



OFFICIAL REPORT

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STATES OF GUERNSEY

SCRUTINY MANAGEMENT

COMMITTEE

Committee *for* Economic Development
Public Hearing

HANSARD

Guernsey, Friday, 19th November 2021

No. 4/2021

*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 Lyndon Trott – States’ Member

Ms Morris – Member, Financial Scrutiny Panel

Mr Mark Huntington – Principal Scrutiny Officer

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Scrutiny Management Committee

Committee *for* Economic Development Public Hearing

*The Committee met at 10.30 a.m.
in the Castel Douzaine Room*

[DEPUTY BURFORD *in the Chair*]

Procedural – Remit of the Committee

The Chair (Deputy Burford): Good morning, everybody. (**Deputy Inder:** Morning) Thank you all for attending. Welcome to this Scrutiny Management Committee public hearing session with the Committee *for* Economic Development. Today, we will be focusing principally on matters in the Committee's mandate that relate to the Government Work Plan.

5 I am Deputy Yvonne Burford, and with me on the Panel today are Deputy Lyndon Trott and Gill Morris, who is a member of Scrutiny's Financial Scrutiny Panel.

I would mention that Deputy Trott is involved with Guernsey Finance and therefore he has had no involvement at all in preparing any of the questions that we may ask today on that subject, and he will not participate in any questions relating to it.

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Deputy Inder: Understood.

The Chair: Following this session, the Scrutiny Management Committee will decide if any further review of any activity relating today will be undertaken. A *Hansard* transcript will be published in due course on our Scrutiny website.

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This is an official parliamentary session and therefore questions or interruptions from the Public Gallery are not permitted. So, if everybody would please ensure their phones are turned to silent.

EVIDENCE OF

Deputy Neil Inder, President, Committee for Economic Development;
Deputy Nick Moakes, Member, Committee for Economic Development;
Mr Steve Wakelin, Strategic Lead for Place Policy;
Mr Damon Hackley, Director of Operations for Economy, Environment & Infrastructure and
Sport, Culture & Leisure; and
Mr Gareth Jones, Director of Business, Innovation & Skills

20 **The Chair:** I will turn now to our witnesses today, if you could please introduce yourself, starting with Mr Wakelin.

Mr Wakelin: Hello, good morning. I am Steve Wakelin; I am a civil servant. I am the Strategic Lead for Place Policy.

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Deputy Inder: Neil Inder, Deputy Inder, President of the Economic Development Committee.

Deputy Moakes: Deputy Moakes, Member of the Economic Development Committee.

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The Chair: Thank you.

So, in the policy letter for the Government Work Plan stage 1, just by way of background, it sought agreement on four workstreams. The first one was responding to the COVID-19 pandemic; the second one, managing the effects of Brexit; the third one, delivering recovery actions; and the fourth one was reshaping Government. Further Resolutions were made in the stage 2 policy letter, in particular 10 critical recovery actions, and within those 10 actions there are two that relate to Economic Development. The first one surrounds digital infrastructure and the second one is related to finance and tourism. There are numerous other workstreams identified as actions for the remainder of the term. So, today's hearing is going to focus predominantly on these issues.

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I would like to start off, then, with questions on tourism. Deputy Inder, in your first general update Statement to the Assembly in November 2020, you explained that your Committee would:

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"set out a plan for investment in our tourism product and an accommodation strategy ..."

My question to start off is, what is the current status of the planned investment and what will it entail?

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Deputy Inder: Well, we have had a tricky start, given that we are in the middle, or have been, or hopefully coming to the end of a pandemic. Looking at the tourism strategy itself, it is fairly all encompassing. We are going to bring a policy letter to the States and the reason we are going to do that is simply because, and if I can give a little bit of background, we have had *three* substantial documents. One was 2014-15, where I think it was under the Kevin Stewart economic presidency. There was a document that effectively decided that we were going to have 400,000 passengers by the end of 2025. That very quickly became an aspirational document. We then, in 2017, had the Guernsey product review document which, to be perfectly frank with you, has not been dusted off in three years. In 2019 we had the 10-point marketing plan, which is still in play, but of course the pandemic started shortly thereafter, and we are now into the Government Work Plan.

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Now, hopefully by May of next year we are going to bring a strategy to the States that will deal with the areas that you have asked us. The reason I want to do that is quite simple: I am really quite bored of Government developing documents that are purely aspirational. They are purely aspirational, but they do not direct the States to do anything at all. I can give an example, and these are purely for illustrative examples.

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Let's say, for example, talking about investment, and this is purely illustrative, our Committee, as part of the tourism strategy, have decided that St Peter Port is going to be a recreational and a destination centre. The truth is, we have got absolutely no control over that whatsoever. I cannot

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direct STSB to do anything if I believe that the marina facilities and the marine area is part of that policy to develop. And we will have to, as part of the States' strategy is come to the States and ask them to direct STSB *possibly* to do certain things.

65 Another example might be, and this is purely illustrative as well, let's say, for example, we decided, in a moment of madness, that we wanted Castle Cornet to become a boutique hotel. Now, how on earth would we do that? I can produce another document, and I can have that as an aspiration, but if you look at what Castle Cornet is, it is effectively owned by Property Services, it is managed by Education and it has probably got Heritage and DPA written all over it. So, if that were
70 an aspiration, I would have to come to the States to give that some form of direction. That is an extreme version.

Another area might be, let's say, I don't know, the kiosks around Guernsey. Let's say – and I do actually believe this – that the kiosks have got slightly shaky concession contracts, in general run by Property Services, I genuinely believe that we should expand them in some way. I do think the kiosk
75 around the coast as part of our product could do more than just selling mini milks and cokes and the odd hotdog. They could be extended into the evening as well. But I simply cannot do that by a tourism strategy that we produce and do not take to the States. At the moment, you cannot open a kiosk in Guernsey after the hours of sunset. You just cannot do it.

Now, what if we believe that the product has changed? What if we believed it is more than mini
80 milks and coca colas? What if we believed that we really do think there should be cover over some of those kiosks? What if we believed it should be champagne and lobster in the evening? We simply cannot do that without directing the States. We have to direct the States via Property Services to look at their contracts, we have to ask the DPA if they would give greater consideration to cover in the evening and we would probably have to deal with E&I under the fact that the ACLMS ...

85 So, to answer your question, the work is in progress and that will all become apparent, including investment by, I am hoping, May of this year.

The Chair: Okay. There is no problem in bringing that to the States, though, is there? I take the points that you are making but previous strategies have come to the States, have they not?

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Deputy Inder: No, none have.

The Chair: Never?

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Deputy Inder: None.

The Chair: Okay.

Deputy Inder: There has not been one strategy that has ever come to the States. They have
100 been, basically, documents that have been published by various versions of tourism authorities, (**The Chair:** Right.) and have been entirely aspirational documents. As soon as they do not work, they become aspirational documents. We have got one opportunity, Deputy Burford, to do it once and do it well, and we have to deal with this and I am hoping that, by direction, the high-level strategy of asking STSB possibly to work with the tourism authority on harbours, and possibly
105 Education to work with tourism on its heritage sites –

The Chair: Okay, so we can look forward to this coming in May, then?

Deputy Inder: You can. I always give a date and fail, but basically that is the aspiration.

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The Chair: Would you consider that part of the problem perhaps in the past as well as has been too grandiose schemes rather than concentrating on various improvements that can be made?

115 **Deputy Inder:** You make a good point there. I think a lot of these documents with ... I do not want to talk too terribly of previous tourism leads – I am tempted – but I think you are right; they have been too grandiose. They have been beyond aspirational. They have become public documents and almost political documents to make it look like we are doing something.

120 **The Chair:** Okay. Deputy Trott.

Deputy Trott: Thank you.

Are you going as far as to say that you do not believe the current machinery of government is fit for purpose?

125 **Deputy Inder:** Exactly. Well, if you want to go down that route, I have got another five minutes on that one as well! (*Laughter*)

The Chair: Instead, I will go to Ms Morris who has got a follow-up question.

130 **Ms Morris:** In a slightly more constructive way. So, in pulling this paper together, are you collaborating with the Committees that you have spoken about?

Deputy Inder: We are. Already, I mentioned the heritage sites, quite clearly, we have got a lot of quite fascinating pieces of architecture dotted around the Island, most of them have got bolted doors on them and bits of crisps shoved through the railings. We have got Martello towers that we have seen being used by the National Trust, have done a great job there, but there are opportunities.

135 The accommodation sector is changing massively. Gone are the days where you can just convert an old, grand Guernsey house into a couple of bedrooms and shove a restaurant and a bar in the corner. You have seen what has happened at Camp de Rêves, what the Barnes family have done on the glamping site in St Peters – it is fascinating. And we know that heritage sites and that funkier – I am going to use that word ‘funkier’ – it is not all about the bog-standard room, which is great for some people, but Guernsey has an incredible product. It genuinely has an incredible product, and I think, quite seriously, one great failing of various iterations of this is that right now no one can tell me what the customer profile is of a tourist. No one can tell me that.

145 **The Chair:** Coming back to that statement that you made a year ago, you also stated that Aurigny and Visit Guernsey should work more closely together ‘to bring visitors back to the Island’. Has that happened, and if so, what identifiable successes has the partnership secured?

150 **Deputy Inder:** We have got, I think I said it in the States, I think everyone was fairly happy with the new lead, and I cannot say his last name so I will just refer to his first name: Nico with a slightly long South African last name. We have had numerous presentations from him and for the first time in my life, not my life, first time I have been in any way involved with Aurigny, I have seen someone who is not a salesman, and that is really quite important. For a long time I have heard a lot of fluff and a lot of chat; I have actually got someone who I think the Island, to be perfectly frank with you, and probably STSB, has got someone that for the first time I have got a substantial amount of confidence in, but to answer that question directly, in that presentation there is a clear commitment between Visit Guernsey, the current iteration of it, and Aurigny to work together, and ultimately it really is about filling the empty seats.

160 **The Chair:** Okay.

So, moving forward to your September Statement this year, you explained that your Committee was:

working with the Guernsey Hospitality Association to develop a marketing campaign to help recruit much-needed staff

Deputy Inder: That's right.

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The Chair: That is obviously something that has been in the media a great deal recently (**Deputy Inder:** Yes.) and I was just wondering whether any progress has been made on it?

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Deputy Inder: That was initiated, I am going to say, and I do not want to ... I think that went live about three weeks ago. The website, it is called something like 'Working in Guernsey', excuse me if I have not got it correct, but effectively, it is a microsite off the Government website, it effectively has fairly pretty video, usual stuff, 'Guernsey is a great place to work,' a little bit of detail, and then it funnels down to, I am going to say three separate recruitment sites. I cannot name them at the moment, but effectively that has been running, I believe it is about three weeks at the moment. (**A witness:** Yes.)

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So, the answer is that is out there and I cannot answer whether it is working yet, but we have done what we said we would do: (**The Chair:** Okay.) we have assisted the greater hospitality sector.

The Chair: Okay, so early days, really, to see results on that?

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Deputy Inder: Yes, that is right. But it has been done.

The Chair: And yet in the same Statement you mentioned that Guernsey and Alderney were 'having a season', to quote, with around 72% occupancy rate.

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Deputy Inder: That is correct.

The Chair: I have got two ideas on this. First of all, if you could just give us a general update, but also the 72%, was that because fewer establishments were open, so it was not 72% of the normal amount of business that we would see?

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Deputy Inder: That is fair. We have got something called a task force recovery group. It meets and it is led by Deputy Vermeulen behind me. We have got a tourism taskforce recovery group; it is really quite good. We have got a large representation of the tourism sector, we permanently get information from them and get feedback from them, whereas under previous regimes a lot of work was just imposed on the sector. This is very different. We are getting feedback from everything from tour guides to event organisers, to hotel accommodation, Sark and Alderney. Sark is now represented on it, and Alderney is as well. So that is working quite well.

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The 72% figure was of the available rooms at the time, (**The Chair:** Right.) because some of those hotels had, because of the COVID cleaning regimes, there were a couple of them where normally you would do, as I understand it, a room back to back, someone will leave at 10 o'clock, you clean it in two or three hours, get the next lot in, but some of the hotels – we certainly had one – were almost a day in between sometimes, and certainly, because of the recruitment strains that we are on, some of the hotels just (**The Chair:** Yes.) could not open all of their rooms.

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So, it was a percentage of the available rooms. Sorry, that was a long way to –

The Chair: Yes, because I think there has been some misunderstanding, and certainly some contacts that I have had have indicated, 'Well, you know, it's not 72%', and I thought it –

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Deputy Inder: Well, that was clearly stated in the output. We were not trying to say that it was 72% and we had bounced back.

The Chair: Yes. No, that is fair enough.

215 **Deputy Inder:** But we are in a heck of a lot better place, and I think the really important thing is that we had a season this year. We had a season which no one knew in May that we were going to have, and we are not writing cheques to the hotel industry anymore. So that is very good news.

The Chair: So, talking of bouncing back, then, what are the forecasts looking like for 2022?

220 **Deputy Inder:** At the moment the forward bookings are looking okay, if that is an indication. The problem we have got, Deputy Burford, is that, if I could speak plainly –

The Chair: I think you always do. *(Laughter)*

225 **Deputy Inder:** Yes.

Ms Morris: Exactly what was going through my head! *(Laughter)*

230 **Deputy Inder:** Yes. If I can speak plainly, probably plainer than normal, if you look back at the last 15 years of stats, if we look at the Airport figures, they bounce along this figure of around – ignore COVID for a moment, just set that aside for a moment – they bound around this figure of I think it is around 860,000 passengers in and out, and you have got to divide that by two because someone has got to come in, no one just turns up ... effectively around 430,000 ins and outs.

235 Then of course we have got the harbour figures, which, if I remember correctly, over a 12-year period they have dropped about 38%. There was obviously a decline in 2016 because of the 2015 problem we had with Condor, but that decline was happening way before the 2015 Condor. So, if you have got this figure bumping along at x amount at airports, then you run this line of this 38% decline over harbours, yet, the tourism figures seem to be bumping up, bumping down along the same line. Well, where is this other port? It cannot make sense. It is not possible that we have got this standard around 137,000, 140,000 figures which seem to be pipping along the same, bumping along the same line every time we do something. It is just not possible.

240 So, I have got extreme ... The only real thing that I can see in front of me now, in terms of what we would call a KPI, is harbour figures and airport figures. That is the only real indication of travel in and out. That is a fact. I think I am dubious, entirely dubious, of the way that we have been counting figures. We have got people basically running around various ports saying, 'Oh, that guy looks a bit foreign-y, are you a tourist?' That chap –

The Chair: So, are you saying you have got inadequate data to do the job?

250 **Deputy Inder:** Yes. In short, that is what I am saying. So, I think to answer your question, what is our benchmark, our benchmark has to be a better idea of what the occupancy figures are, and we always know that July, August and September are going to be pretty good. There is no point putting on five new boats in the middle of August because the actual accommodation sector has got no capacity whatsoever. You hit, in a normal year – forget the COVID year – our job is to lift the shoulder months. So, your long-term yield, in a way we have got to ignore the July, August and September and look at the yearly yield. So, August will always be August, July and September will always be those three months. Our issue will be what can we do in April, May and June and lift that shoulder there, and what we can do in the end of October/November. That is the key lift for the industry.

260 **The Chair:** So, are you saying there is no desire at all to increase the bed stock so that in fact July, August, September could be better and build tourism in that thing? **(Deputy Inder:** Sorry –) Well, I say this particularly in the light of the news of hotels moving out of the industry with the change of use that has been proposed. Are you saying that from an Economic Development point of view, you said you do not want to work on July, August, September, but are you saying there is no overarching idea that you might want to still increase tourism by lifting the bed stock?

Deputy Inder: No, quite the reverse. That, with the greatest of respect, is not the correct assumption. What we are moving out of, via the exemption, is hotels which are already out of bed stock, they are not counted in the bed stock. They are effectively derelict. I made reference before
270 to the way the accommodation sector is changing. As part of an accommodation strategy, it might be the case that we identify that ... In fact, having had conversations with Planning, I posed this question exactly, and the answer was along the lines of ... Well, the question I posed was if we wanted to look at different types of accommodation, one might be two or three hotels, something a bit more low-slung, possibly, more chalet, more almost like a forest park-type thing, what could
275 we do? The answer coming from the DPA was, 'You're fairly limited at the moment, so if you wanted to do something', i.e., build, I don't know, I cannot even think of the type of ... let's say another St Pierre Park in the corner somewhere and another Town hotel, there is a limited amount of land which is available. So, if that is a desire, we would have to direct the DPA to put in place a planning inquiry to allow to release more land. We would have to do that –

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The Chair: Yes, but there are numerous ways of increasing the availability of beds on the Island than large hotels. So, you referred to the glamping sites, there is the Airbnb, there are lots of other things.

Deputy Inder: Yes, that is right. Well, I was going to move on to, as the accommodation strategies are changing, at the moment we have got two glamping-type sites. One was, I mentioned, Camp de Rêves and I think down at Beaucette there is a bit of expansion there as well. And, of course, we have got the camping sites. But there is no other land in Guernsey. If we identify that something slightly more sustainable, more wood, log and cabins, slightly less impact on the land is
285 the way things are going, right now, it is very difficult to identify areas.

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So, to answer your question, again, for us to consider that in the round, part of this tourism strategy, will by then we will have identified and communicated with the high-end hotels and the ... I do not want to use the word disparagingly, low-end camping/log-cabin-y type, and find out is there a market for it, and where is the land?

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The Chair: Okay, can – Oh, Lyndon.

Deputy Trott: Thank you.

Neil, when you first answered the question, you said the indicators are looking okay and then
300 you went on to suggest that some of the data was either dodgy or possibly unreliable. So, is the 'looking okay' based on instinct or data that you have actually got? (**Deputy Inder:** Right, okay –) And what does 'okay' look like, as well, just in understanding the answers that you have given.

Deputy Inder: Well, the fact that every indication from the ... and I think, Deputy Trott, you have hit it on the head, a lot of it is about feel and fairly anecdotal. (**Deputy Trott:** Yes.) There is nothing,
305 there is no dashboard now that I can pick up, hit a button, and say, 'Right', because there is no dashboard where the hotels are all feeding into one central database so I can hit a button and say, 'What's happening in August 2022?' The feeling that we are getting from the Tourism Task Force Recovery Group is that forward booking is starting to appear, and it is heading in the right direction.
310 They are not panicking.

So, to answer your question directly, we are entirely dealing with anecdotal evidence, a lot of feeling, but I am not getting from that group, and Deputy Vermeulen ... well, he is here, but he cannot speak, will back us up that 2022 is looking okay at the moment but that can change in an instant. (**The Chair:** Okay.) So, we are fairly comfortable that we are going to have something that
315 looks like a season.

The Chair: Ms Morris.

320 **Ms Morris:** One of the developments that I have seen over the last seven, eight years is Airbnb in the UK in particular, (**Deputy Inder:** Yes.) and I am just wondering whether that forms part of the accommodation strategy and whether that is an easier win –

Deputy Inder: What do you think Airbnb is?

325 **Ms Morris:** It is self-catering.

Deputy Inder: No, it is not, it is a booking platform.

Ms Morris: Well, I know that, but how many of those do we have in Guernsey –

330 **Deputy Inder:** Seventy.

Ms Morris: – are we encouraging more? Okay.

335 **Deputy Inder:** We have got about 67 on Airbnb at the moment, and primarily they are self-catering. Do not think for a minute Airbnb is a business that builds accommodation strategy. All it is, is an –

Ms Morris: That is not what I was suggesting.

340 **Deputy Inder:** – incredibly useful – I am just doing for everyone who is listening, because I have heard before, 'Is Airbnb coming to Guernsey?' Well, Airbnb is in Guernsey. It is no different to Booking.com or any of the other large platforms, and there is something like 67, 70, predominantly self-catering, in some camps like some hotels which have been using it for five or six years. So, I think, and I am going to have to refer to Gareth Jones, he is behind me, I believe that there is an exemption where, if, for example, you have decided that as part of the Airbnb product you can rent out just a room in your house, and I believe there is something like 17 or 18 people that do not fully ... I am going to refer it to Gareth Jones now, but I am fairly sure that there are a number of people that have got temporary boarding permits to allow them to open their rooms to allow people to be accommodated, or did I just make that up, Gareth?

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Mr Jones: Yes.

Deputy Inder: What, I've just made it up? (*Laughter and interjection*)

355 **Deputy Trott:** That would be my guess! (*Laughter*)

Mr Jones: There is some degree of regulation over the accommodation sector to ensure standards, and their safety etc. But there is that latitude within that as well.

360 **The Chair:** Okay.

Deputy Inder: So, your room might not be defined as self-catering. (**Two witnesses:** Yes.) So effectively, what we are fairly sure of: that if you have a couple of spare rooms in your house and you want to act like a lodger, you can effectively apply to Visit Guernsey and for, is it on a yearly basis?

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Mr Jones: You have to apply to register with Visit Guernsey.

Deputy Inder: So, there you go.

370 **The Chair:** Okay. Thank you.

Deputy Inder: So, we have addressed that already and I would not mind expanding it either, because again, it is not all about glamping sites, it is about lodgings, rooms and bed and breakfast and all that kind of stuff.

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The Chair: I think, as much as I would like to carry on this, because we have got a lot more we could talk about on tourism, in order to try and get through everything we want, (**Deputy Inder:** That is fine.) a wide range of things –

380 **Deputy Inder:** That is fine.

The Chair: – we want to discuss with you, we will move on to the generic heading of finance and perhaps ask Ms Morris if you would like to kick off on that?

385 **Ms Morris:** Thank you.

Could you please explain, Deputy Inder, what you meant by, so this is your September update, you said ‘every pound spent’ will focus ‘on clear and measurable priorities’. So, can you explain specifically what that funding is being spent on, please?

390 **Deputy Inder:** Are we talking about Guernsey Finance?

Ms Morris: Guernsey Finance – well, your update said ‘every pound spent’ will focus ‘on clear and measurable priorities’.

395 **Deputy Inder:** Right.

The Chair: Yes, I think that is in relation to the additional money to Guernsey Finance.

Ms Morris: Provided to – yes, Guernsey Finance.

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Deputy Inder: Right, so at the moment, just a bit of background, a reminder. Well, we have got the Chair here, and I completely accept that you were not privy to these questions, but if he starts grimacing, I know I am heading down the wrong direction. (*Laughter*)

405 **The Chair:** Can you just face the wall, please! (*Laughter*)

Deputy Inder: If I do remember correctly, I think we started with a baseline of about £1.2 million, we added another £300,000 to the baseline, which gives it £1.5 million. Now, that £300,000, if I remember correctly, was part of the green finance promotion. I think we just allowed that to stay in there, rather than previously it was a one-off for one year, and then on top of that it was a million a year for three years.

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What we did not do, Ms Morris, and I have got to be a bit cagey here, only inasmuch we did not publish the Guernsey Finance marketing, well, rather Guernsey Finance did not publish their document for the simple reason: why would we tell the enemy what we are up to? So, it has got to be kept within the confidence of the board, our board, and Policy & Resources to a degree. But do have some where the, I have got the ... Four areas seem to be strategy, PR and research – it is not basically billboards in Riyadh, so there is a lot of technical work being conducted to promote Guernsey as a place to do business. There is generally business development, inasmuch as that is effectively shoe leather: people going out to various destinations, shaking hands, trying to drum up business for Guernsey’s sector. Sustainable finance, I have touched on before; and that perennial

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thing is marketing events. When people go to various expos, say Guernsey is a great place to do business and raise profile.

425 The objectives are fee increases, business growth, and actually replacement of annual business. Because there is a churn. It is not always just about growing the finance sector. We have to accept that we lose a certain amount of business every year, so there is a bit of replacement business going on. The new areas are the Middle East and Asia, US funds increases I think has been one of the areas. Sustainable finance I have mentioned. In terms of the measurability, to answer your question, but I am going to pass it on to Deputy Moakes in a minute because I am doing far too much talking about an area I actually think I know more about than I actually thought I did! (*Laughter*) Is that
430 Guernsey Finance have got fairly sophisticated CRM, and it is really quite hard. We have always said, I am out of advertising and marketing, and one of the things I have always said: I know 50% of my advertising and marketing is working, I am just not sure which half. We just have to accept that.

435 In terms of measurability, they do have something called analytics and that will show engagement with various contacts. They have got a fairly sophisticated CRM system, that is Customer Relationship Management, and of course general industry feedback.

But at this point I have done far too much talking, Deputy Trott is not grimacing, I think I am heading in the right direction, I am going to pass on to Deputy Moakes to say a few words on the matter.

440 **Deputy Moakes:** Yes, thank you.

I think this was a really great example of a Committee working with an Agency. Guernsey Finance had been crying out for additional funding for quite some considerable amount of time, there was a lot of engagement between the Committee and with Guernsey Finance and over a number of months we worked together to come up with a solution to this. And as Deputy Inder has just said,
445 that was ultimately incremental funding on top of what they already received. But, and this is the important part, I think, there were some very specific goals in there, which Neil has touched on, in how Guernsey Finance wanted to use that money, and there were also a number of KPIs that were put in place so that we could actually measure how successful they were using that incremental money.

450 Now, I am not going to go into detail about what they are, but I hope to give you some security that there is additional money going out that is going into very specific things to help Guernsey and we will be tracking that to see how successful it is.

455 **Deputy Inder:** It is also worth mentioning that Deputy Falla is a board member. He is our VP; he is also a board member on Guernsey Finance as well. So, his job is effectively our representative on that Committee. So, we can burn his feet and torture him and extract information out of him, (*Laughter*) as much as –

460 **Ms Morris:** I think that might be off the record, the torture of people! (*Laughter and interjection*)

Deputy Inder: So effectively we do have a direct contact with and of course, Guernsey being Guernsey, Mr Rupert Pleasant is eminently chattable-to at every time, and I know I can always pick up the phone to Deputy Trott; and Mr Wakelin wants to say something.

465 **Mr Wakelin:** I was just going to add, if I may as well, there is ... it is relatively short but quite detailed SLA and a KPI agreement between the Policy & Resources Committee and Economic Development in providing the grant in Guernsey Finance in how they do it and the governance around it as well. Which I suspect can be probably shared with the Scrutiny Management Committee, if it is of interest, but again, as Deputy Moakes said, not something we would necessarily
470 want to publish in the public domain.

I think the driver for it, going on to what Deputy Moakes and Deputy Inder have just said, but at the beginning of the term, of this political term, conversations with the finance sector on what would

475 be transformative and support maintaining and sustaining the finance sector and also helping it to
grow in new markets was around promotion and was investing in promotion, where it had been
felt, over a number of years, that perhaps Guernsey and the States had not invested enough in
promotion compared to other competitor jurisdictions, (**Deputy Moakes:** Yes.) (**Deputy Inder:**
That's right.) which does not necessarily mean Jersey but could be others as well.

480 **The Chair:** Okay.

Deputy Moakes: I think if you were to ask me what were the things, I was proud of doing so far
of being a Deputy, this would certainly rank amongst the top of those things because I think
Guernsey Finance plays a crucial role in promoting the Island internationally and the team work
incredibly hard to do the best they can for the Island.

485 **Ms Morris:** So, in terms of the KPIs and the SLAs, I am assuming there is a dashboard for this
one. There might not be one for tourism, but I am assuming there is some kind of dashboard for
Guernsey Finance, is that looking very green at the moment, or are we talking a few oranges and
reds?

490 **Deputy Moakes:** Again, I am not going to go into the details here, but that –

Ms Morris: I am not asking for the detail.

495 **Deputy Moakes:** – is something that will be tracked on an ongoing basis.

Deputy Inder: I did explain in my original answer to the question that they do have a
sophisticated CRM, which means customer relationship management system, so I am quite
confident they are on top of it.

500 **The Chair:** Okay. Deputy Trott, do you have any questions on the finance area not related to
Guernsey Finance?

Deputy Trott: Yes, I do, thank you, Deputy Burford.

505 It is an all-capturing one, but I think it is an important one, bearing in mind the significance of
financial services to our community. Does the Committee believe that our current financial services
regulatory environment is as supportive of growth within that sector as it could be or should be? In
other words, are you comfortable with how things are, or do you think more could be done?

510 **Deputy Inder:** Is that one of those questions you already know what the answer is?

Deputy Trott: Yes. (*Laughter*)

515 **Deputy Inder:** Okay, I have been set a trap already, third question in.

Deputy Trott: There is always tension, isn't there, between the regulator and regulated and it
ebbs and flows, and it was just really –

520 **Deputy Inder:** Well, it is fascinating. I have tested this a number of times, and finance is not my
area but almost certainly, when you become President of Economic Development, people beat
passed your door and they say, 'Regulation is bad! Regulation is bad!', and 'It's not working, the
GFSC is this, X and X is', and all that kind of stuff. But every single time I have said, 'Fine, absolutely
right, please write me a letter and tell me in detail exactly what the problem is.' I have yet to have a
letter off anyone. Everyone has just said finance is not good for business, but equally, and we made

525 some very good decisions on our two NSMs, Mr Andy Niles and Mr Tony Mancini, and this has been
tested before with them. I will use the words of Andy Niles, who is one of our NSMs. His words are
that you have to accept that regulation exists in a modern society. He also said that regulators, not
necessarily the Guernsey Financial Services Commission, have been pouring regulation down the
throat of the finance industry in Guernsey for the last 20 years, and we are still here, and we are still
530 successful. Regulation is a fact of life and until such time someone actually tells me what the
problem is, I genuinely cannot answer your question because it has not been ... In fact, Ms Morris,
one of those questions was posed to the previous head of your lobby group.

Ms Morris: It is no longer my lobby group, has not been my lobby group since February.

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Deputy Inder: Sorry, so the previous head of your previous lobby group. He beat a path for my
door, saying the same sort of thing, I asked him the same question, 'Please can you write me a
letter? My door's always open.' Over a year and a half, I have not had one yet.

540 **The Chair:** So, your interpretation is the balance is about right or ...?

Deputy Inder: As far as I understand, but again, this is purely Neil being quite open with you, I
have yet to see any evidence, beyond turning us back into the 17th century Macao, which would be
completely unacceptable, of anyone specifically identifying areas where regulation is effectively
545 killing business or stopping business. But I can defer to Deputy Moakes and possibly Mr Stephens
behind us.

Deputy Moakes: Yes, I will probably refer back to Mr Stephens in a moment, but my initial
comment would be that we have local regulation, and we have international regulation, and we
certainly have to abide by the international regulation, and it is important we are *seen* to be abiding
by international regulation. Sometimes when international regulations are passed, we need to pass
550 local regulations to enable us to conform with those.

I, along with FSD, so Darren Stephens behind me, regularly meet with business, regularly meet
with business associations in the finance industry specifically, across all sectors of finance, I should
555 add as well. I generally ask, 'Are there any problems with regulation?', and occasionally somebody
will say yes, and many times people will say no.

So, the door is always open, I always say, 'If you have an issue with anything, come and talk to
me.' I cannot say that I will be able to change it at all, but if I am aware of issues, then at least I can
look into them. I have not seen anything specific that has come up that is causing massive issues.
560 For instance, we have just put through the States some credit legislation. People ask questions
about it – that is right and proper.

Deputy Trott: May I ask a question around GVA? We know from recently released information
that financial services and professional services contribute about 40% to GVA. It is, as everyone in
565 this room knows, our dominant sector. Would the Committee *for* Economic Development like to
see that number higher, maybe closer to 50%; and if not, why not?

Deputy Inder: Do you know what? I suppose it is a good question inasmuch as normally the
question that is asked is, is that sustainable? I do not think anyone would like to see Guernsey as
570 just a world of trust offices. It would be a fairly miserable society. We do need the restaurants; we
do need the fun.

See, I do not entirely know what that extra 10% would mean. Is that the productivity of the
current sector? Would that necessarily mean that there were another 2,500 jobs needed in the ... I
would not suggest for a minute it is a loaded question, but if it is about productivity from existing
575 businesses, I suppose, the general question, yes, why not? If it means another 5,500 people in the
Island to expand it, I think that that is a greater societal question. But maybe if you would like to –

580 **Deputy Trott:** No, if the President does not mind me asking a follow-up question, as I think you are touching upon it, and it is this: we recently learnt that GVA per capita in Guernsey in 2019 was at a rate 57% higher than the UK and 11% higher than Jersey. So, the question has to be are those margins sustainable and are they sustainable without significant growth in that element of our economic activity, i.e. financial services? So, 57% is a fairly significant margin, 11% over Jersey. Can we sustain it; and if not, why not?

585 **Deputy Inder:** I would like to think that we can, but I am definitely going to defer to Deputy Moakes and possibly Mr Stephens on that one.

Deputy Moakes: Absolutely. I will try and answer both those questions, and again, apologies if I am repeating something that Deputy Inder has already said.

590 Would I like to see the finance industry grow? Yes, obviously. It is critical to our Island's success. So the bigger, the more successful it is, the better. However, I would add to that that if that grows by 10%, I would love to see all the other industries also grow by 10%. So although the actual percentage may remain at 40%, we are ensuring that there is diversification across the economy, rather than putting all of our eggs in one basket, however important that one basket might be. Perhaps that answers the question.

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Deputy Trott: Could I –?

Ms Morris: Could I? Yes.

600 **Deputy Trott:** I just want to follow up with a question, again that is linked into not only financial services but the economy more broadly, which is absolutely at the centre of what you guys do every day. A constrained labour market impacts negatively on growth and profits – I think we would all accept that – and it is reported that there are well over 1,000 job vacancies in financial services alone and that number is growing. So what is the Committee proposing should be done to alleviate this pressure, particularly if the Committee want to maintain, as you said it does, Deputy Moakes, the significance of that particular sector, albeit relative to the growth elsewhere? But of course the read across is the same.

610 **Deputy Moakes:** Can I just come in on that point, (**Deputy Inder:** Yes.) do you mind? (**Deputy Inder:** Feel free.)

615 One of the things that has baffled me to a degree is when you look at the demographics of the Island and the changing demographics of the Island. So if you look at every age category below the age of 65, there are declines in those age groups – significant declines, in some instances. If you look at the 65 and over, the increases in those age groups between 2019 and 2040 are huge. So as an Island we need to ensure that (a) we look after those people as they move out of work and into retirement, but (b) we should not take those demographic changes as predicted as being given, because as people retire, we need a workforce to take those roles that have been vacated, or else our industries are going to collapse because there will not be enough people to fill them.

620 So Deputy Trott is absolutely correct in that we need to be addressing that issue and that may well be that we need to bring in more people to fill those roles because we have to fill those roles. How we do that, with the housing crisis etc. is more difficult to answer. And I think, as was discussed earlier on, and I am not kicking the can down the road here by any stretch of the imagination, but that is not just for Economic Development: that is Economic Development working with other Committees to try and solve that problem because we need to find homes for the people that live in the Island now who cannot find homes, but we also probably need to find homes for people that we need to bring in to fill those roles that cannot be filled by locals, for whatever reason that might be, as people retire.

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630 **The Chair:** So, Deputy Moakes, are you saying that in order to sustain our finance industry as it is, we need to accept significant population increase?

Deputy Moakes: It is not just the finance sector. If you look across all sectors, there are gaps in employment.

635 **The Chair:** I know. I was just talking about that because it is one of the largest sectors and it is what we have been talking about.

Deputy Inder: If I can assist, if you will remember, if you can all cast your minds back to the Tax Review, under 1.4 – for some reason I have got it embedded in my head somewhere – there was a statement from central States’ data that we are going to lose something like 11% of our workforce over a period of time. Well, that 11% equates to roughly, well, 10% here is about 3,000 staff. Now, quite clearly, they have to be replaced.

640 Now, if those 3,000 have moved out of the workforce, let’s assume that they have just retired. They clearly are going to be replaced. We have to maintain our workforce. So I found that very odd that that was not recognised. And *right now*, the Population Management Law is actually agnostic on the size of the population. If I suddenly lose 20 members of staff in my accountancy firm because my succession planning is absolutely rubbish and they have all decided to retire on exactly the same day, I will write to Population Management, and they will give me 20 new members of staff. Now, those 20 old members of staff have just retired into the population.

645 So currently, the PML is agnostic. What it will do, it is skills based and a company will apply to the PML, it will make an argument that, ‘I need X type of skills’, and we are talking about finance at the moment, it is right across the board. So if I have lost 20 today because they have all retired on the same day, they are all sitting at home because they are all nice and retired, I will almost immediately get 20 more people into Guernsey. So that will happen tomorrow. There is a group which is called the PIPR group, of which we are on our second round. It is a working group run by (**Deputy Moakes:** Home.) Home Affairs. (**Deputy Moakes:** Yes.) Deputy Prow is leading it. There are elements of having discussions about the Open Market and, actually, the size of the population. The crucial bit to it is actually identifying what kind of population we need in the future. I think it is called the Guernsey population scoping committee or ... Anyway, a lot of work –

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Mr Wakelin: It is a workstream in the Population and Immigration Policy Review.

Deputy Inder: Right, okay. So in the PIPR there is a workstream in there.

655 So right now it is fairly obvious where the problems are – absolutely obvious – in, primarily, housing. This again is where Economic Development does not control the levers, back to whether we have got the right machinery of government. We cannot bring a thousand people in tomorrow to fill those, because we have not got anywhere for them to live. I am probably overstating it, but it is not far out. Or if they are, what does that do to the property prices, what does that do to the rental sector, and what does that do to the people in the service sector? Even if we do suddenly get a thousand people turning up tomorrow, where are the houses, where are the homes, and what impact does that have on the rest of our society? We have not dealt with stock capacity for years and years and years, and we have to start with housing. We have to start building pretty quickly and I hope the Housing in Action – sorry, Housing *Action* Group ... They are a year in, so they are, what, four or five months away from coming up with some kind of solution? But they are not going to build anything, no one is going to build anything tomorrow. But at least our job is to provide something called hope, because right now we are in a very tricky, accepting it may be slightly enhanced by the fact that a lot of people have moved to Guernsey, we are coming out of the end of a pandemic, but that problem was there years ago. For years and years we have not dealt with the problem that we have not got enough housing stock and that needs to be dealt with. Because

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by that, everything else will go – everything.

The Chair: You say our job is to provide hope. Do you not think the Government's job is to actually provide solutions in this case?

685 **Deputy Inder:** Well, okay. We are not going to build anything tomorrow. So if you cannot build anything tomorrow, at least give people a reason that within three or four years' time a huge building plan is going to happen and then we are going to be popping things up down St Sampson's, we are going to cover the Forest in bungalows – because that is going to happen – and we need to do something very quickly. But yes, you are right, we do have to provide solutions. But Deputy Burford – it is not for me to put one back to you, but – have you seen new solutions in
690 the last five or six years when it comes to housing? I know what the answer is, and I have seen nothing at all.

Deputy Moakes: I would just add that it is getting the right mix of housing as well. We –

695 **The Chair:** Okay, well, before we go too far down the housing thing, I accept that that is a necessity if people are going to be moving to the Island, Deputy Trott.

Deputy Trott: Thank you.

I think the answers we have received have been very interesting, but I would just like to circle
700 back, if I may. We know that there are 2,000 fewer people economically active today in Guernsey than there were a decade ago – that information was discussed in the States recently – and that we believe that there are probably 2,500 vacancies or thereabouts within our economy. I accept your point about the housing shortage and the intervention from the President.

Back to the question that I asked, then, around GVA per capita. We are 11% higher than Jersey
705 at the moment. We have got these very significant issues. Is that margin maintainable, or are we likely to see that narrow? Certainly, I do not want to lead you here, but all the evidence will suggest that we probably will. But the question I want to ask that comes off at that tangentially is around wage inflation. Is the Committee worried about underlying wage inflation and is it aware of such pressures at present? Certainly all the ingredients are there for a significant wage inflationary spiral.
710 **(Deputy Inder: Yes.)** So they are tricky questions, I accept, but they are the real questions affecting us right now.

Deputy Inder: Well, I am going to try and ask, and again I have got people around me that have got, probably, slightly different views. I think when we go through a bubble, which we are in at the
715 moment, of supply and demand, almost wage inflation is an inevitability, and it is not unreasonable for people to work their way through a career, promote themselves up to basically try and improve themselves. That did happen to a degree before the pandemic, but it just seems more intense because we have got this staffing crisis at the moment.

So there is no criticism of people basically wanting to move and power themselves forward, and
720 I know you are not saying that, but again, Deputy Trott, where is the backfill? That is where we are at and it spirals back to ... I suppose one question I could rhetorically ask myself: if five people have moved up the chain in x company, can the PML address that and allow people to employ people and bring them back in? Yes, they certainly can. They can do that. So there is no problem at PML level in the skilled area. Is there a problem again with bringing those people in and finding them
725 somewhere to live, work and play? I am thinking, and again, I am quite happy to listen to Deputy Moakes as well, and Mr Wakelin, it is still resolving back down to population, places to live and I really do think that that is an issue.

Deputy Moakes.

730 **Deputy Moakes:** Yes, I think that there are a number of factors here that will drive inflation for us. One of course is wage increases, and that is partially due to the fact that people are fighting over the same members of staff. If you need to hire somebody, you might, if you can afford to, put

your wages up and poach somebody from another business. So that obviously drives wage inflation. You have got inflation from imported goods now, which are getting more expensive because of global shortages of certain goods. So all of these things contribute. We can see that in the RPIX numbers. So we take out mortgages and just look at that mixed bag of products. It has gone up from, I think, 1.7% in March 2021, 2.3% in June and as of September 2021 it was 3.3%. So that is not me projecting, that is facts. Those are actual numbers that are out there at the moment. Will it go up? Will it go down? I do not know. I do not want to answer that question, but you can see a trend as it stands at the moment.

Ms Morris: Can I ask a supplementary? So we have got a housing crisis, a labour crisis, we are seeing the starts of wage inflation. Do you think – I admit this is joining dots – that actually, by investing in Guernsey Finance and trying to drive the economy in that way, there is a danger that local firms, local businesses are going to outsource to other jurisdictions and in fact we are investing money to grow other economies rather than our own, because there are not sufficient people?

Deputy Inder: No, I think that is a bit of a stretch. As we explained when we were first asked about Guernsey Finance, a lot of it is replacing existing work. It is not necessarily that we are driving ... I say 'we', it is Guernsey Finance. It is about replacing existing work within existing sectors. There is nothing I have seen of the previous document that said, 'And by the way, we need another 15 offices in Guernsey plus the commensurable staff related to it.' A lot of it is about replacement, maintaining position, growing position, and enhancing fees and expanding the fund industry. If the question is, is Guernsey Finance's promotional activity about bringing more people into the Island, I do not think it is. Its promotional activity, it appears to be about retention, profile, better fees within the existing sector, and just marketing – well, it is what I have said – an event. It is certainly not –

Deputy Moakes: And it is winning new business. We have seen huge successes with many of our older financial services companies who are selling the benefits of Guernsey. Guernsey Green Finance, for example, which is attracting new business all the time. That might create new jobs, but it is bringing business into the Island which all contributes to our economy.

The Chair: Okay, if I just move over to Deputy Trott now for a few questions before we take a short comfort break.

Deputy Inder: Great.

Deputy Trott: Thank you.
Again, I am grateful to you, Deputy Burford, for asking me to ask this somewhat tangential question, but again, it is all linked in. And it is about the construction sector, an important part of our economy. A few years ago a previous incarnation of your Committee, Deputy Inder, had a model around modelling inflation within the industry, and it was abandoned, regrettably. There is now real evidence of tender price inflation, some of it imported, some of it as a consequence of labour shortages on Island. Of course, for the public sector, it has very material consequences because the cost of building rises substantially. Your Committee is obviously aware of it, are you able to advise of any actions that are being considered or implemented to address this absolutely fundamental problem?

Deputy Inder: I am not going to pretend for a minute that I said we have got a solution, but I do remember over the years you have always mentioned this before, and I think it goes back to the early 2000s when we were effectively building the front. The tender price rate had gone up to something like, was it 40-odd per cent, or something like that? We found out very quickly that procurement had discovered that everything was getting entirely expensive. I think we are back in

785 that zone again where there is a danger of that. We are hearing anecdotally that you cannot get
large builders in for love nor money, and if you do want to get them in, they will give you a price
that, if you are stupid enough to take it, that you will take. You can buy your way into the market.
We are hearing that some of the players are not being able to visit properties for up to a year. But
790 what I am going to do, because I think Mr Jones has been around for a while and he may remember
those days, we are meeting the construction industry forum fairly shortly –

Mr Wakelin: Yes, on Monday.

Deputy Inder: Is it? Yes. But to answer the question about that, what was it called, tender price
795 index, or something like that? I am going to ask Gareth – I am going to put him on the spot – to
find out where we are with it; and, if that data exists, can we, between himself and Procurement, do
something about it fairly sharpish?

Mr Jones: So yes, I think that that echoing model was done by Strathclyde University. That was
800 a number of years ago. It was quite expensive to maintain and there was some debate as to what
impact it had. In going forward there is that ... what is important to the construction industry is
having a pipeline of projects and knowing what those projects are so that they can space those out
over time. Because obviously, if you have got a lot of big builds at the same time, that puts pressure
on. It is quite a limited sector in terms of size.

805 The other thing that has been helpful in the past is being able to bring in temporary labour on
some of those projects, but that is a bit more difficult now given Brexit and the pandemic as well.
Another piece of work that is going on is around local procurement and trying to ensure that the
local building industry has the skills to tender for local projects, particularly States' projects.

810 **Deputy Inder:** Well, just to put a challenge in, Gareth, given that procurement is in a lot better
place than it was back 20 years ago, with Mr Steele, surely, he would have a rough indication of
tender prices that he has been getting in over the past five or six years. Everything is done on square
cubes and square footage. There must be a rough indication whether there has been any price
inflation. So it is worth possibly us picking that up after (*Interjections*) and speaking to Procurement
815 and seeing if they get any indications. I did not realise it was the whole university, was it Strathclyde
University you mentioned? (**A witness:** I think it was.) Anyway, I did not realise it was another –

Deputy Trott: Sheffield Hallam.

820 **Mr Jones:** Oh, sorry.

Deputy Inder: Okay. But to answer your question –

Deputy Trott: No, not at all. Geographically you were close! (*Interjection and laughter*)
825

Deputy Inder: – it is time to pick this up and I think this is probably one area where we can
probably get an indicative date just to start from and I hope it is from Procurement.

Deputy Trott: If I may, Gareth touched upon the issue that the construction industry faces about
830 understanding when major projects are likely, particularly States' major projects, are going to be
commissioned, initiated, started, whatever. Are you aware of any work that is under way in order to
make that process more transparent for them? They have been calling for it for a while and clearly
it would be of use to many in our community, not least the industry itself.

835 **Deputy Inder:** Mr Wakelin can answer that one.

Mr Wakelin: I think you are absolutely right, Deputy Trott, and I recognise the work obviously you were involved in the previous term as well when we met through the business support measures and working with the construction sector, which was a difficult and challenging time for them.

840 There are a number of things that have been looked at. So certainly the Director of Procurement, as Deputy Inder says, has been meeting with the construction industry, trying to understand how we can better get them involved in Government tenders. That information around what would a pipeline look like in part comes from the Government Work Plan, actually, as we are thinking around what the capital portfolio is going to be looking like over the next three to four years. I think that is where it will start to help. We are meeting with the Construction Industry Forum, as Deputy Inder
845 said, on Monday, and would hope to be able to show them something that feels like a rudimentary pipeline around what that looks like so we can then work on that together about what the capacity and capability is on the Island to meet it.

The Chair: Okay. Thank you very much.

850 Well, thank you. We will just take a short break. Perhaps if everyone could be back in their seats at 25 to 12.

Thank you.

*The Committee adjourned at 11.30 a.m.
and resumed its hearing at 11.35 a.m.*

The Chair: Thank you everybody.

855 Right, we will start off the second half with some questions on air and sea links. So to start with, concluding the Airport runway decision is an action in the GWP for completion in 2021. When does the Committee intend to bring its recommendation to the States?

Deputy Inder: 2022 –

860 **The Chair:** Want to narrow it down a little bit? *(Laughter)*

Deputy Inder: Roughly, again, everything I just keep saying, everything seems to be in the middle of May and June at the moment.

865 **The Chair:** That is going to be a busy States' Meeting.

Deputy Inder: It is all right, I am used to it.

Where are we? Do you want some background, or does that answer the question?

870 **The Chair:** No, that was fine. There are some more questions, **(Deputy Inder:** Okay, fine.) so we will carry on.

So in your update to the Assembly in September, you advised that there were:

changes to the modelling from the initial report, but the conclusions remain unchanged – [namely that] over a 40-year period there is a projected net economic benefit from extending the runway.

Were the consultants requested to use such an extended timeframe as 40 years or was that the only way to get the numbers to stack up?

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Deputy Inder: That was done under the previous presidency, so that is a question for him. I was not there at the time, but it is like all things, Deputy Burford. If you built anything and said that you were going to pay it off in the first year, you would never build anything. Everything has got a long burner, and personally, that is the first time I have heard the question, but 40 years to pay something off and to make it work, especially if it is going to last 40 years, does not seem the end of the world.
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The Chair: I know, but I would think it is quite difficult in the world that we live in to predict what air travel may look like in the middle of the 2060s and whether this, to put it over 40 years, is a reasonable approach, do you think?

885 **Deputy Inder:** No different to the Harbour debate that we had.

The Chair: Yes.

890 **Mr Wakelin:** Sorry, apologies. Clarification, the 40 years is in reference to the lifetime of a runway.

The Chair: Right. And that is what it is based on?

895 **Mr Wakelin:** Yes.

Deputy Moakes: And if it helps, like yourself, I was involved with airlines for many years and I remember after 9/11, and in fact after the financial crisis, during both of those events people said air travel would never return back to the levels it had been prior to those two events, and in both cases it actually rebounded.

900 **The Chair:** Yes, I know. This is not a question about COVID, so it is not on the basis of it bouncing back.

905 The Frontier Economics Report is based on the expectation that the runway extension will not only halt the decline in visitor numbers that has been entrenched for decades, despite significant spending by previous iterations of your Committee to prevent it, but that it will turn the decline around and bring an increase of thousands of visitors each year. Do you think that is a realistic expectation?

910 **Deputy Inder:** Just by building an airport it does not necessarily mean that suddenly we are going to have an extra 10,000 passengers a year, but what we were not entirely sure of ourselves is that part of that work is, in short, about what we are going to do as a competent tourism authority. So there would be a drive ultimately to ensure that that extended runway is leveraged off by, hopefully, that future competent tourism authority and in fact it is something Deputy Moakes picked up as well.

915 It seemed a bit of an oddity, I must admit, in the Frontier Economic report, that you build a runway and suddenly 10,000 people are going to turn up. That just does not happen. But I suppose part of it, and we have got the Guernsey Airport Action Group which are strongly lobbying for the 1700 m, they are not impressed with the 1,583 m, which is part of the four options that we are looking at, at the moment. We have to relook at the business case, and what I will tell you now –
920 and I said that in my speech as well, Deputy Burford – if I am anything, I do not like flannel. Never liked flannel, a bit like Deputy Gollop sometimes – but that is a different kind of flannel. (*Laughter*) I will not bring anything to the States at all if I am not convinced there is a real business case based around it and it is real and it is live. It is significant amounts of public money. Some of it could be done via a bond, it does not actually mean we have got to take it out of our back pocket. It could
925 be dragged over a 40-year period, we could basically borrow it. That is perfectly possible. But I am not one of those politicians that wants to have the portrait on the tarmac of a runway and say, 'I did it'. I absolutely must know that it is the right thing for Guernsey, and that will be based on information coming with us, the business case being built by Mr Jones and Frontier Economics plus other people that are feeding into that. But if it does give you any comfort, what will be placed in
930 front of the States in May/June of next year will be a real, honest assessment of the benefits of extending that runway.

The Chair: Yes. I think it is interesting that you say that the report says that all these visitors are going to almost miraculously turn up without any real substance. I think the substance in the report for that, to be fair to the consultants, is that a longer runway would herald the arrival of a low-cost carrier, but it is very much a 'build it and they will come' approach. Do you think that is prudent for an expenditure in excess of £100 million?

Deputy Inder: Well, look, we cannot pretend that Aurigny does not play a role in this. Now, at the moment, we have spent something like £60 million, £70 million, £80 million supporting that airline over the past seven or eight years. That alone would have built a runway. Now, there are choices that we are going to have to make. If we are going to be wedded to Aurigny forever, then we do not need to do anything to the runway. We have to do nothing at all. If we do not believe battery-operated aircraft are going to turn up, then do not build a runway because we do not need a longer one. If this desire is to stay wedded to Aurigny, sack the policy letter, go away and just sort out the existing –

The Chair: So bluntly, it is a choice between a runway extension and Aurigny?

Deputy Inder: No. What it is is about the future. Whatever we do in terms of infrastructure, you will not be here in three years, eight years, by the time your role ... I will not be there as President of Economic Development. Infrastructure is never about today; it is always about tomorrow. It is always about tomorrow! We do not build for today, we build for tomorrow, and if things are likely to change and if you want to see a post-Aurigny world, my advice is to give great consideration to the extension of our runway. When I say 'you', I mean the Royal 'you', I do not mean you personally. If one really does not want a runway, then just use Aurigny. Just use Aurigny as a battering ram to pick up economic development because Aurigny is perfect, we can carry on spending £20 million a year, funding it for the rest of our lives and you will never need an airport. But if we all really want a future of decent infrastructure, we have to give this serious consideration. If that consideration is demonstrated in the policy letter, I have only got one way to go and that will be towards, at a minimum, 1700 m.

The Chair: Okay. Well, giving it serious consideration in that sense, it has been acknowledged that as part of a low-cost carrier business model, which is what we would be looking at with a longer runway, involves negotiating deals with airports where they do not generally pay very much in the way of landing or passenger charges, and I was just wondering, obviously that would create a significant shortfall for the Airport, and obviously the taxpayer. So has that issue been considered in the updated report that the Committee has?

Deputy Inder: You've got me there. Who am I going to refer to?

Mr Wakelin: It is, and we know that, for example, Deputy Burford, the Airport at the moment is considering a plan, because it has a business plan, but it is also looking at its assets, its land assets as well. So potentially, over a four- or five-year timeline, and I think this is in the Air Policy Framework that was appended to the Aurigny capitalisation policy letter, over a period of time it may be able to rebalance the way that it generates revenue, but that would be over a period of time.

The Chair: But of course the option would be for it to get that additional revenue without sacrificing the landing fee revenue.

Mr Wakelin: Potentially, yes. And I think, to one of your points as well, if I may, the report, certainly previous reports, and Deputy Trott will know from the previous Policy & Resources Connectivity Review, building the runway is one aspect of it, but as you rightly say there are a

985 number of other factors applying. So route development support remains as critical to attracting
airlines to different airports and to operate different routes, regardless of the length of the runway.

990 **The Chair:** Another point about the original report, in the original consultants' report, there is
an assumption that 'private costs' as they have termed them, i.e. lost property values as a result of
the Airport extension, would be compensated for by the States. The report does not factor in those
costs, but it states that they could form part of further work. Was that further work undertaken in
the most recent report that the Committee has; and, if so, do you know what that compensation
figure is?

995 **Mr Wakelin:** I would have to check.

Deputy Inder: I would have to check. I do not seem to remember that becoming ... It is basically
the money we spent on the ... I think you asked a number of Rule 14 Questions, I cannot remember
what the figure was in 2020 –

1000 **The Chair:** Okay.

Mr Wakelin: We can clarify if that is okay. Yes.

1005 **Deputy Inder:** Yes.

The Chair: Right, thank you.

The original consultants' report also says that a runway extension can be expected to increase
greenhouse gas emissions by 5% and make it harder to achieve CO₂ targets. So in the light of the
recent Conference of the Parties on Climate Change in Glasgow, do you think this is a significant
issue for Guernsey?

1010 **Deputy Inder:** The significant issue is the fact that we are a small Island and that we need sea
and air links. That is the significant issue. No one is going to sail here by the *Cutty Sark*. We are not
going to be sailing here, I am afraid, until –

1015 **The Chair:** No, but we do still have an airport that is serving us with numerous flights per day
(**Deputy Inder:** That's right.) without the runway extension, but it is just with a runway extension it
would be a further increase in greenhouse gas.

1020 **Deputy Inder:** That is quite possible, but as we spoke about before, there is talk about use of
hydrogen, use of battery-operated. But again, if we stick to the today moment, as we are today, no
one is going to vote for it. But if we look towards the future of battery operation, hydrogen, the
industry itself, as in the airline industry, is looking at different ways of different fuels, and if that is
the future, if we honestly believe in that, then the avgas, and excuse my lack of –

1025 **The Chair:** Avtur.

Deputy Inder: Okay, whatever, the stuff they stick in the fuel which no one likes at the moment,
may well be a thing of the past or reduced in the past.

1030 **The Chair:** Okay, Deputy Moakes, you were trying to come in here?

Deputy Moakes: Yes. I am not a scientist, by any stretch of the imagination, but I have read –
and I could be wrong – that certainly with the first of the electric planes that come online, they will
actually need a longer runway to take off from. Now, whether that means it has to be longer than

our existing runway, I am not an expert, I do not know, but if that is the case then, to your point, keeping the runway at the same length it is now actually could mean that we are not reducing our CO₂ because we have not extended it because we cannot let electric planes take off.

1040 So it is an interesting to-ing and fro-ing argument I think this, about the benefits of extending, not extending, CO₂ and to not have CO₂, (**The Chair:** Okay.) and both those –

The Chair: Yes, I was just taking the figures out of the Frontier Economics report.
Deputy Trott.

1045 **Deputy Trott:** Based on comments made by Deputy Inder earlier and that intervention from Deputy Moakes, would they agree with me that one thing we can be sure of is if we are basing a business case on a 40-year time horizon, almost all predictions are certain to be wrong because it is far too far out, when you look at the changes in innovation over the last 40 years? Is that a fair comment or otherwise in terms of a business case ...?

1050 **Deputy Inder:** I am not so sure. You know ships are going to sail into harbours, marinas are going to be full of recreational boats and airlines are going to fly. So I am less sure on that, to be honest with you. We are an Island: fact. We need to fly off it and we need to sail to it. So two things we are probably going to need is to extend the harbour – and everyone knows where I think it should be – and we are probably going to have look at what is coming down the track, and that is the extension. I mean, flying ain't going anywhere and neither is sailing. And if they do go somewhere, we really are stuffed because no one is getting here and no one is getting away.

1060 **The Chair:** Is a longer runway the end of Aurigny?

Deputy Inder: I think that is a question for STSB, isn't it?

The Chair: In your view?

1065 **Deputy Inder:** Well, again, back to the economic levers. I generally think there should be a tourism and transport ministry and I wish that person here was talking to you now to answer your questions. I am *not* wedded to Aurigny, personally. I do not know the rest of the Committee, but you are asking me a direct question. I am not wedded to Aurigny, we have got another three years and two months in our position and I just cannot see a future which will be publicly acceptable if the current team do not deliver on their desire to make the company profitable, or at least not so expensive in the next, I think it is four or five years. Aurigny will not have a future. We cannot carry on like this, blowing £20 million every year on subsidising what is effectively our national carrier. I just do not believe it is going to carry on; we just cannot afford it.

1075 **The Chair:** Although, in fairness, some of that was related to COVID which one could call –

Deputy Inder: Yes, but not every £20 million before that.

The Chair: No, quite, but some of it.

1080 **Deputy Inder:** So do not wed yourself too much to the –

Deputy Trott: Forgive me, you will see this coming, but on a per capita basis the subsidies for Alderney residents are massively larger than Guernsey residents.

1085 **Deputy Inder:** That's correct.

Deputy Trott: Should we continue to do that, from an Economic Development perspective?

1090 **Deputy Inder:** Well, the £3 million became £2 million, so it is better than it was but will not help
your argument. There is a conversation being had, and again this is an STSB question, where they
are looking at re-fleeting or at least getting away from their Dorniers. The argument seems to be
1095 that if you can triangulate, drop a couple of ATRs sitting on an Alderney Airport, but the Alderney
Airport itself, it will not be digging up the sides and digging up the ends and throwing a bit of
tarmac down. Once you start doing that you are into the paved areas, we do not know whether the
paved areas are likely to be able to carry an ATR, you are then going to ... Because currently Alderney
is known as a dirty airport, and it probably gets away with it, to a degree, because you cannot take
1100 that away from it. But once you start heading down that route, it will not just be the runway, it will
be the paved areas. Once you have got the paved area, there will not be a big enough fire brigade,
and once you have not got a fire brigade, then the terminal will not be good enough and then the
security will not be good enough.

This is not going to be digging up the backend of Alderney's runway, sticking a bit of tarmac in
and thinking that is a job done. Anyone who thinks that is deluding themselves, and you are not
one of them. This is much bigger than it will ever be and as soon as some fool comes up and tells
1105 me it is just a one-off job, they are going to get a couple of barrels from me, because it ain't what
it is.

Deputy Trott: Surely if the taxpayer of Guernsey already subsidises an Alderney resident to the
tune of £3,000 per capita, what does an extra thousand pounds matter? Surely if that went up to
1110 £4,000, hey, it is only money!

Deputy Inder: I am surprised you think like that because I do not.

The Chair: Do you have any questions?
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Ms Morris: No.

The Chair: Okay, thank you for the questions on the runway. Does anyone have any questions
on sea links? I will confess, I have lost my page.
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Ms Morris: Shall I go to the next one and we can come back when you have ...?

The Chair: Yes, please do that.

1125 **Ms Morris:** Yes. Okay. So I have got some questions with respect to medicinal cannabis, (**Deputy
Inder:** Oh, yes.) the cannabis industry generally. So you are quoted as saying that:

These are the early steps of a promising new sector for the Bailiwick –

Deputy Inder: I was right.

Ms Morris:
1130

– 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.

Deputy Inder: That's right.

Ms Morris: So for the benefit of the public and the room, can you define the extent of those
economic benefits you anticipate the cannabis industry will bring to the Island?

1135 **Deputy Inder:** Deputies often talk about diversification, and it is a bit of a trope. They come to
politics and say, 'We're going to diversify the economy' and they have not got a clue how they are
going to do it. The greatest diversification I have ever seen is actually within the industry itself and
that is done by the people that are leading it. It is never, ever led by politicians, with exception of
1140 some support from the sustainability and the £300,000 we gave to Guernsey Finance. So when an
opportunity turns up like that, you have got to grab it by both hands.

When I came to this job, as President, a couple of firms beat a path to my door, because the clue
is in the name: *economic* and *development*. So if you have got problems with developing the
economy and you are not getting the service that you want from, effectively, Government, they are
going to come to Economic Development. But when you peel the onion skin back, in something
1145 like medicinal cannabis, it has actually got nothing to do with Economic Development. The
regulations are all under Health, the security part is under Home, and the greenhouses sit under the
DPA.

So I had these cats knocking on our door, I got to the point, and this was initially on the
cultivation licences for CBD. So we had had the regime in since 2019, the licence applications had
gone in in August of last year and they did not get released until March. And the only reason they
got released in March was because I sent an email, which I am sure Mr Wakelin will remember,
1150 which said if the President of Economic Development cannot do it, who the hell else can? Our service
to that industry, just on the CBD bit, was absolutely appalling.

So we had a regime in place, actually, Government had the money in their back pocket, because
1155 that is what happens when the applications ... and it took us over eight months, by me stomping
my feet, and that was the last two months, to actually get the cultivation licences just for CBD.

Then let's move on to the MoU straight after this. So that is the cultivation licences ... were out
the way.

1160 **Ms Morris:** So can I just ask, before we move on to the MoU –

Deputy Inder: Well, that is the medicinal cannabis –

Ms Morris: – where were they stuck?

1165 **Deputy Inder:** Where they were stuck is that what you find in Government is there is not one
individual person who has got responsibility for an individual subject, and we identified that very
quickly, and very quickly that person has done one heck of a job, because basically he stuck his
hand up, fool that he is, we have identified the person who has got the role, and he has effectively
1170 become the project manager, plus a member of Health, plus a member of Environmental Health,
and us keeping a bit of a watching brief. But the problem we often find in this Committee structure,
you will not find an individual person that is responsible for something, and it happens time and
time and time again.

Moving onto the MoU, the next job of course was to make the promise of the MoU, because by
1175 the MoU, that is the agreement between Guernsey and the Islands of the regime under which
medicinal cannabis could be grown or used, exported and imported and all that kind of stuff. So
that was, I cannot remember the actual time that that was put in place –

Mr Wakelin: Early this year.

1180 **Deputy Inder:** Earlier this year? (**Mr Wakelin:** Yes, earlier this year.) Well, I know it was earlier
this year. But anyway, earlier this year, (**Mr Wakelin:** May/June.) the MoU was signed, there are now
currently six or seven applicants, and there has been a Home Office (HO) inspectorate that came
over, I think it was about three weeks ago. They visited all the sites, the inspectorate went home,
1185 they have written reports, because he who actually produces a licence is Dr Tobin Cook from
Environmental Health. So he takes advice from the HO, the HO have come over, inspected the sites,

they have said these are acceptable or not acceptable, and I do not know what the answer is going to be. So 22nd/23rd November, the reports are with them at the moment, and I am assuming there will be some winners and losers.

1190 But to answer your direct question, as has been sold to us is that, taking the CBD bit aside, the medicinal cannabis side there are going to be quite substantial investments in the sites themselves, so that is, again, building. In terms of skills, of course it expands the skills. It will not just be planters, trimmers, there is going to be a science-based element in it as well, there is potential for a bit of R&D attached to it. There is an opportunity, depending on the size of the business, where Guernsey
1195 could be a testing facility. I do not think we are quite there yet, it depends on what happens next week. I believe that the actual value, and it is the first time I ever heard it, is that these people came to Guernsey basically because we were a very well-regulated Island. That was the key selling point of Guernsey. (**A witness:** That's true.) They did not want to grow this up a hill in Croatia or somewhere, (*Laughter*) they wanted to come to a well-regulated, albeit expensive, labour intensive
1200 ... and that is their key selling point.

As I understand it, just to explain, and I am probably going to explain badly, it is not necessarily about growing a lot of this plant. A lot of it is about the genetic modification. So they effectively grow a mother plant which will have a certain API, and it is the active pharmaceutical ingredient. They stabilise that. So they work for two or three years actually stabilising the plant which then
1205 becomes the product will come from that. And I am really out of my depth now because that is when they start breaking things up and turning things left and right and –

Ms Morris: Yes. So there are, just to help you out, hundreds of cannabinoid oils, it is just that the only two that we ever hear about are CBD and THC. But there are hundreds of different –
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Deputy Inder: Yes, but from what I understand, they are derivatives of that. (**Ms Morris:** Yes.) But to answer your question, the value to Guernsey is establishing itself as a regulated area where these businesses can exist. The fact that the plant – and when I say the plant, the actual greenhouses – will exist with their pods in it, there will be work, skills development and I genuinely
1215 hope it works well. But it really has been walking through treacle to get us to this point. But it is only by will, determination, and a couple of emails from me that it has gone anywhere, and that is just a fact.

Ms Morris: Now that you have the MoU, is there any reason why it has not been published?
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Deputy Inder: What, so you can see the MoU?

Ms Morris: Yes.

Mr Wakelin: I was in the Committee for Home Affairs meeting where it was agreed and I think it was worked up with the UK and the Home Office on the basis that it was not in the public domain, but as are not the other Crown Dependencies' ones. (**Ms Morris:** Okay.) It has been requested by industry. I do not think there are any plans to do that, but we could certainly take that back and talk to Deputy Prow.
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Deputy Inder: Yes. What I will say, and I do not think I am breaking any confidence, is that those who are applying for licences are fighting somewhat in the dark, (**Ms Morris:** Yes.) inasmuch as they have not entirely got sight of the MoU, which is supposed to be in confidence, and I cannot argue that I am not a Member of Home Affairs. Back to where I started before, these are not my levers,
1230 again, and their guidelines are there is an assumption that those who are putting their applications forward are serious players and should understand things like governance and regulations anyway. I also suspect that if there are any failings over the next week or so, some people have not been lucky, there will be clear indications of where those applications did not go quite right and then six
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1240 months later – it is not the end of the road – they can come back and address issues of which there were effectively failures.

Ms Morris: And they can carry on –

1245 **Deputy Inder:** A bit like going to Building Control and them coming in and saying, ‘Look, the foundations aren’t quite right, give me a call in two days’ time and make sure you pour a bit more concrete.’

Ms Morris: And it does not stop them growing the CBD plants in the meanwhile?

1250 **Deputy Inder:** Actually, CBD does fall under the MoU, but at the moment the CBD is an existing business, and from what I understand there are other applicants waiting in the wings that wanted to get this first flush out of the way and then see what the response is and go in again with a separate set of licences. So I think it is heading in the right direction, to answer your question.

1255 **Mr Wakelin:** If I could add, we did issue through the States ... So the MoU has led to the establishment of, I think it is called a Bailiwick of Guernsey Cannabis Agency, (**Deputy Inder:** Yes) which is what Deputy Inder said about pulling the different parties together to get a consistent approach and to streamline it. So that has been done. But the MoU is more about the relationship between the authorities in Guernsey and the UK. Guidelines were issued to all applicants about the sort of standards they need to meet across different areas at the start the process.

1260 **Ms Morris:** So in your statement you said we were now well placed to *remain* at the forefront, I think that is actually coming to the forefront, but how much longevity do you think there is in this, because –?

1265 **Deputy Inder:** How much what?

Ms Morris: How much longevity is there in being at the forefront? The cannabis industry is growing exponentially –

1270 **Deputy Inder:** Which part of it?

Ms Morris: – there seem to be a lot of jurisdictions –

1275 **Deputy Inder:** Which part of it? The CBD bit or the medicinal bit?

Ms Morris: Both of them. More the medicinal, but both are growing industries. But there are other jurisdictions who are also looking at this. How long and what do we need to do to stay at that forefront?

1280 **Deputy Inder:** Well, we have done what we can in the process. Ultimately, I do not personally write the licences out and I certainly do not build the plants. Now, these people have come to Guernsey and they have said Guernsey is the place to do the business. So ultimately it is entirely up to them. We can market ourselves and say, ‘Look, come to Guernsey, the MoU’s in place, you can make applications, we’ve got sites around the Island’, but again, it is not for us to drive that business. All we can do is we have done everything that Government can. You wanted a framework, there is the framework. You wanted to be able to cultivate, you can cultivate. You wanted an MoU, there is an MoU. It is really down to the industry itself.

1290 **Ms Morris:** Okay, so –

The Chair: Deputy Trott. Can I just ...

1295 **Deputy Trott:** Just a slight diversion in terms of where we are comparatively. It is said – I have no way of knowing whether this is true, but it is said nonetheless – that Jersey are ahead of us by six months, maybe more. Competitively, where are we placed? Is it a good, bad, or modest place relative to our nearest neighbour?

1300 **Deputy Inder:** Yes, I do not always like doing the Jersey comparisons because Jersey is all show, isn't it? There is no substance in the Island at all. I think that is just a fact. So I would say we were more moderate and more cautious, and we are probably going to try and do it well.

The Chair: Okay.

1305 **Ms Morris:** Thank you.

The Chair: Thank you. I think –

1310 **Deputy Inder:** But that might not be the view of the whole Committee.

Ms Morris: Looking forward a little to when some licences are actually issued and medicinal cannabis is actually grown, what do you envisage might be the potential negative outcomes for the new industry? So for instance, reputational risk or damage to the Island. So if you are in the finance industry, you are looking to come to Guernsey and you know that we now have a cannabis industry as well, do you think that is going to be an issue?

1320 **Deputy Inder:** It is a pharmaceutical industry, and this is the problem – and I think I have said privately and probably now openly – I wish it was called 'medicinal buttercups'. The fact that you connect that name to what effectively is a recreational Class B plant is always difficult for us because what we see is there tries to be a connection between a legitimate, medicinal, pharmaceutical business which is a serious business where every plant is tagged, it is tracked, it is traced, it is no different than walking into some other Glaxo Wellcome type of site. It is just unfortunate it has got this name attached to it. There is no difference, and I have always tried, and I have said publicly, that we need to separate the two.

1325 But to answer your question, if those coming to Guernsey are coming to another regulated society there should be no reason why a highly regulated medicinal cannabis industry should have any impact at all on other portions of our business, because it is not the same as walking into the middle of the 'dam – and I mean Amsterdam.

1330 **The Chair:** Okay, thanks. I think mindful that we promised that you would be allowed to escape at half past 12, we have got 20 minutes –

Deputy Inder: No, I will keep chatting, I am happy.

1335 **The Chair:** We have got 20 minutes left. I would like to spend that time just picking up on a fairly wide selection of different areas that are in your mandate and maybe just one or two questions on each. I would kick off with that on sea fisheries. Is the Committee concerned that the sustainability of fish stocks in our adjacent waters would be impacted by increased efforts of the French fleet?

1340 **Deputy Inder:** The whole point of the new regime is *not* to have increased effort; it is to remain static effort. That is where, of course, the complications ... I know what I voted for, and I know what

1345 we presented in the States at the end of January last year: it was to retain the existing effort within our – well, two areas, actually, Alderney and in Guernsey and parts of Sark. So, I cannot say it is not going to drift, but if anyone thinks they are suddenly going to double the effort in our waters, that is not going to happen, **(The Chair: Okay.)** because at the moment ... Do you want me to move on to where we are with the licensing regime or is that the question –?

1350 **The Chair:** Briefly if you wish to, yes.

Deputy Inder: Yes. At the moment we have got something like ... we have gone through a tracking process where effectively anyone who has got 11 days at sea over the period of 2017 to about 2020, if they can prove they have got tracking data that shows that they have worked in our waters for, I think it is, 10 or 11 nights in the area, then they will automatically get the licence.

1355 So that was the deal that we did. We all understood the deal. We are not chucking the French out of our waters; we are working with our French counterparts. At the moment it is looking about 43 over-12s and about five under-10s, which I think is pretty good, given that under the SMEF agreements, which we started with which moved us out of Brexit, which we are now in a transitional phase, but potentially we have got something like 160 boats that could fish in our waters. We are not seeing them because that was under the old SMEF agreement. But under the new regime, at the moment, give or take a bit of drift, there might be a bit of arguments where someone might say, 'Look, we need two more there or three more here', we are not going to double it, Deputy Burford. I am absolutely sure that we will abide by what we agreed, and the French will as well, and by December of this year, give or take, we will be announcing the names of the boats and the number of the boats. **(The Chair: Okay.)** France has already been made aware, so we have got over that hump, and they are currently accepting. They might say, 'Well, hold on, what about this one here and this one there', but we are not far off having effectively four under-10s and about 44 over-12s, and that will be the effort.

1370 So to answer your question, I am not worried at all because we are doing exactly what we said we would do. Give or take a little bit of drift somewhere, there will be no extra effort in our season, and I would be the first one – probably, next to you, actually, probably the second one – to be jumping up and down if we doubled that because it would be entirely unacceptable.

1375 **The Chair:** Okay. I do not think I used the word 'doubled', but anyway –

Deputy Trott: Can I ask a quick supplementary?

The Chair: Yes, sure.

1380 **Deputy Trott:** Because the President is talking about no increase in effort, but what about increase in cash? How will that be monitored in real time? Will, for instance, the *Leopardess* be carrying out enhanced levels of boardings in order to ensure that the catches have not increased? You could have significantly increased catches despite not necessarily any increased effort.

1385 **Deputy Inder:** Well, that I think is quite true, but you can go to sea for 10 days and catch nothing, you can go to sea for 10 minutes and catch everything. **(Deputy Trott: Precisely.)** That is just a fact of the fishing industry. The *Leopardess*, all of the licences will fall under effectively our regime, because we are giving licences to them, **(Deputy Trott: Yes.)** so within that, and I have seen the conditions attached to each one and they are very good, data has to be brought back within two days of landing, so we need to know the extent of the resources which are being taken out, because 1390 we do not know that at the moment. We allow, probably on both sides, actually, we are not entirely sure what Guernsey takes out half the time, but what we really need to establish over a period of time is what is the value of that resource and of course this all falls into, if we want to make changes, they have to be done on a scientific basis, but if you do not know what you are taking out of the

1395 sea in the first place, you are never going to make the argument to say that you need to put some
restrictions on this stock or allow that stock to expand a bit. So in short, to answer your question,
the *Leopardess* will have all the ability in the world, because it is our licensing regime, to board
French boats.

1400 **Deputy Trott:** Okay. There is an obvious follow-on question around quota. Will these French
vessels be restricted through quota from the amount of resource that they can take whilst fishing
inside British and Guernsey territorial limits?

1405 **Deputy Inder:** I cannot answer that question right now, but I can clarify that, or certainly get
back to you later. I am happy to, I just cannot remember. I am sorry; and I do not want to say yes
or no.

1410 **The Chair:** Fair enough. Connected with that is the whole issue of sustainability. What expertise
in marine ecology do you have within the Economic Development Committee, or the wider
Department, in order to monitor and advise on the health of fish stock levels?

Deputy Inder: If it is not there yet ... That sounds like one of those questions someone already
knows what the answer is. Is that one of those?

1415 **The Chair:** You are here to answer the questions! *(Laughter)*

Deputy Inder: Right, okay, that sounds like we have not got the skill – I would guess that we
have not got the skill that Deputy Burford thinks we should have.

1420 **Mr Wakelin:** I think we are aware that we do not have precisely that skill –

Deputy Inder: There you go!

1425 **Mr Wakelin:** – across the States, at the moment. But, partly in response as well to Deputy Trott's
question, there is a lot of work being done around data collection and what kind of resource we
need to do that. Certainly from an operational level after all the post-Brexit work, that is being
looked at.

1430 **Deputy Inder:** But, Deputy Burford, in all seriousness, we have often heard, and Deputy Trott is
a man of the sea and me as a day-boater and fisherman...most of my life, people have always said
people are Guernsey's greatest resource – it is not, it is the sea, and we have never entirely
understood it. I worry that we do not have enough data, I worry that we do not know what is actually
coming out of our waters or transitions through it and we have allowed it just to be the sea, and as
long as there are a couple of seagulls flying over it and you see a couple of ducks in Bordeaux then
1435 everything is well under the water, and it is not. Seeing as I have dived, surfed, fished, shot all over
it, there are lots of things around our waters which need addressing. It is not as good as people
think it is I would say.

1440 **The Chair:** I think you are largely answering my follow-up question here, which was: do you
think that in order to protect the industry and the marine environment for the future more resources
are needed in that area?

Deputy Inder: Yes, certainly. **(The Chair: Yes.)** There is no argument there.

1445 **The Chair:** Finally, which is in the same sort of vein, and again I think to a degree you have answered it, but are you able to collect the kind of data locally that gives you the strong evidence base needed to manage stocks sustainably?

1450 **Deputy Inder:** We have got, as I understand it, and they have not been released and I have just had an email actually recently over it, where someone has been jumping up and down about, normally, every year Sea Fisheries collect the amount of data from our licenced boats that landed in Guernsey or in France and they are told to fill it in and basically that ... Well, I have not seen that for a couple of years, and there is a reason for that: it is apparently down to a lack of resources and that needs picking through –

1455 **The Chair:** But even then, that is just catch data, rather than wider data?

Deputy Inder: Yes, that is catch data.

1460 **The Chair:** Yes, because although there would be some correlation, one assumes, between fish stocks and catch data, it is still not necessarily painting the whole picture.

1465 **Deputy Inder:** Of course it is not, because you do not know what the size of the ... I think we do about 600 tonnes of crab a year out of our water. But that is great if you have got 20,000 tonnes of crab, not so great if you have only got 1,000 tonnes of crab. So you are absolutely right. We do not know the extent of our resource. Now, quite clearly, we are not going to go around and count every lobster under the sea or every brill or bream that swims through our waters, but –

1470 **The Chair:** There are gaps.

Deputy Inder: – where we are at the moment, we need a lot more work done in that area just to understand the value of that resource because I think it is bigger than – well, I know it is bigger than people. But I just do not think people understand the value of that resource.

1475 **The Chair:** Right. Well, staying on the water, but coming a little bit closer to land, you are known to be keen to ensure better use of the Pool area in St Peter Port Harbour. (**Deputy Inder:** Yes.) Are you actively involved in the discussions with the other stakeholders and is there any tangible progress?

1480 **Deputy Inder:** Well, if you remember, myself and Deputy Vermeulen –

The Chair: Yes, on your amendment.

1485 **Deputy Inder:** – we laid an amendment. So that amendment directed STSB – here we are again, we are not invited to something that we have got ... That part of our recreational strategy within tourism is something that really, us, as effectively the current tourism authority, should be able to import, but a Chinese wall exists between, if not Quay Street alone, it is the most fought-over strip of land next to the Golan Heights. You have got the St Peter on one side and the Port on the other. We need to join the St Peter and the Port, but our only effort we could do is bludgeon in a Pool Marina amendment into the Harbour Strategy –

1490 **The Chair:** Yes, but having been successful with your amendment – (**Deputy Inder:** Pardon?) Having been successful with that amendment, are you in discussions with STSB and –?

1495 **Deputy Inder:** No, because the direction was for STSB to talk to the marine industry and look for ways and come back at the end of December of next year. (**The Chair:** Right, okay.) So no one is asking me what the colour of the pontoons are, if that is what you are asking –

The Chair: No, I was not.

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Deputy Inder: – but equally, the concern with that itself, Deputy Burford, is what about the marine facilities landside as well? And this is the problem. So we have bludgeoned in, effectively, a Pool Marina of up to 80, 90 extra berths, but I do not know what is going to come out on the pier side because there is a lack of marina facilities as well.

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So if you just read it, then, by the way, x amount and we have got your – and I have seen this happen before – there has been no thought beyond the actual amendment itself, because if you read the amendment it will say, ‘We’ve been directed to come back to the States by the end of December to put a marina in. Fine, there we are guys, there’s a note attached to it.’ Well, what about the toilets? What about showers? What about the facilities? ‘Oh, you didn’t say that.’ And I can see that happening, because there needs to be, if we are going to turn St Peter Port into a destination port, it is beyond just the pontoons.

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It is looking at Castle Emplacement, what that means Boatworks because we are not entirely ... well, I say ‘us’, because again, it is STSB, it is Harbours. I have got to try and not be too unkind. There needs to be a greater ... With the greatest of respect, I think the harbour management down there, in the main, are facilities managers. From what I have seen, their job is to tie boats against the wall, paint some walls, ensure the jetty is not falling down and stick some cement in some pier somewhere, if that has ever happened in the last 15 years, but as a recreational facility, as it could be, they need to employ someone that can at least talk to Economic Development so it can inform our Tourism Strategy. But my fear again is there is always that divide between those Committees. We really do not control what we need to control.

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The Chair: Okay. One more question from me and then I will just see if any of my Panel Members have got anything they want to wrap up with. In your November 2020 general update, so going back a year, (**Deputy Inder:** You got me.) you commented that there was:

little or no excuse for any Government agency to put ... [any] creative work outside of ... [Guernsey].

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Deputy Inder: Correct.

The Chair: Do you have any idea – I realise this again invokes other Committees, but – what percentage of Government spend on creative work is still off-Island and when do you expect it to be mostly on-Island?

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Deputy Inder: Well, considering what I did straight after that: I stopped all the Visit Guernsey contracts and gave a clear direction to bring all the tourism contracts internally. So from our point of view, no creative work is done off the Island. It has all been localised immediately, straight off. There is no excuse. I am out of two industries, actually, creative industries and IT, and I have great faith in both those sides. We create some brilliant creative work in this Island (**The Chair:** Yes.) and we have got lots of people that on their own, quietly, work all over the world, their output is absolutely fantastic and there is no excuse for any photography, creative work, development to go outside of this Island.

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So within a millisecond of that update, I stopped all the contracts and brought them all home. So I am fairly happy with that, but as the greater procurement, I think there is quite a clear message that has been sent up to Procurement. But again, various Committees will make their own decisions. I do not lead Procurement. Actually, Procurement falls under Policy & Resources, so as a policy, if a Committee decides that it wants to appoint an agency in another jurisdiction, and there may be very good reasons for doing that, I cannot stop them from doing that.

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1545 **The Chair:** Deputy Trott.

Deputy Trott: Thank you.

Conscious, as I am, that we are in that sort of closing phase, I would like to ask Deputy Inder two questions. The first is, a year in, what has been your biggest presidential disappointment? And –

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Deputy Inder: Disappointment or disadvantage?

Deputy Trott: Disappointment. And because I want to end on a positive note, what is your Committee's top achievement during this first 12 or 13 months, in your view?

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Deputy Inder: There are a couple of them; it depends. Do not forget the first thing I did is I took the job as the President and then as soon as I got it, I distributed the power immediately to my team. Because I never believed for a minute – I did the same on SACC – I do not think a President has got all ... If there was one success, actually, it was that taking a position and then distributing the skills out to what is a Committee.

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Now, you ask Deputy Moakes, he has just told you that his greatest achievement was managing probably Guernsey Finance and getting that into a good position. (**Deputy Trott:** Sure.) You speak to Deputy Kazantseva-Miller, the fact that she has been given the ability to move the Digital Strategy and then onto the Skills Strategy will be her answer. Deputy Vermeulen will be talking about tourism, possibly moving to a PPP in the next few months.

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So if you are going to ask me, in terms of leadership, personally, I am really happy that I have managed to kick through the CBD cultivation licences and get the MoU in place, but the other Committees would have completely different views. You do have a President, but ultimately, we do work under a Committee system, I am not the king of the Committee, and that is not how I want to work.

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So I do not know if that answers your question, but I think the fact that I have spread it out to effectively empower our Committee Members is, in my view, a success.

Ms Morris: I have got one last one, and I wrote this last night, but I am going to change it a little bit. So we have heard –

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Deputy Inder: Is this the Columbo Question? (*Laughter*)

Ms Morris: Probably not! So we have heard a lot today about the very wide remit that you have got and one of my concerns has always been that you have got a long list of responsibilities but actually it is one of the smaller Committees. My concern is that actually, given the amount that you have spoken today about not having the levers yourself, and those belong to other people, that taking those two things together, the lack of resources and the lack of levers, do you think that you can really drive your agenda or are your resources and the levers you have too thin to make an appreciable difference?

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Deputy Inder: I think we have done incredibly well over the past year. We have made quite substantial changes to the way the Committee works, and I have highlighted basically empowering our various Members. If anything, I have tried to work around Government as much as possible and done things in the only way I understand is just trying to find the right people to put them in the right places, asking the right questions to get things done.

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But actually, to your point, as this is back to the sea fisheries subject, and it is something Deputy Trott touched on, I think the mistake we are likely to make in a new machinery of government, which is the same mistake we made last time and probably the same mistake we made in the previous machinery of government, is our Government will be designed from Committee up,

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and that never, ever works. We spoke about, in the tax strategy, zero-based budgeting when we need to talk about zero-based machinery of government.

Deputy Burford, you mentioned about Sea Fisheries before, and there is quite a good example there. Actually, we, as a Committee, effectively look after the sea fisheries element and the licensing regime of the boats, yet E&I have got the conservation side. Now, there is not an obvious tension there because I think Deputy de Sausmarez understands that we are quite a sensible bunch of people and they work, but really, if I was redesigning Government, there would probably be a minister of the sea, and it would not be you, Deputy Gollop, (*Laughter*) and that minister of the sea ... You start with your topics and work down. What you do not do is start with your Committee's structure and work up, because you will end up in exactly the same place. If you do the same thing time and time and time again expecting a different result, there is something up with you.

So right now, I generally think, as a general topic, we might have a minister of, I think Deputy Brehaut actually mentioned in the last term, like a climate minister, or we might have an infrastructure. But they have got to have the real levers and be able to pull all these strings together. If there was a minister of tourism, then he or she is more likely to have more access to the harbours than the problems that we are seeing now. It cannot work entirely under the current and that needs changing. It absolutely needs changing. And if we do the same mistake again of starting with the Committee system, it just will not work. We will be having the same conversations in 15 years' time, there will be someone else called Neil Inder moaning that he cannot get access to the marina because he wants to develop St Peter Port as a destination because someone is being a bit funny over the other side of the Golan Heights.

The Chair: I think that could be a fascinating topic for another two hours, which we do not have – fortunately, probably. I just wrap up, though, because I do have a supplementary on it, which is I think you sent £175,000 back to central funds, you underspent your budget? Was there nothing within your speculate to accumulate in Economic Development model that could have benefited many times over from that £175,000?

Deputy Inder: I am just trying to think where it came from. Again, if anyone knows me, I do not spend money if I do not have to. So what we did is we basically went through, we had a number of budget lines, and I think there were things like, I do not know, we had something called the strategic budget, I think it was around £390,000. Turn around to officers, 'What are you planning to spend it on next year?' 'Oh, it's just one of those things that we just have sort of hanging around in budget, it may or may not get spent.' So I just red-penned it immediately, took £90,000. And what did that change? Nothing. Because there was no plan. You cannot just have –

The Chair: I do not know, a marine ecologist possibly, but never mind.

Deputy Inder: Sorry?

The Chair: Never mind.

Deputy Inder: Yes, but that is not a strategic budget, that is central services. It is completely different. We took a ... I say we took a decision, we took a decision, having been in advertising and marketing the majority of my life, I have run a £1.6 million marketing budget when I was 25 years old with three people, and I know most of that is media placement and your actual production side is probably only £200,000 or £300,000. Well, you do not need 13 people to run a £1.6 million advertising account.

So we have taken a decision, we have not gone in and machine-gunned everyone, but we have basically taken a decision that in our budget for next year we have given tourism £300,000 to manage that £1.6 million. Now, what that inevitably means is, well, you can work that out for yourself, but I am not spending £800,000 on a £1.6 million M&T budget.

The Chair: Okay.

To wrap up, then, Deputy Moakes.

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Deputy Moakes: Yes, I would say, just to add to what Neil was just saying, I think that, if memory serves me correctly, the entire Committee agreed to make those savings and the philosophy behind it was, if you do not need it, do not spend it just for the sake of spending it. It is taxpayers' money, at the end of the day, and if we can give it back, maybe it could go towards something better.

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Deputy Inder: And we had had a letter from Policy & Resources, Deputy Helyar, reminding us of our responsibilities with public funds as well.

The Chair: A supplementary from Deputy Trott.

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Deputy Trott: Well, it is not really a supplementary, and I do not want to have the last word, but I do think – *(Laughter)*

Ms Morris: I think you are going to try anyway!

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Deputy Inder: Too late!

Deputy Trott: Indeed. I do think there is a genuine question to ask you to wrap up, for me, this last couple of hours, and I know I will get an honest answer because we face huge headwinds. You have got three and a half years to go as President of Economic Development. Will our economy be stronger, weaker, or about the same at the end of your tenure, based on what you know today?

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Deputy Inder: I think it will be stronger. I honestly would; because like you, even though I can seem a little bit miserable sometimes, generally I am actually fairly positive. I love this Island. I love the people, I love the business, I love its passion, and I love its ability to find opportunities. So I am always going to say I am never going to manage decline in my life, even if I see it staring me in the face, which I do not, I am always going to have a positive attitude towards this Island.

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The Chair: Right, well, thank you to all the witnesses for attending (**Deputy Inder:** Thank you.) and increasing the public's awareness and understanding of the work that Economic Development does and no doubt providing many interesting headlines for the media who have been in attendance.

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Deputy Inder: Did I?

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The Chair: Thank you, as always, to the Members of the Scrutiny Management Committee for all the work they have done behind the scenes, and just to say that Scrutiny undertakes regular public hearings with all the Principal Committees to increase public understanding of the key areas of Government policy and to enhance openness and transparency. We will have further hearings in the new year, which will be advertised in due course.

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The Meeting is now closed, thank you.

Deputy Inder and witnesses: Thank you very much.

The Committee adjourned its sitting at 12.25 p.m.