the year, if not in Q1 of next year. So that is all going ahead.

But to allay the fears, we have had a lot of noise and we have also heard from one particular group, which we have to take incredibly seriously because they are claiming that they represent 85% of the industry. All I would say, and I have said time and time again, please engage with them. But I would also say, and I think I have got privilege here, don't I? I understand I have got privilege here. Do not believe absolutely everything that you read. Because equally the tone that has come into the Committee, they wanted our heads on a plate, they are telling us it has all gone wrong, it is not entirely what I am hearing from some of the members of the same organisation.

I have had personal phone calls apologising for the tone emanating from the executive and it is not just one, it is two or three. We also have members who, as part of that group, who entirely disagree with the tone and the style. They are trying to engage with us as a Committee and the board as well.

So I am fairly comfortable that it was always going to be difficult because not everyone gets their own way. It will be a difficult year. It may be a difficult second year. But it was entirely the right thing to do. We have to get the responsibility for the marketing of this Island out of Government and we have done it and it will be a success and it is a success.

Deputy Kazantseva-Miller, I think you have something to add to that.

Deputy Kazantseva-Miller: I want to add to that because actually I think it has been an interesting new model in terms of creating this hybrid model where the team with the board is set, with really coming up with industry. However, for now, also the management of the marketing spend, which is a substantial part of marketing, is under the auspices of the central coms, which since taking on board the marketing of the Island I think have truly transformed and have also been really great in localising much more of that spend with local agents, which I think has been a huge success.

So I think one of the criticisms has been that there is no full-time CEO of Visit Guernsey that is overlooking but actually we have a very professional team, an excellent communication team, under Mary Putra, who has done, I would say, a tremendous job in actually turning around the marketing side of things. So I think we are confident that there are the right resources looking at the largest proportion of the spend right now and whether the model changes in the future is to be determined.

Deputy Inder: I may at some point, everyone has got a view on creativity, share what in terms of creative output was going to go out had we not transformed that model. I may do that because we get a lot of unfair criticism that we are the wrong people doing the wrong thing. We are getting the same from the Guernsey Airport Action Group as well.

But we put ourselves in this position. We are not going to please anyone but to answer your question about the TMB, I am absolutely sure it is the right model today. We have got a super chair on that board. She has quite clearly gathered a significant, broad spectrum of the industry, and I genuinely think it is going to head in the right direction.

Just because other Members may not have been on it or they have had their noses out of joint because they did not get the job, do not blame me. You did not turn up. You did not want to engage. What do you want from me?

Deputy Gabriel: Building on that, then, the TMB is developing a tourism strategy. Could you tell us please when it is going to be published and also will that strategy represent the view of your Committee or the members of the TMB?

Deputy Inder: We will have nothing to do with it. Again this is another fallacy that has been promoted. It sounds like Deputy Inder is in there every week telling them what colour the brochures are going to be. We have got nothing to do with it. Nothing whatsoever. Only in the fact that it is public money.

We have appointed the chair and we have allowed and given her full independence, along with her committee, to come up with a strategy, with the exception of Deputy Vermeulen, of course, who is a member of that board. Ultimately there is nothing coming from me. That has been developed along with – I cannot remember the chap's name – Mr Keith Beecham, who is acting in a consultative capacity, along with that board. From memory, and I am happy to get that confirmed, I understand January and February, before the next term, we will have a strategy published by the Tourism Management Board.

Deputy Gabriel: So, to clarify then, you have only got one Committee Member who is part of that strategy and that strategy is not coming back to the States?

Deputy Inder: It will never come back to the States, no.

The Chair: Is it approved by the Committee?

Deputy Inder: Yes. No. I beg your pardon, no. No, it is not being approved by the Committee. Sorry, I beg your pardon. There is a bit of confusion here. We have heard before that tourism strategies come to the States. In my lifetime, and I have been hanging around tourism as an account director and an account manager, in my lifetime and memory, I do not remember a tourism strategy ever coming to the States. It is entirely an industry document, run by the TMB, approved by the TMB, who will publish to their industry. It is as simple as that.

The bit which we have got to concern ourselves with is there is a significant amount of public money being invested in that and it is not small. Let me get this right, the Committee has budgeted £1.868 million *per annum* in the marketing of the visitor economy in 2023. I think we may have reduced it a little bit in some way, shape or form, to come in line with the Resolution we are under, but it will not be coming to the States at all. It will be produced by the industry for the industry.

Deputy Fairclough: Could I just pick up on that, Deputy Inder, though, because I think you said you were in the process of setting up the SLA for this group and also the KPIs, so who is setting those?

Deputy Inder: I understand it is officers. From what I have seen they are fairly standard fare. Probably I am going to have to bring in one of our officers, because I just do not have it in front of us, so I am going to lean to our Committee secretary who may be able to answer that question. Thank you.

Ms Cleal: We are in the process of developing an SLA with the TMB. We have got a draft. Obviously, that will be shared with them. That will set out KPIs, objectives, both parties will need to sign that off and be comfortable with that. One of the key deliverables, obviously, will be the tourism strategy, but there is also other stuff in there about engagement with industry and so on and so forth. So we expect to sign that SLA off imminently, within the next month or so.

Deputy Fairclough: So that will not be done politically then, that will be done just at officer level?

Ms Cleal: No, the Committee will see and need to be comfortable with the SLA, as will the Tourism Management Board. Both parties will have to agree to that.

Deputy Inder: In the main it is about the management of the money, much like the Guernsey Retail Group. Management of significant funds. Of course, we are going to say, like we asked the Guernsey Retail Group, that we want to see a strategy. But we are not getting our colouring pens out. We are not writing the headlines. We are not telling them to put them on baked beans cans. We are not having any involvement at all.

So I would like to disabuse anyone of believing that they are not independent. They are entirely independent, with the exception of using public funds to run effectively. Largely it is a marketing budget.

The Chair: I think that is probably a good point unless you have –

Deputy Dyke: Could I just ask one final question to that?

Deputy Inder: Sure.

840 **Deputy Dyke:** In this process of settling the KPIs and the objectives and that sort of thing, is there a plan to try and bring the Guernsey Hospitality Association into that process? Because it seems a shame to do it if they are still outside of it –

845 **Deputy Inder:** Deputy Dyke, with the greatest respect, do not believe everything that you read.

Deputy Dyke: No, I do not.

850 **Deputy Inder:** Well, to explain the process, we set up, there was an utterly open recruitment process for the chair. I am going to guess about 12 or 13 applicants, I think there was. It was myself, Deputy Falla and Deputy Vermeulen who shuffled through that process and she who stood out, with the most competencies, was Mrs Beacom.

855 Mrs Beacom then went out to put her board together and the board now exists as it is. Now at any point, any member of the executive of the GHA could have put their name in the hat and I can tell you now, if any board member of the GHA had beaten Mrs Beacom, I would have put them there. I have got no skin in this game.

860 The fact that the main author of the letters, which I assume are agreed by the executive, has decided to disengage, it is not my job to make people engage with something that has already gone through a process. That is up to them to engage. I cannot bring people together who have declared they will have nothing to do with it.

865 It is also worth mentioning that we have actually got one member of the GHA who is actually on the TMB. So be careful what you read, be careful what you hear, because it might not be true.

Deputy Dyke: Thank you.

865 **The Chair:** I think it is a very good point to take a break, thanks.
Could everyone be back within five minutes? Twenty to four? Thank you.

*The Committee adjourned at 3.36 p.m.
and resumed at 3.44 p.m.*

The Chair: Okay, welcome back everybody.
So, Deputy Dyke, I think it is over to you on this.

870 **Deputy Dyke:** Thank you.

875 Given the current financial issues affecting the States, does Economic Development think that we should introduce measures to raise additional revenue from cruise ship passengers when they visit the Island? I think current thinking is perhaps the current fees are quite low and could be increased.

Deputy Inder: You were probably in the same room as I was, Deputy Dyke when, not so many moons ago, January or February, there was a Resolution, as I explained in my statement and I think was answered by Deputy Gabriel, we are under Resolution to raise £2 million from the visitor economy – I explained this only last week – via something called a visitor levy.

880 I also explained to Deputy Gabriel at the same time, in an open forum, I thought everyone was listening, that we are going through a consultation process and those letters have gone out, I would say Friday, probably Friday, with the consultation responses coming back, I believe, it is 21st September.

885 My vote did not head in that direction, with two other Members. But as I have said before, I take my responsibility seriously. If I am under Resolution from the States of Guernsey to do something,

I will do it. And that is what we have done and we have gone out to consultation and those responses will be back by the 21st and I can tell you now, they will not be influenced by me.

Deputy Kazantseva-Miller: Can I just briefly add to that?

890 I think during the tax debate, the Fairer Alternative proposals at some point included the option to vote for a specific Resolution to vote for increasing the cruise ship levy. I believe that Resolution did not make it into the final set that was debated and is certainly not a Resolution that was then approved.

895 So while we are absolutely under Resolution to look at a levy concept it is potentially likely to be more a visitor levy based on, for example, staying visitors, so accommodation night visitors rather than a cruise ship levy. I think probably looking at the cruise ship is not fully within this scope because there was a specific Resolution previously that did not make it into the tax debate.

Deputy Dyke: Thank you.

900 So there are two separate concepts here? There is the cruise ship levy *per capita* per cruise ship as they come in and a separate potential levy on hospitality on overnight stays at hotels, which would be paid for through the hospitality industry, which is a separate one. The Guernsey Hospitality Association have come out in favour of that if the levy could be applied towards extending the runway with an EMAS option. Have you considered that? Perhaps I will ask Deputy Kazantseva-Miller.

Deputy Inder: I am sorry, you can ask me.

910 Sorry, Deputy Burford, we are heading into a debate now. Deputy Dyke is seconding an amendment where there is a clear explanatory note where they want us to come back in December to design a levy. I do not think it is appropriate for Deputy Dyke to be asking questions on which he is a signatory to an amendment, or using his position to potentially support his cause.

915 I will answer his question but I must make it clear that I am not comfortable with that question because he knows it is in debate, he knows that policy letter is in play and he also knows he is a signatory to that amendment, which alludes exactly to the question that he has asked. It is your decision, madam.

The Chair: That is fair enough, Deputy Inder.

920 I think Deputy Dyke has asked the question but I absolutely understand the point you are making and I would be very happy to move onto the next question;

Deputy Inder: Thank you.

You can ask in another way.

Deputy Dyke: Thank you, I will defer to the Chair.

925 Sitting on the Planning Committee this morning, we have approved another extension to the use of hotel rooms to be used for long-term residents for people who need accommodation, for temporary staff, etc. Do you have a view on how much that is affecting the hotel industry and our overnight stays? Is that, to your knowledge, problematic in terms of limiting the number of beds we can offer?

930 **Deputy Inder:** Okay, I am going to talk broadly. In terms of actual beds that we have got, we have got roughly 5,500 beds in the sector at the moment. There has been a slight drop since 2019 but part of the reason for that is that we have lost some from the sector and that is everything from smaller guest houses to some self-catering units, and I think there are 200 of those 5,500, which are kind of temporarily not being used for a number of reasons.

935 Of course there is 3% of that accommodation section which the Committee – which I did not vote for by the way – have decided that should be used for long stay key workers, I think it was. It

was a letter written to us by Policy & Resources. That was made a Committee decision, to continue that.

940 But I will give fair warning, given the value of property at the moment, given the pressures we have got on housing, I have personally got significant concerns on where this could lead. If we continue this on and on, there is no argument at all that an extra 20,000 visitors are going to pay for a runway, which I know Deputy Dyke is very keen on.

945 We cannot ride too fast, I was going to say bum on two seats, but that would be inappropriate. We cannot ride two horses. We cannot claim that we are pro the tourism economy when I know there are certain members of the tourism industry, given their age range, who are looking to basically finish their time in that and they know that that means basically selling off some of their properties and turning them into accommodation.

950 There are clear risks. To help you, Deputy Dyke, we have committed to an accommodation strategy. Currently, how it works at the moment, if I have got four self-catering units, if I pull the boarding permit from one of those units, I can basically stick it on the market for far too much money and under, I believe, the Planning Law, effectively in two years' time I can prove that I have had it on the market, I can go to the DPA, you cannot resist it, and say, 'Look I have marketed it for two years and effectively I am not in self-catering any more. Can I do something that does not mean

955 I will get accommodation for it but can it be something else?'

Given the value of property, the pressures, I have got significant concerns. But we are going through an accommodation review to find out what the state of the market is. There are quite clearly people who are investing in the industry. Look what is happening down at Admiral Park. Look what is happening down at La Grande Mare. Look what is happening down at the Bella Luce recently in

960 St Peter's. There are people still in it.

But there is a sector, this is hitting a certain age, and they are going to want to cash out at some point. The difficulty we have is there could potentially be a rout. Because we saw that in the self-catering sector in, I think it was, around 2007. We are not a blank canvas like early Canaries, we are actually a mature market and if you start looking around at the age group of some of the owner-operators, of some of the guest houses, some of the hotels, some of the self-catering units, there is

965 no succession plan. They could potentially, some of them, become the pension plan.

Deputy Dyke: Thank you.

970 **The Chair:** Thank you.
Can we move onto Deputy Gabriel, please?

Deputy Gabriel: Sure.

Another aspect of your wide mandate, and you alluded to it briefly in your statement, is telecoms. So I would like to ask you about the telecoms industry and the commitment from the States to Sure,

975 with respect to the fibre rollout. It appears from your statement last week that it is very much a good news story and the rollout is going well. What proportion of the total households who now have access to fibre, have actually changed over to it?

980 **Deputy Inder:**

I do not know the percentages but at the end of July 2023, just under 13,000 properties were fibre ready, with 5,061 connected using fibre broadband. We all walk this Island; we do things via policy, and we also do things just by talking to people. I know a fair number of people in the telecoms industry, and I will get this confirmed, I think, is the best thing to do, I will get a piece for

985 you Deputy Gabriel, is that they are quite surprised at the uptake.

The uptake has been very good indeed and beyond their expectations, but I do not know what percentage of those expectations and it would be wrong of me to give you that information. So if our Committee secretary could take that note, I am happy to give Members a bit of an update. It might not be tomorrow, but we will dig down and look at it.

990 Unless Deputy Kazantseva-Miller, who sits on the working group, can add to it? Or would she prefer to –?

995 **Deputy Kazantseva-Miller:** Yes, so there is the Broadband Implementation Group, which is composed of Members of P&R, Economic Development and I think I am missing someone. (Interjection) E&I and Procurement. We do have a meeting coming up in the next few months. Basically it is a twice-yearly meeting, where we do get really detailed updates about what is going on so perhaps, we could circulate something especially following that most recent update. But we are not far from approaching the half-way point of actual fibre in the homes and then obviously the actual connection, the choice whether the households are going to a switchover and connecting lags behind that a little bit.

1000

Deputy Gabriel: Does the broadband group, or even ED as a whole, have a percentage figure set in mind, or a target figure of conversion?

1005 **Deputy Inder:** It probably sits in the contract somewhere. It is best that we respond. We want everything to happen today but that will not be in the contract. It is best if we peel off what the contract was and what the commitment was. We know it was over a five-year period. We also know that there is going to be a certain expectation, I think, that the copper is just going to go. They will be pulling the copper out.

1010 So once the fibre is in the copper is going. So inevitably, I am assuming it will have to be 100% at the end of the contract because copper is coming out of the road. But I would prefer to give you a little bit more detail on that.

1015 **Deputy Kazantseva-Miller:** I think it is worth saying that the Government has committed to universal provision so what we are paying for is for that availability of universal access. I think we cannot force who connects to what but as the President said, copper will be at some point switched off so I think there will be a no-choice scenario in a couple of years' time.

1020 **Deputy Gabriel:** You mention the costs around the universal offering, could you tell me some more about the release of the funds? My understanding is that the States have committed £12.5 million on top of Sure's contribution as well. How is that contribution being made or on what basis is it, on premises past? Have any payments been made from the States of Guernsey?

1025 **Deputy Inder:** At Economic Development we are not involved. The first thing is I want to compliment all of you for making a very solid decision for ensuring that we are fibre ready for a modern world, so congratulations everyone. I think I have said it before and I will say it again.

1030 **Deputy Kazantseva-Miller:** I have some information on that. There is very close monitoring happening by the Procurement team about when the funds are released. The information we have is about £3.2 million of the funds have been released, so I think it is very closely monitored by Procurement and it is payment upon success basically. We do not release anything up front.

1035 **Deputy Inder:** Deputy Gabriel, are you asking to be assured that we do not put some money up front and it never gets completed or something?

Deputy Gabriel: That is the thrust of it, yes.

1040 **Deputy Inder:** I thought that was the thrust of your question. Again, I do not think that is likely to be the case but again that is something that can be taken away and we will give you a response.

Mr Wakelin: It is paid in arrears, yes.

Deputy Gabriel: That is reassuring, thank you.

Moving on from fibre rollout to the rollout of 5G by Sure, do you think that is going to have an impact on the potential take-up of the fibre?

Deputy Inder: We are under direction to bring back a licensing framework, which we keep getting told it is the end of the year we should see something. Quite clearly we are in September, that is not going to happen. But I was in conversation yesterday with one of the telco suppliers. As they roll out a future network, which does not include Chinese tech, they want some assurance from us that 5G is likely to happen, because that is part of their planning. So we are under an obligation, but I will turn to Mr Wakelin behind me to remind us of where we think that policy letter is going to appear in the States.

Mr Wakelin.

Mr Wakelin: The licensing framework should be, as a Committee paper, seen in Q4 of this year. That would be part of a consultation to get it to that stage, then there would be a policy letter that would go to the States and subject to the States' agreement, in hopefully quarter one of next year, it would then be for the regulators to put in place the various licensing steps that the States agrees.

Deputy Gabriel: Okay, I have got no further questions on fibre or telecommunications, unless anyone else has got a supplementary.

Deputy Fairclough: Moving onto finance, then, obviously which is a key part of industry locally, in your recent update, you stated you were recommending a continued increase in the funding to Guernsey Finance. What are the KPIs, the key performance indicators, currently in place and assessed by Economic Development, to monitor the effectiveness of the money being spent by Guernsey Finance?

Deputy Inder: At this point I have got a very good financial lead on my Committee and I am going to turn to Deputy Moakes to answer those questions.

Deputy Moakes: Thank you.

It is a very good question and I think the key here is actually results. Because we put quite a lot of money in there, as you will be aware. A lot of additional money in there. But what we are really interested in is the net sum, what is the result of that. I will try and find my paperwork in a second. But if you look at what they have been doing since that additional money went in, they have put a lot more effort into promoting Guernsey abroad and that is effectively what their job is.

They are not designed to promote the Island locally, they are designed to promote it all around the world and they have really stepped that up. They are doing far more with far many more countries. They have more representatives representing our Island around the world and the results are beginning to come in. It is creating a pipeline of new business coming to the Island and what that means is that moving forwards you should be seeing more businesses moving here, more people moving here and more business moving here.

Now I have my paperwork, I am pleased to say!

Deputy Fairclough: Just while you are finding that, the question is how do you measure that?

Deputy Moakes: Let me give you some examples then of how we have been measuring. We have got one new trust company licence here, absolutely new. We have new currency management banking licence here and we have two new investment managers here already. There are also lots of other discussions going on, so this is a continuing pipeline.

If we look at the awards and accolades that we have won over the past 12 months or so, winner of Best IFC of the Year of the International Investment Awards, winner of the European Domicile of

the Year of the European Captive Review of the Year Awards, winner of the IFC of the Year at the Citywealth IFC Awards and Guernsey rose 12 places in the latest Global Financial Centres Index, as published by the City of London think tank Z/Yen and it actually put us above Jersey. We also overtook Luxembourg in 2023 to become Europe's premier jurisdiction for captive insurance.

It is the results that count. Those are the results we made. If you want any other KPIs we can look at the increase in the use of videos of what we have put out there to promote the Island, so a 458% increase in views of our video output. I could go on and on explaining how successful they have been.

Deputy Inder: I think I can answer the actual question itself and it has reminded me – and thank you for the officers – we have not released the KPIs because those KPIs determine what Guernsey as a jurisdiction is trying to do in certain markets. As soon as you publish that online, guess what your competitors are going to see? All of your KPIs.

So we would not publish that level of detail. For the initial KPIs I can assure you that it was largely driven by Deputy Moakes and Deputy Falla as well, and myself. We saw the initial document and we had to make some significant changes, along with Guernsey Finance. This was when we first started. So that was the first role.

But what we can tell you, quite clearly, is that it has been working. But, Deputy Fairclough, I suspect you have got, probably like me, certainly coming out of the trade, is the old adage in the business is that I know 50% of my marketing is working, I just do not know which 50%. So there is certainly an amount of spend. You have got to spend for the sake of spending. What you can never entirely determine is that guy who went to New Zealand – I suppose you can actually, we are seeing more of it – to be fair I will take some of that back.

Because we have actually got people physically out, not in New Zealand, in destinations who are targeting South Africa, for example. We are seeing definitive pieces of work, which we did not see before, it was all on, 'I have had a phone call,' I think there has been a significant shift from what I saw Guernsey Finance was two years ago and it was fairly – I will choose my words carefully again – I was not that comfortable with some of the metrics that they were using. They had 1,000 phone calls, well they did not have 1,000 phone calls they have had 20 phone calls, and five clicks on a website somewhere.

That is not a metric. I suppose it is a metric. But I want to see physical business but the extra investment that we have done in the first round, within a country mile the thing has changed completely. The unit has changed. We are hearing real businesses are coming to Guernsey. There is not a week, and genuinely it is not a week, when someone is telling me personally that this piece of business is coming from Guernsey in finance.

In fact, only today, we have had some good news stories, again in conversation with somebody who is in the finance sector, they are talking about the work that is happening in South Africa. Also part of this is not just about new work, it is about churn as well. Because we will naturally lose pieces of business. It is not just about new business and expansion, it is keeping the business we have got, recognising where the opportunities are, working the markets and spending money, again, on our most significant industry.

Deputy Moakes: And I think Deputy Fairclough was there earlier in the year, when Guernsey Finance did its regular annual update at St James' and if you were there, I am sure you were. (**Deputy Fairclough:** I was not.) You were not, okay! Well if you had been there you would have seen for yourself, when they presented what they had been doing for the past year how incredible it was and what great results they were getting and literally gave example after example of where the money that we have put in has helped them to project Guernsey further around the world.

Deputy Fairclough: Yes and I am hoping you are not sensing from my question that I am doubting the value of that; I am asking you as a Committee how you measure it and to that end, if

1145 it is approved under the Government Work Plan, what will the additional taxpayers' money be spent on moving forwards in this regard?

Deputy Inder: There is a plan and I cannot remember whether it has been published but I am certain the Committee has seen it. I genuinely do not remember whether it has been published entirely because of course, again, you do not tell the enemy which trench you are in. It is as simple as that.

1150 But in terms of our personal monitoring, we do see the board every six months or so and it is worth mentioning we do actually have Deputy Falla, who is a board member of Guernsey Finance as well. So I have got complete confidence, if he had identified any issues or problems, I am fairly sure he would tell us straight away.

Deputy Moakes: And the other thing that is really important is I just want to clarify when we talk about additional funding, what we are talking about here is there was a core amount of money that Guernsey Finance got. We increased that for a period of time. Now that ends in 2025. What we want to ensure is that the current funding that they are getting, the enhanced amount, continues because that is an election period and we do not want to get into a position where nothing happens or the funding is cut.

1165 We want to agree it now so that that continuity is there and they can continue to do the great work they have been doing rather than having this question mark about what may happen moving forwards because, going back to what I was saying about pipelines, about getting things in the diary, many of the things that they do, for example Sustainable Finance Week, which is happening next week, which I hope you are all going to, these take months, even a year to organise.

1170 So there has got to be certainty for Guernsey Finance. It has got to be we know what is happening, we know what we are doing, we know when we are going to do it, or else it will take a huge amount of time to catch up on that and we will lose, potentially, pipeline, etc. It is not a good thing.

Deputy Inder: This Committee gets it. Deputy Moakes has alluded to it. You have got to give these boards a certain amount of continuity that the election is not going to go and do anything stupid. It may do something stupid. I would be very surprised if a future Economic Development is not behind the single provider of everything in the Island at the moment. I know people do not want to hear it but that is a reality. It drives and funds everything.

1180 **Deputy Moakes:** If it helps you just to understand where this money goes to, communications globally ... not just here, in fact not here at all particularly, it is globally because that is the whole purpose, attracting business here. Strategy: a huge amount of work goes into developing strategic strategies through consultation, through just working with people. Business development: I talked about new people being out in the markets, going out to those markets. Events: I mentioned Sustainable Finance Week. That is just one. There are many events happening around the world that they do, again to sell Guernsey, to bring people here. Then of course, creative marketing, etc., through things like LinkedIn as you would expect, because they are business focused.

1190 **Deputy Kazantseva-Miller:** Can I just mention that the Committee is very keen that whatever States' funding we put into this increasingly devolved governance model, whether it is Guernsey Finance, it could be the Digital Greenhouse, skills body, whatever, we are always very keen that there is a multiplier effect and we are keen for that multiplier effect to really grow, whether in terms of industry contributions, sponsorship, partnership, benefit in kind, volunteering models, whatever.

1195 So we are very keen and I think we are one of the Committees that is really one of the key areas in our agenda, when we are coming with such models of delivery of services and I think it is important to say that, with this enhanced funding and because Guernsey Finance is so well

respected and really professionally run, the intention is they will also draw further funding from industry through the industry levy participation and others.

So this enhanced funding from Government, continued enhanced funding, we are hoping will also unlock more funding from industry as well.

1200

Deputy Inder: Deputy Kazantseva-Miller makes a very good point there because we have got the licensing embedded funding but there is almost like a voluntary funding as well and there are certain areas of the law practices do very well out of the general activity and work. Because you put something in Guernsey there is always going to be a lawyer involved in some way, shape or form.

1205

But I understand that there are a portion that do not contribute in any way and I think that needs to be resolved. Guernsey Finance are going through a process at the moment of looking at that and finding a way of resolving that.

1210

Deputy Moakes: There are two very important things I just want to mention. Not for you, because I know you get it, but just for anybody that happens to be listening, just in case it helps. If you look at our finance sector, it brings in £1.265 billion of GVA every year. If you add in professional services, these are 2020 numbers by the way, it is an additional £330 million. That is huge.

1215

So it is effectively 50% of the Island's GVA, just finance and professional services. It is massively important. I cannot over-estimate how important this business is to our Island and how important it is that we continue to sell ourselves all around the world. And if you look at the number of people employed on the Island, 5,960, again using 2022 numbers, in finance alone. If you add in professional services, an additional 3,000 people. It is massive.

1220

Every single business on the Island relies to a lesser or greater degree on the people that work in these sectors. The shops, as I mentioned earlier on; the restaurants. If those jobs were not there, who is going to be buying in the shops and restaurants? It is critically important and the final thing, if I can just say – sorry I am passionate about this, as you know – is that our competitors are out there every single day selling themselves. We have got to be out there, shouting, and competing with these competitive jurisdictions. It is critical that we do so.

1225

Deputy Fairclough: Thank you for your very comprehensive answer. I am just aware of the time and that we have got other ground to cover, so that is all the questions I have on that, thank you.

The Chair: Actually, could you move onto number 28 please, Deputy Fairclough.

1230

Deputy Fairclough: A complete change of industry now. Deputy Inder, in 2021, when considering the emerging local medicinal cannabis industry, you were reported as stating:

These are the early steps of a promising new sector for the Bailiwick; one which is already attracting interest and investment locally and from overseas. Guernsey is now well-placed to remain at the forefront of the cannabis industry and we will continue to support its development.

Not so long ago, medicinal cannabis was being held as a possibly significant economic diversifier for the Island. What in your opinion, or your Committee's opinion, has gone wrong?

1235

Deputy Inder: I do not think anything has gone wrong. It is worth stating here that we are not responsible for a strategy. We do not create strategies. Business comes to us and asks us to do certain things and business came to our Committee early on and said, 'Look, there is a bit of a choke on the cultivation licences.' This is primarily around CBD and they asked us to unblock it.

1240

It was unblocked and I do remember having a conversation with one of our officers that said, probably a bit of an F and a blind in there, 'If I cannot do it, who the hell else can?' So there was clearly a problem with the unblocking of the initial cultivation licences wrapped around CBD. Job done, the Law was in place, we were asked to get the cultivation licence out. It took too long, to be perfectly frank with you. It did take too long.

1245 The industry then came to us and said, 'We need an MoU.' So again, via Committee support, particularly Home and HSC, we went through a process, a very quick one, quick in Government terms, of getting the MoU. The MoU itself is just entirely a replication of the Isle of Man and Jersey's. Just change the name, do the same and we released the MoU.

1250 So that is the job of Government. Industry came to us and said, 'We need a law in place.' That Law was done back in 2015/2016, they then came back to this new Committee and said, 'Please find a way of unblocking the cultivation licences.' We did that. They then came to us and said, 'Can we have an MoU?' And we brought the MoU.

1255 It is not the job of Government to start opening the doors, planting the products and giving any assistance beyond that. The industry, led by the, I am going to call them the Cannabis Association, Channel Island Cannabis Association, came to our Committee and demanded some policy changes. That is exactly what we did.

1260 So that is as far as we have gone. What I am hearing is Jersey is ahead of Guernsey in some way, shape or form. The real problem that Guernsey has got is that it has not managed to generate the finance for these nascent licences and that, Deputy Fairclough you will understand, is not our job.

1260 You came to us as an industry and said, 'We needed this.' We gave it to you. You came to us, an industry, and said you wanted something else. We gave that to you. It is not our job to raise the funding. We were told as soon as the cultivation licences came through, MoU, they were through the line, and we have done exactly what we were asked to do. The rest of it is entirely up to them.

1265 **Deputy Fairclough:** So the cannabis licensing page on the gov.gg website states that the MoU that you have alluded to with the UK Home Office marked a:

... significant step in the development of the Bailiwick's emerging cannabis industry, which has quickly become the most established in the British Isles.

Do you think that remains an accurate description of the industry?

1270 **Deputy Inder:** I believe we have got more licences than other jurisdictions, I believe than Jersey, I believe we have got more licences. What has not happened is the raising of the capital for the funding of the various business plans, So at that point of time that is what I believed. The fact that some of these operations have not raised their capital, there is very little I can do, where other jurisdictions have, by the way.

1275 **Deputy Fairclough:** So does Economic Development continue to believe this industry can contribute meaningfully to the future revenue of the Island?

1280 **Deputy Inder:** I would like it to. That is all I can answer. But again, without that capital being raised, at the moment it is not generating an awful lot of revenue for the Island. Of course we would like it to. I am trying to answer the question, Deputy Fairclough, and I am not trying to avoid it but I am not financing it myself.

1285 **Deputy Fairclough:** So do you consider there is a risk of reputational damage to the Island from the medicinal cannabis industry?

1290 **Deputy Inder:** Not particularly because if it does not happen, it does not happen. If it does happen, it will be very well regulated. So, no, not from a medicinal cannabis point of view. If it is not being grown, there is no risk to be had. We as a Government have done exactly what we were asked to do.

Deputy Fairclough: That is all the questions I have got on that.
Thank you.

The Chair: Deputy Dyke, I think you have some more questions.

1295

Deputy Dyke: Yes, you have mentioned the problem that we have with banking services on the Island. There seem to be three issues: obtaining credit cards by our local population, closing of pooled bank accounts by some of the existing banks and the one that has been particularly drawn to my attention, the actual opening of new bank accounts by new businesses.

1300

All of this is seriously worrying. Deputy Moakes has explained all the good work that you guys are doing, which can all be undone by this. Firstly, is it all the banks that are causing this problem or is it just some of them? *(Interjection)* Can I finish the question?

1305

Is it all the banks or just some of them? How optimistic, I am just conscious we are running out of time so I will run it together, how optimistic are you that we can fix this problem and how much do you think it is to do with the way we enforce our anti-money laundering regulations? Is that becoming so difficult that people are beginning to give up and just saying no? So that was the scope of the question.

1310

Deputy Inder: Again Deputy Moakes is our financial lead. It might be the case that later on Deputy Kazantseva-Miller may mention something in regard to digital credit cards and the like. So there will be two people responding and you will be lucky it is not me!

Thank you.

1315

Deputy Moakes: So, yes, we recognise there are some problems, absolutely. Let me clear one of them first because we can break these into slightly different sections. So the pooled bank accounts issue that has been raised, it is one bank. That bank has given notice that those customers are given time to move those pooled accounts to another bank and there are other banks that operate pooled accounts. So hopefully that one can be resolved.

1320

The bigger group of issues that have been raised, around retail banking, includes things exactly as you have said, the opening of bank accounts, access to credit cards, access to business accounts, etc. So we realised it is not just a Guernsey issue, it is a Crown Dependency issue. The first thing we have been doing is talking to the other Crown Dependencies to understand is it exactly the same issues that they face or are they slightly different? From what I can see they are incredibly similar.

1325

So the next step has been, we have been talking to the individual banks themselves, on-Island, and with the Banking Association to understand: this is what we have been told, what is your view on it? So we have had anecdotal feedback from them to explain what some of those issues might be. So the next stage of our work is to actually undertake a review where we take all of this evidence that has come in, go out for further evidence and then look for solutions to the problems that have been raised. What we are hopeful is that we can come back by the end of the year, I believe it is, with a paper which actually says problem one is this, solutions are these, how do we make that happen, can we make it happen etc.?

1330

One thing I have to say is, remember we are an Island of 60,000 people. We are the size of Maidenhead in the UK. To expect us to have thousands and thousands of choices probably is not relevant, it is not going to happen. But we do need to ensure, which is your question, that we have the best possible service that we can offer. For example, there is a local bank on the Island, which will be issuing credit cards very shortly, which has not done previously. But nevertheless the review will still take place and we will look to try and find solutions for all of these problems.

1335

One, for example, that has been raised has been the difficulty to access credit reference information. If you cannot do that you know nothing about the person, you cannot say this person is good, bad or indifferent. So we need to find a way in which we can enable credit references to pull the data that they need to help the banks make a decision about who they work with, or not, as the case may be.

1340

But I do not want to go into solutions at this point. I think it would be premature to do so. I think the right and proper thing is to allow, if you will, the review to take place and for us to come back with those possible solutions.

1345

Deputy Inder: We will see it in November but I also said in my response, and I will move to Deputy Kazantseva-Miller in a moment, but I think some of these banks have got a responsibility beyond just money in, money out. You are hearing it from the UK, there is a little bit of pressure on what they call social responsibility. If you are going to manage your wealth here then can you please at least try to provide a better service for the local economy, for residents? I think that is reasonable.

Deputy Moakes: To be fair on all the banks we have spoken to, they all want to work with us. That is a very important point to also make.

Deputy Inder: Deputy Kazantseva-Miller would like to contribute as well.

Deputy Kazantseva-Miller: Just three points to add. I think it is a dynamic situation so actually the best thing, often, about the market, is that market response. So we know already, and Deputy Moakes mentioned, local players are looking to launch new products, where they see there is an opportunity. That is happening.

We are also having two new entrants as payment platforms coming in, focusing specifically on the business sector, so we are already seeing that the market is naturally responding to what is happening. In terms of Government, we cannot solve it all but we can try to encourage new entrants. I think that is one of the keys. The more competition there is, the more chance that local players will start also responding so I think trying to get new players into the market is really important.

The other one is trying to get local players to also, hopefully, become more innovative, keep launching and working with third party providers as well and, on that point, I am personally quite keen on open banking, which has been one of the key initiatives in the UK, which was set from PSD2 regulation a few years back, which has really transformed the financial services system in the UK.

Those are the kinds of policies we should be potentially looking at, which will then stimulate the Fintech ecosystem on the Island and beyond.

Deputy Inder: The question not answered was whether AML regulation had an impact. I wonder if Deputy Moakes would answer that specific point and I would also like to mention two other areas, because he has spoken generally about the banking review but I would like to just remind people, in fact I will do it now before I finish with Deputy Moakes.

There were two other areas that we were looking at as well. The electoral roll, basically having an open electoral roll, that would allow people to be effectively validated, making sure Neil Inder exists when he applies for a bank account. The other one would be somewhere within the Registry itself, so if Neil Inder's ice cream services are legitimate, it will not be acceptable, we are just not in the world where these banks and retail services, it will not be acceptable for me to have to go up to the Greffe, get a share transfer or a form, get my birthdate and send it to a number and hope I am ever going to get a bank account.

We have got to move into the digital age and effectively, the way things are going is ultimately these providers of services, they do not want to post to you, they want to ping you. That is what they want to do. You might want to answer the AML question that came directly from Deputy Dyke.

Deputy Moakes: I do not think AML is a particular issue here at all. Most of the banks have got a head office somewhere, and they apply the same rules to every jurisdiction they are in. So we are not treated any differently, as far as I am aware, to any other jurisdiction. I think it is perhaps some of the other things that I was referencing earlier on, rather than something like that. But, you it is something that we could look into as well, if you would like us to.

Deputy Dyke: Alright, thank you for a very helpful answer.
Thank you.

The Chair: I have just got two very short questions, or one maybe, to get in before we wrap up. We have got a Machinery of Government Review coming along, apparently, at some stage. We are not quite sure when. What do you think, you have spent three years on the Committee for Economic Development now? Are there any changes that could be made, where your Committee specifically is concerned – I am not talking about the wider thing – and assuming it exists in a similar format in the future, to improve the effectiveness of your Committee?

Deputy Inder: Sounds like a trick question to me. If you think for a minute I am going to speak on behalf of my two Committee Members and tell you what they think, you have got another thing coming! I am going to Deputy Moakes first and then Deputy Kazantseva-Miller.

Deputy Moakes: Coming from a commercial background, one of the things that always frustrates me is speed. Pace. Making a decision and that decision coming to fruition always seems to take longer than I think it should do. Having said that, sometimes you see all the work that is necessary to go into legislation, for example, and it is far more complicated than perhaps you first give it credit for. That would be one thing, pace, more of the things we agreed to do actually happen more quickly than they do happen.

The Chair: Okay, Deputy Kazantseva-Miller.

Deputy Kazantseva-Miller: From a Committee perspective, we have not had any discussion in terms of the implications of this workstream on our Committee. I think it is probably fair to say that, just look at the UK, you probably have now at least three ministries covering what we should/may be covering and certainly not. You have digital, culture, media, science technology, etc. I would say that we probably do not have a lot of the levers that we probably should have more of so I would say I think there is scope for improvement.

The Chair: That is very interesting. I think we are at half-past four, I think we will leave it there. Thank you very much indeed. Thank you to all the witnesses for attending. Not just so that we can ask you the questions but so that we can really improve the public understanding and awareness of what you as a Committee do.

Thank you to the members of the media for attending and those members of the community tuned into the live stream. We undertake regular public hearings with all the Principal Committees, but we have also got our next hearings, in fact, in early October, on our review of Island-wide voting and we will be publishing details on those very shortly. So the hearing is now closed, thank you everyone.

The Committee adjourned at 4.30 p.m.