



**STANDING COMMITTEE  
OF  
TYNWALD COURT  
OFFICIAL REPORT**

**RECORTYS OIKOIL  
BING VEAYN TINVAAL**

**PROCEEDINGS  
DAALTYN**

**ECONOMIC  
POLICY REVIEW COMMITTEE**

**Department for Enterprise**

**HANSARD**

**Douglas, Friday, 21st September 2018**

**PP2018/0131**

**EPRC-E, No. 1/2017-18**

*All published Official Reports can be found on the Tynwald website:*

[www.tynwald.org.im/business/hansard](http://www.tynwald.org.im/business/hansard)

**Members Present:**

*Chairman:* Mr C R Robertshaw MHK  
Mr T Baker MHK  
Mr J Moorhouse MHK

*Clerk:*  
Mr J D C King

**Contents**

Procedural.....	3
EVIDENCE OF Hon. L D Skelly, Minister, and Mr M Lewin, Chief Executive Officer, Department for Enterprise .....	3
<i>The Committee adjourned at 4.38 p.m.</i> .....	22

# Standing Committee of Tynwald on Economic Policy Review

Department for Enterprise

*The Committee sat in public at 3.17 p.m.  
in the Legislative Council Chamber,  
Legislative Buildings, Douglas*

[MR ROBERTSHAW *in the Chair*]

## Procedural

**The Chairman (Mr Robertshaw):** I will not go through that formal introduction business; I think everybody knows everybody here and Hansard is content – just that your phones are off.

**Mr Lewin:** Yes.

## EVIDENCE OF

**Hon. L D Skelly, Minister, and Mr M Lewin, Chief Executive Officer,  
Department for Enterprise**

5       **Q1. The Chairman:** Thank you very much indeed for your attendance this afternoon, I appreciate it. If I could just, though, start with a few introductory remarks from my own perspective as reasonably recently appointed Chair of this Committee.

10       It is clear that your Department is doing an awful lot of work with regard to the introduction of executive agencies and I think there is so much going on in that area for you that it is beyond us to capture it all in one session, and this supposedly is the annual session. We have therefore discussed this matter and feel that it would be helpful for us if we could see you a few times over the year and try to deal with matters in bite-sized chunks rather than try to run all over the show.

15       So with that, apart from the other issues we want to address this afternoon, we would like to advise you that the area we would like to look at and examine this afternoon with you, is your development of the executive agency for the visitor side of your responsibilities and work. So that is where we will go this afternoon. But I hope that later in the year you will be able to talk to us again when we have had a chance to examine those other areas and talk to businesses involved in those areas, so we can have a really good session in each case.

20       So I think the obvious place to start really has to be your notice today about SPARK. Could you talk us through that please, Minister?

25       **The Minister for Economic Development (Mr Skelly):** Yes, gura mie eu, Caaarliagh, and Committee members. I appreciate the opportunity to be here and I would also concur that it might be more opportune to actually do this in bite sizes and that way we can obviously go into the detail and the depth in each particular area, which I am sure you would like to do. **(The Chairman: Yes.)** The agencies will certainly welcome that opportunity because of course we

have reached quite a milestone now in them being constituted and established, and now meeting regularly and starting to get into the detail of what their responsibilities are.

30 But in terms of the first topic that you would like to raise, with regard to the Enterprise Development Scheme, we felt that we would issue a press release today because of course you had already raised this as a topic that you wished to discuss, so that we could be open and transparent to you – the Committee – our colleagues and obviously the public. This is actually a particular phase in terms of the full review of all our schemes that we are reviewing, and we  
35 have committed of course within the Programme for Government to review all our schemes. We have conducted the Micro-Business Review already, we have made amendments to that, we have increased the amounts to be applied for and that is already completed.

The Enterprise Development Scheme was the next area that was under review. It has been under discussion for some time and today is the first phase of that, and that is the  
40 announcement that we have determined on a mutual basis between the Department, with Treasury concurrence, and SPARK Impact to mutually terminate that contract.

**Q2. The Chairman:** So for clarity then, what you have done is come to an agreement to cease the arrangement with SPARK, but that you have the fund itself under review for reappraisal. Is that a reasonable assessment?  
45

**The Minister:** Yes, it is. It is putting under notice – we have a notice period there – that we have now terminated. I think that comes into effect in January and that allows us then to review with Treasury and the agencies, as to what would actually potentially replace that, so that we  
50 can ensure that we provide the appropriate level of support.

**Q3. Mr Moorhouse:** Was there an actual break in the contract, or have we had to buy ourselves out of it?

55 **The Minister:** No, this was the contract.

**Q4. Mr Moorhouse:** So there have been no payments?

**Mr Lewin:** No, the contract allowed for an exit process, so we have determined that in  
60 consultation with SPARK. And as the Minister said, there has been lots of feedback over the three years since the concept came out – two and a half years now, so we are half way through the actual contract. I think it is fair to say there have been some good successes, it has certainly raised the profile and it drew a lot of attention, we have had a lot of interest in supporters from businesses. But from a Department perspective it was not bringing the deals in terms of  
65 conclusion that was originally expected. There has been a lot of commentary around that.

And from SPARK's perspective as well they would say that it was more difficult, more challenging than they perhaps first thought. And also from the perspective ... you have mentioned the agencies and we are in a different place now, perhaps our needs are different; our economy, our labour market is much tighter; debt and equity funding is more available than  
70 it perhaps was three years ago. And if it is not working as expected on both sides then the right thing to do as part of that review is to say, 'Let's take a breath; let's stop'. We are in an exit process, we have bought some time to then look at and work with people as to what might follow that.

So there are a range of options that could follow from the scheme going forward. But the  
75 scheme is still there and will be until and unless obviously Tynwald repeals it, or we do something else.

**Q5. Mr Baker:** Thank you, Mark.

80 So, for clarity, the decision that has been made is purely around the responsibilities for managing the scheme, and effectively you have agreed that with effect from, I think it is 18th January, SPARK will no longer do that. What is your anticipation in terms of beyond 18th January? Is it that it is all still for determination, or have you got a clear plan beyond that date?

85 **Mr Lewin:** You are right. When the scheme came forward from Tynwald, there was then an open procurement process and SPARK was the successful party who won that on an exclusive basis as a scheme manager, and it is that contract that has been determined. So it is business as usual between now and 18th January. Beyond 18th January we have a range of options, the Department has a range of powers, and it has the powers to provide debt, provide equity support, again with Treasury concurrence. It has the powers to provide grants.

90 There are a range of options we could use going forward, whether it is in the scheme or whether it is outside that. For example, over the last two years, in parallel to the Enterprise Development Scheme, the Department supported around 700 businesses through the other schemes that it has. This is one of 11. We have offered over £10 million of assistance in different forms. So there are already a variety of things we may do without the scheme, or without another scheme manager.

100 One of the ideas that certainly we would like to pursue and seek feedback on is the idea of a non-exclusive arrangement. So if other people want to bring deals then we have an ability to do that. Again, it could be SPARK that brings a deal to the table or there are a number of other local bodies that in the past have expressed interest in being part of the deal structures. So if it is right for Government to take participation in terms of venture capital as part of that, then we have the power to do that. So that is an option to look at as well.

105 **The Minister:** Yes, making this decision I think was the first step and then the next stage here – because obviously we have got this 120 days – is to determine as to what schemes or range of schemes are available to us to actually fulfil what we believe is the right support for the economy.

110 I think one of the important points here is that when we started and introduced this particular scheme, the economy was in a *very* different place. There were two main issues there: (1) there was a real strangulation with regard to finance for business that we were hearing *very* clearly they were struggling to gain access to funds; and (2) obviously employment was a lot higher than it is today. So what has happened is in that interim period now unemployment has obviously gone down and we have actually filled a lot of roles. We are in a different place in terms of the economy. We have seen, as Mark has already indicated, the introduction of other private equity funds here on the Isle of Man that are actually filling that particular gap. So one of the options there, as Mark has also highlighted, is the possibility of making it non-exclusive. But what we want to do is to have discussions with Treasury, with our agencies, to determine what would be the right level of support going forward.

120 **Q6. The Chairman:** You have both mentioned this increased availability of debt and equity funding. Could you evidence that a little bit, Mark, in terms of where that is coming from, without being specific about a particular organisation?

125 **Mr Lewin:** There are a number of organisations now that were not available in 2015 who specifically sit in this place to source investment, to look at co-investment, to look at equity and other loan participation. I think it is also fair to say from a bank perspective, many of the banks have made a number of statements over the last couple of years about re-entering certain markets that perhaps three years ago they were not in. Certainly we see that, and we know there is still a challenging climate in banking in certain areas but actually there are also a lot of

130 areas where it is not as challenging as it was back in 2005 when it was first envisaged and first created.

I should also emphasise obviously what we are talking about, and as we go through this dialogue process, ultimately if there is a fundamental change then it will need to come back to Tynwald anyway. So that is very much part of our thinking.

135

**Q7. The Chairman:** I asked that question particularly because, as a Committee, we have not yet seen that availability, so perhaps at a future date we can come back to you in an email note advising us further as to where that sort of financial support is coming from. And I do hope as well that you would be kind enough to bear in mind the FISP Select Committee Report on various funding schemes.

140

**Q8. Mr Moorhouse:** Yes, one of my issues is that Minister Skelly in the press statement makes reference to the strength of the economy. If you actually look at the raw data, potentially now we are in a no better position – with Brexit overhanging it is quite a risky position we are in.

145

If you go back to October 2013, three years before this scheme started, unemployment was 1,065. When the scheme went before Tynwald in October 2015 it was 765, so unemployment had dropped by 300 – a massive drop. Things were looking much more positive. Unemployment has continued to drop but it is still 350 potentially, by next month. So the trend is going down but not dramatically down, and in itself that could be an issue.

150

But also with inflation: in terms of August 2012, inflation RPI was 2.1%. It had gone up to 2.6% in August 2015 just before it went to Tynwald, but not an issue in terms of 2.1% or 2.6% – quite a healthy issue. The RPI in August 2018 is 4.9%, which is a lot more concerning. Adding in too the Brexit situation and those basic background issues, I cannot see how the economy can be classified as being much stronger than it was three years ago.

155

**The Minister:** Well, thanks for the question and there are a number of issues in there.

Just looking at the unemployment issue as it stands right now the trend, as you rightly say, is going down and I would suggest that it has dramatically gone down, particularly over these last couple of years. We are now at a 15-year low. Whilst that is good news in one respect we are also conscious that we have a vast number of jobs that are unfilled, which is why within the Programme for Government we have our Department's number one aim, and that is to grow our economically active. This is why we have obviously made changes and reformed the work permit system to make it easier to fill those roles. What has happened is whilst the unemployment is going down jobs have actually gone up as well. So we were doing some measurement in terms of – not in these figures that were just published – but just by comparison to, when we started ISLEXPO, 1,400 jobs more are in the economy than there were when we launched ISLEXPO.

165

So the unemployment issue has been going down and it continues to go down and that was an issue when we launched this particular fund. And as I say that, in connection with the fact that funding was a problem for business as well, that was what we were hearing very consistently across the whole host of other different sectors. What is encouraging though is, with the figures that have come out this week, the personal income figure. That personal income figure has demonstrated a 4.4% increase in real terms. And that should be welcomed, I would have thought, by our working population here on the Isle of Man.

170

I think with regard to the inflation issue, Mark, you wanted to add to that.

175

**Mr Lewin:** Just before I come back to that though, in terms of economic health if we look at any economy there is going to be a level of unemployment and even within that number on a week-by-week basis, we see a real number coming on and coming off. So in terms of long-term unemployed it is a fraction of what it was and across Government we work to try and help those people find opportunities. As the Minister said, there are more opportunities than ever before in our economy.

180

185 Building on the personal income – but if we look at the national income more generally – to see that positive growth, and growth across the majority of our sectors for us that is a real sign of a good strong economy. It is also about confidence though. We have seen the Cabinet Office's second business confidence survey and on average all sectors saying they are more optimistic in terms of growth over the next six months.

190 So there are lots of indicators from our perspective out there. The ultimate measures of course are what is happening in terms of tax receipts, so to see the announcements from the Treasury Minister that tax receipts, driven significantly by national income and ITIP, are ahead of expectations. If we look at the Programme for Government metrics around the economically active population and if we look at the number of businesses registered to pay ITIP, all are up year-on-year on the measures. So if we go back to when this was envisaged in 2015 and launched in 2016 that was not the case.

195 **The Minister:** But if I may just add one extra point here. It is not just about investing in business. I come back to that growing the economically active – filling those jobs that are vacant. If there are a thousand jobs out there, there is nearly £10 million that is a benefit to the exchequer that we are potentially losing.

200 So is it investing in business or is it investing in jobs? We have had a relocation scheme in play now for I think 18 months and seen over 250 jobs actually filled as a result of that – it is a self-funding scheme – and that has demonstrated to us that there are other ways to actually benefit the economy than just simple, straightforward investments. That is why when we stop and make this decision that is announced today, we want to review what are the mechanisms, what are the levers and where is the support that we need to provide as a Department and a Government to grow our economy.

210 **Q9. Mr Baker:** Listening to the answers from both of you, it is very clear to me that the change in manager is not the end game on this. You clearly do envisage something different going forward. You talk in the press release about, 'Any proposed changes in the Enterprise Development Scheme will be presented to and require Tynwald approval'. I would interpret from your comments that that is a likely thing.

When do you envisage that to take place?

215 **The Minister:** I would hope that we would be in a position well before the final date that the contract is concluded. So before the end of the year I would hope that we would be able to conclude that.

220 **Q10. Mr Baker:** Okay, which means that given the way timescales work towards Tynwald you are probably fairly close to working out what you are intending to do.

**The Minister:** Yes, we have not set a date but that is I would say our aim and intention.

225 **Q11. The Chairman:** Okay, we have much to cover so we had better move on – thank you for that.

Before we move on to the Executive Tourism Agency I just wanted to touch on your current position with regard to minimum wage, living wage and your views – minimum wage, living wage and zero-hours contracts. Where does your Department stand, Minister, on those items?

**The Minister:** Thank you.

230 Yes, I think inevitably we have obviously had this raised several times on the floor. Minimum wage and living wage are two different things (**The Chairman:** Yes.) and I think we probably know that, but it *always* merges into the same debate whether we like it or not. The Government made a commitment first and foremost with regard to the living wage in terms of

235 the voluntary statement that was made some time ago. As a Department, our responsibility of  
course, with Treasury, has been control of really bringing the recommendation forward for the  
minimum wage. What we have seen over the last three to four years are significant increases  
which would probably result in over 20% increase in the minimum wage from four years ago.  
That is to be welcomed, I would expect, but we are looking at trying to get that closer to a living  
wage.

240 But there is a *very* fine balance here about pushing the living wage and the minimum wage  
together. Why? Because particularly our domestic economy, which we are going to get into here  
in a second, is still fragile in certain sectors and quite frankly you could push a living wage but  
you could push businesses out. You could create unemployment as a result. And you have just  
alluded there to the zero-hours issue. This is something I know, with other colleagues, is an issue  
245 that we have not addressed at this particular stage and I would welcome an opportunity and a  
debate around this. But I think some data is needed, first and foremost, in this particular area.

One of the things that we have done in our Department with the restructuring is we have  
obviously created this agency model, and the idea of the Department being slimmed down now  
is to focus in on strategy and policy. We have taken on our own economist to actually help us  
250 with that work in creating the data that is necessary to make well-informed decisions, and zero-  
hours would be an area I would very much welcome a body of work to come forward on.

So our aim is to increase the minimum wage whilst business has been able to bear it. We  
have listened to the Minimum Wage Committee, who do a valuable job in terms of collating a lot  
of information before they come forward with their recommendation. Whilst we accepted their  
255 headline figure this time we did actually remove of course the age bands. I know that was not  
accepted by all quarters but we felt it was appropriate in terms of recognising our young people,  
particularly with regard to the Employment Act now being in place.

**Q12. The Chairman:** Thanks. I welcome your comments about zero hours and perhaps a  
260 higher degree of focus. I fear – and I am speaking for myself here – I am well aware of anecdotal  
information and commentary in various areas but we have not captured it, I do not think, yet  
(**The Minister:** No.) as whether executive or parliamentary process. We are trying to decide  
whether this Committee should look at it or whether in fact we should seek Tynwald to set up a  
select committee to look at the whole matter and report back with some significant data as to  
265 where we stand.

The concerns are obvious, the ones that no doubt you share, and that is as we migrate  
towards a single-tier pension we have not yet got workplace pensions and the cost of that in  
certain sensitive areas. It is an area of real concern both for business in certain areas and for  
employees in certain areas. So we are agreed that we need to get our heads around that, then?  
270

**The Minister:** Yes, and I would absolutely welcome it and I know there are other colleagues,  
including the Chief Minister, who has raised it with us as a point that should be investigated.

**Q13. The Chairman:** Have you got a preferred route as to how we get to the bottom of this?  
275

**The Minister:** I think that should be open for discussion and at this particular stage I would  
just say there should now be an agenda item for discussion both for Government and for  
Tynwald.

280 **Mr Lewin:** We should just add that certainly we talked about finding a balance and having a  
debate. We hear the comments that you said there in terms of the pensions and also employer  
rights and employee rights, but we also do have some businesses that have made  
representation around the flexibility it can provide. We are also aware of some of the individuals  
... and part of that drive-down in unemployment has allowed some people who choose to, to  
285 come back to the workplace and have some flexibility on their own. So there are clearly some



areas where this is a choice between an employee and an employer but it also, as you say, has social implications. So there are comments on both sides of the debate that we have heard.

290 **Q14. The Chairman:** There is; but you would agree there is just not enough clear data, is there, and clear understanding? That is the anxiety from my perspective.

**Mr Lewin:** I think we also recognise as a potential trend, this is going to get bigger in terms of a gig economy and multiple participation. It is something we do need to have that debate on and gather that evidence.

295

**Q15. The Chairman:** Yes, because you would agree surely that in the long run as responsible politicians and officers of Government that we cannot place individuals in our society in a position in later life where they just have not got adequate pension provision?

It is a biggie, really, that we have got to look at.

300

**The Minister:** It is, yes. There is a lot of anecdotal out there and equally you do hear that it does work for other parties, but I think data is the key in that particular case. But a drive from a political sense I think would be very much welcomed.

305 **Q16. The Chairman:** Good, fine. So if we can then move on to the main meat of our meeting this afternoon, our session, and that is the Tourism Executive Agency and matters appertaining to tourism.

I would like to preface my remarks with the point that I welcome the introduction of the executive agencies and wish your Department well in their delivery. But being somewhat aged, and having been around the block so many times and seen so many well-intentioned initiatives in this area over so many years that have time, after time, after time fallen down; not through a wish that they should not succeed but because they were perhaps not formed correctly or there were misunderstandings, whatever. I do not want to see this go the same way.

310

We as a Committee want this to work, but I want to examine with you the words 'Executive Agency'. Looking at the detail that is available in terms of the responsibilities of the executive agency there are a lot of good words in there that I have seen the likes of time and time again, but it is going to be delivering an interpretation. I wonder whether you could outline to us why you think this is going to be different and whether or not the agency is going to be, shall we say, given the legs, given the welly to deliver? It is not that long ago – I do not even know the name of the last set-up that existed between the accommodation, or the tourism sector and the Department – then the DED. That did not last very long and fell down because the people who entered into it in good faith had to walk away because it was – and perhaps this is subjective and unfair – but it ended up more of a talking shop than an executive agency.

320

So with that, can you persuade me, can you persuade the Committee that this is different?

325

**The Minister:** Persuade you? Now, there is a big ask!

I am not as long in the tooth, but you just said two words there that I stated to each of these executive agencies at the first induction: 'talk' and 'shop'. I raised it and Mark knows it, and Carl knows it and everyone, political Members, know it. I said, 'These are not to be talking shops'.

330

But first and foremost I might want to go back to why we believe that the executive agency model was appropriate. We did a considerable amount of research. We had an external body of work where we looked into a lot of other jurisdictions where the executive agency model was already operating – some of them extremely mature, some very new. What we tried to do was to try and take the best of that to try and find a way of constituting these to have the appropriate level of responsibility. And what we did there is we settled on creating an executive agency that would have three principal responsibilities – the 'Three Ps' as we call it. The first thing would be which agencies we wanted to focus in on.

335

340 The economy of the Isle of Man is changing dramatically and that was highlighted of course in  
the most recent report, the economic report that demonstrated that e-gaming is now our  
largest sector on the Island. It has changed in a rapid fashion. So what we wanted to do was to  
accept four different sectors and focus in on those four sectors. There are 24 sectors on this  
Island and we obviously had to have finance, because they are still the backbone of our  
economy; digital, the fastest growing and now largest part of our economy; then we also had  
business which covered all the other areas, which were construction, retail and manufacturing,  
345 etc. Then we separated – and this is really important – we put ‘Visit’ i.e. ‘Tourism’ because we  
wanted to recognise their value to the economy.

If we were to simply look at GDP for tourism we know that is a *very* low figure, but it really  
helps the local economy massively. Supply chain: it is imported revenue and the number of  
people who are employed in that industry and also *very* importantly it also affects ... If we have a  
350 good tourism industry, we have a good quality of life. So we identified tourism had to be  
separated and it had to have its own identity because we felt it was that important.

To go back to the ‘talking shop’ issue: I made that very clear to the Chairs and I made that  
very clear to the boards that these were not to be talking shops. They had all sat on boards and  
various different organisations with Government in the past. What we wanted to do was to  
355 ensure that they set up key performance indicators, dashboards and action points. Now, some  
of them have already met four times and they are already getting their teeth stuck into major  
issues. So as I say the three responsibilities I mentioned there, one of them is the promotion of  
their industry, their sector; the other is product development, so they would be responsible for  
the product development in their sector; and last, but not least, it would be policy input, so that  
360 would come into the centre, i.e. to the Department. As I said earlier, the Department's now core  
function responsibility is policy and strategy.

So that is why we have constituted them in this way where they have their own budgets, they  
have got their own resource to actually bring forward what will be policies, products and  
promotion in their sectors, that therefore fits with an overarching economic strategy for the  
365 Island. As I say, the feedback so far has been very strong and very positive. We have over  
50 different individuals, mostly donating their time to contribute to these executive agencies.  
We believe we have a model that is fit for purpose and fit for our economy.

The other point I come back to is because the economy is so dynamic – more than it has ever  
been – we have got to be agile, we have got to be nimble and we have got to be able to react  
370 very quickly.

**The Chairman:** Thank you very much –

**Mr Lewin:** If I could just add to that, in terms of what makes it different? That is a critical  
375 part: this is different; we have not done it before. Take Visit: whilst I attend I have no voting  
rights as such, they will operate as a board. They will consider issues and they will make  
decisions. And on those decisions that board will ultimately hold the executive to account: that  
includes me and that includes Carl, it includes Angela and the team; and we are the ones who  
will support the delivery of those actions. So we are spending a lot of time at the moment, led by  
380 Randal, looking at making sure we have got our foundations in place around our metrics. What  
does this area look like today? What are the key metrics we want sight of? Are we capturing the  
right information? And then, how do we grow that?

All the agencies have a relatively similar purpose to support long-term, sustainable economic  
growth in their area. But what you already then see is when you start talking about the metrics  
385 and what is happening, you then lead into these ‘Three Ps’, as the Minister says. So that Visit  
Agency will have a real discussion and will decide on how to spend our promotion budget in  
promoting the activities: what markets? What channels? What are our key messages? When are  
we doing it and in what way? And what are we expecting to get from it?

390 That agency will also then be having conversations and considering whether to look at: 'But is  
our product offering sufficient?' Do we have gaps? And already Ranald and the team are  
identifying a number of product areas they want to look at, that perhaps is not as clear as it  
should be and can be promoted in a different way. And then, as the Minister said, behind that, if  
we have not got our products in place, what are the key policies we need to change and help us  
do some empirical evidence and some gathering to get a consensus about this is what we need  
395 to do?

So, if we give examples: on the policy side we are looking at non-serviced accommodation,  
holiday villages. If we recognise there is a gap in the market, how do we balance that between  
planning? How do we balance it between financial assistance to fill that gap? In terms of product  
development: a number of products around packages, package holidays, different types of  
400 visitors that are not perhaps being appealed to at the moment. Then in each of those segments  
whether it be groups, whether it be heritage, whether it be motor sports: how do we grow what  
we have got today? How do we expand the seasons? It is not just about visitors, it is not just  
about spend, it is not just about the timing – it is the whole breadth of that.

So if we go back, from my reading of what has happened in the past there have been some  
405 good intentions and a lot of people have given good time, and I *really* do appreciate the amount  
of time people are giving to it already. But they are going to make some decisions, they are  
going to task and we are going to be held accountable coming back. So if, in the room, eight of  
them want to spend £25,000 on a TV campaign in a particular area, they have the power to do  
that and we will make sure that happens.

410

**Q17. The Chairman:** So for that group, as the Minister has said, generally, almost entirely  
unpaid voluntary support, it is very necessary to have behind that a capacity to feed into that  
group, quality data. And forgive me for being quite sharp here, and it is that I am absolutely  
convinced the quality of data measurement that has gone on in this sector has been thoroughly  
415 and completely inadequate, insofar as we get *very* clumsy headline issues about how many  
arrivals were, when in fact we all know that yield management issues related to investment and  
quality of staff circumstances and training are all massively important. But they are not  
measured or available.

I just want you to comment on that.

420

**The Minister:** Thank you.

One of the first items that came up I think in the first meeting was data, which is great really  
because this is how business makes decisions, on well-informed data. And again when you have  
got a collective, you have got a board, they need that accurate data; and I very much highlight  
425 that point. I said to them right from the get-go, 'How do you want to measure success for your  
industry'? You can measure it in many different ways and passenger numbers is one thing. You  
could actually do it by visitor spend; you could actually do it as you just highlighted, by yield. You  
could actually do it in occupancy; you can do it in confidence, even. There are many different  
ways to actually measure success.

430

I said, 'That is one of the things *you* need to think about on your dashboard', and what we  
need to do is to look at how we reach that particular point. But we were *very* keen and that is  
what I said earlier with regard to having the appropriate resource available, and why we have  
taken our own economist on staff, to help us gather that particular data.

But in the past, it has been a passenger survey which of course is a sampling, and I think that  
435 is the point you were making, really.

**Q18. Mr Baker:** Can I just ask? I mean, I welcome the principles behind the agencies and I  
think, from my point of view, it is an interesting approach. But as the Chairman said, those  
people around the board table are primarily volunteers I think, so the secret to that is having a  
good executive team behind that. Obviously Mark has referenced himself and Carl there, but in  
440

the tourism area how strong is the team? Have we got the strength and depth that we need? Obviously Angela's name is one that is quite prominent, but what is there behind her in that area?

445 **Mr Lewin:** I think it is a small team. Angela is very good, she has been in the business and working both in industry and then in Government for a long time, so I really respect that. There is a small team of two on product development and there is a vacancy in there as well; and there is a small team of two on events. Again, the agency at one of its first meetings talked about whether we should grow our events team, maybe another person. The events team we support directly, and indirectly we were involved with over 31 events this year – nearly 10,000 visitors.

450 So, could we do more? We were involved in bowls, darts, sports, all sorts of motor sports as well, and that is aside from the TT and the Festival. But could we do more? Are there opportunities to create more events? The agency is already talking about, 'What kind of events can we create that would actually bring people here that would be attractive?'

455 So it is a relatively small team, and we have a small team of three on quality and assurance that look after our grading and accommodation and the registration process. It is probably a fraction ... and one of the constant things we get fed back is what other jurisdictions perhaps spend in this space, both in terms of people and in terms of money. But we talked about pensions before and we recognise as a public service some of the challenges we face now and in the future ... And if we have a case for more funding or for more people we have to make that with evidence, we have to make it with commitment. And that is very much again one of the jobs of the agency. We have a Marketing Initiatives Fund which is available for promotional activities and things that will create economic value as one-offs.

460 So all the agencies, including the Visit Agency have access to that and if they can develop a case ... So they are working on a number of ideas at the moment, they will go and try something and then come back, prove the case and then we will have a conversation about how do we scale that.

470 So as I say, I think it is a really good team, I am really proud of what they do. But it is a challenge. We all recognise this is an area that, as you said before, long in the tooth in terms of a number of attempts to try and turn it around. It has been an area that has been in decline over many decades, over the last 10 years or so that trough has stabilised and we have seen some growth again, which is great. But we do have to work hard at it and we can never be complacent. We have got to go out and fight and win that business to come to our Island.

475 **The Minister:** It does actually bring us back to the original topic there, with regard to the Enterprise Development Scheme, because now we are going to engage here with the agency boards to say what resource do they need? So Mark has just referenced the Marketing Initiative Fund which is decreasing, and we need to look to see do we have the appropriate support, and that would be one of the questions: 'What do you need in your sector in terms of support?' So it comes all the way around to that same point.

**Q19. The Chairman:** Thank you very much for that.

485 Is there any possibility that you can tighten up further in coming months the terms of reference for the agency, so there is absolute clarity rather than the slightly more wishful approach that is described in the document that I have seen? It means well, it speaks well, it says the right things but it is the delivery of that that needs – I would put it to you – it could do with tightening up. Would you take that point on board?

490 **Mr Lewin:** I think it is probably one for Ranald. The agency knows. One of the first meetings we had was around governance and we went through the terms of reference. It is in their gift to recommend change. Ultimately it is the Department, the Minister here that signed that off. But if we think it needs tightening or changing, it is in their gift.

I think a lot of the conversation now is about, as you say: let's execute, let's have some decisions, let's have some work. We have got volunteers going off on various different things – activities, events, some of our products. If we find that the terms of reference is not clear enough and is not allowing something to happen that we want to happen, then we will look at it.

But the terms of reference, it is fair to say, were also prepared including input from many stakeholders: we did a number of workshops, we involved the likes of the Chamber of Commerce, we did some workshops in the Barrool Suite and we went through multiple iterations. So they were not just plucked from the air by the Department, they went through a process of iteration. But it would not be genuine if we did not let the agencies and the boards themselves have a look at those terms of reference as part of their world.

**The Minister:** It is fair to say we actually have a reasonable amount of flexibility in there to allow each of the agencies to find their balance. It goes back to the words 'talking shop' again because one of the first things is who goes on that board. So there was a process there that needed to be fair, open and transparent as to who actually would be selected to represent different sectors within that industry.

Each agency is quite different in that respect and we have had some major roomfuls of people representing industries, which is very difficult of course to manage and focus. So what we wanted to do is to give them some flexibility, let them find their balance and then also look at opportunities beyond there because you could easily, getting into the product development stage, create subgroups to say, 'Go out and research this particular product'.

But I would come back to resource again because that is the other thing we are not sure about. We have slimmed down the Department in readiness for this and we have become cost neutral, because that was one of our aims when we entered on to this particular journey – to ensure that we became cost neutral. If we do need to gain extra resource, perhaps looking at other funding models will be where we go.

**Q20. The Chairman:** Thank you. Perhaps we can close that section of our discussion on that upbeat comment.

I would like now to move on to the last three, and the major part of the afternoon really, which is looking at the current Destination Management Plan and behind that at the two excellent reports that you commissioned, Minister, the Hotel Solutions for Serviced Accommodation and the Hotel Solutions for Non-Serviced Accommodation. Excellent reports.

But if we could start with quite a short section on the Destination Management Plan which I printed off. It was rather peculiar really, because as I printed it off my colour printer ran out and I ended up with something I could read, but with a lot of pink. And I smiled to myself at that stage because having read the document it was *again* well-intentioned, but having correlated it with the two Hotel Solutions reports it looked a little bit too – as my printer decided – it was a little bit pink and fluffy. It means well and it is bulked up quite a lot, and there is some good stuff in there. But a simple question: where do you see the Destination Management Plan going in the future?

**The Minister:** Well, with the agency to actually review and update it. I would regard, as stated in our first induction meeting, that this is a foundation. It is several years old already and this is probably an industry which is seeing quite dramatic change – you have only got to look at the level of investment that is actually happening and the confidence in this industry, which is very reassuring after decades of decline. We believe both what has been accomplished of recent and in the pipeline, there is over £50 million worth of investment coming into this industry which demonstrates a high level of confidence.

So that is encouraging, but what we need is a real firm strategy here. It is fair to say that the Destination Management Plan was intended to be reviewed but it was set here by the Department prior to the executive agencies being set up. But now the executive agency is set up

545 – it is fully fledged and it is fully constituted – one of their primary focuses will be to review this  
and consider this and see if it is fit for purpose, and whether it needs to be changed or updated.

**Mr Lewin:** Yes, I think it was a guide. We should not lose sight that it was built with a lot of  
input. So we go back to the Visitor Economy Steering Group which was the thing we were  
550 looking for three or four years ago, that the Chairman was referring to. A number of people gave  
up time and input into it. So at the time, 2016, a number of people were happy with that. We  
had five clear objectives and the Department, in the absence of anything else, has been working  
through those.

Number one was about ‘Strengthening collaboration and partnership working’ – and the  
555 agency is a direct result of that.

‘Promoting the Isle of Man’s image and distinctive strengths’: we have seen the Extraordinary  
Story Campaign, the new three-year journey that can help bind some of our key messages and  
take us out to market – a great amount of views, and take-up and participation around that.

560 ‘Creating an exceptional visitor experience’: the Minister has just mentioned there that we  
are seeing a significant amount of investment at the moment. We think that will, in the long  
term, lead to more job growth as well and an improved product offering. But clearly there are  
some challenges in doing that, that we need to manage through carefully.

The fourth objective was ‘Championing new investment and product development’, and  
again there have been a number of things we have been looking at around those, around  
565 product development. Cruise – and I know we will probably talk about that as well, as part of  
that story.

And ‘Market Intelligence’: we have just talked about metrics but we have been doing some  
work to try and improve it. For example, on the gap in metrics the Department has powers  
under the likes of the Tourist Act to insist on statistics from businesses but we have not used it,  
570 we have been reluctant to use that as a big stick. But those are the kinds of things now that the  
agency can pick up and discuss and figure out what is right.

When we look at then – you say about ‘pink and fluffy’ – I think the general view from those  
who got around the table as an agency is that we want to be a bit more precise about what the  
next six months is going to look like: tied to some metrics, tied to some promotion targets, tied  
575 to some product development and tied to some policies we want to really get under the covers  
of and have real input into.

So I would suspect – and I am not speaking for Ranald, who I think you have already met and  
had a conversation with as well. Yes? And he is really interested in having your input. I suspect  
that we are going to have a lot more discussions around the DMP and what the next 12 months  
580 might look like, and indeed the next two years or three years on the back of that. But it came  
from a particular moment in time, it had a lot of input at the time, and it has acted as a guide  
whilst the Department has been going along until we get to the next stage in that journey.

**Q21. The Chairman:** Thanks.

585 We will not be discussing cruise particularly this afternoon, because the Environment and  
Infrastructure Policy Review Committee, of which I am a member, has restructured its  
membership in order that it can look at that aspect of it – and we have got enough to do anyway  
in other areas.

I am encouraged by ... We ask these questions because we want you to succeed. We want us  
590 all to succeed. But interestingly, this issue about data collection: I mean in the excellent report  
that you commissioned – the Hotel Futures Report – right at the get-go it said in 2014 that the  
occupancy levels being performed both in average achieved room rate and yield were all on the  
Isle of Man significantly lower than the UK elements. On that, on yield, hangs the capacity for  
investment, the ability to keep staff, the quality of the service – everything.

595 I would put it to you that we cannot function; we cannot construct a tourism policy of  
significance unless we capture that sort of information and understand it pretty intimately.  
Would you agree with that principle?

**The Minister:** Yes, absolutely. That is all about gaining the appropriate data, I think. And it  
600 gets back to the importance of tourism. I think if there is one thing the Destination Management  
Plan did do, it brought tourism to the fore in understanding why we need to get behind this as a  
Government, not just as a Department, because of what it means to us as an Island and a  
community. One of the things we are looking at here says: 'The agency brings forward an update  
here', and I am very keen to populate that further politically so that the Island ...

605 We represent different parts of the Island, so what does it mean to each part of our Island in  
terms of tourism? We have got this wonderful UNESCO accolade here and we must capitalise on  
that. For me, all that is doing is actually going back to where we started with tourism over  
100 years ago. What the Victorians did, they came here for the beauty of our Island and to be  
somewhere different, and they gave us some fantastic infrastructure in terms of the railways  
610 which are still there, the Glens that are obviously there and we have got great heritage sites.

So we know we have got a very good product and a very good offer. What we need to do is  
understand – and this is why it comes all the way back to data – who do we need to market to  
and how do we promote it as a destination more than anything else? So we are very keen, as I  
say, and it is a priority work for the agency to look at the Destination Management Plan and  
615 bring that back.

**Q22. Mr Moorhouse:** Can I just go back, please, quickly, to the Destination Management  
Plan, in terms of that in the foreword two things come to mind when I look at it? One of them is  
you have got three aims/objectives, and one of them is to raise the amount of jobs being  
620 created, which just seems a strange one given the situation we are in and we have been moving  
towards. The other is the overlooking of this Biosphere status we have got, and you mentioned  
it there which was positive in terms of that report, possibly in terms of going forward as an  
Island. Those were two things that were important that did not gel as they should have done, in  
my opinion.

625 **The Minister:** Yes, it is interesting, as you say: 'Encouraging stakeholders to work together' –  
that is obviously the agency, that fits very well in terms of that objective. And that complements  
'Increasing job opportunities' – that is obviously important too.

We have obviously had some new stock come online just very recently and that has been a  
630 mixture of local and imported labour, and that gets back to the point of the number one thing  
that we are trying to do as a Department, which is grow our economically active, and that can be  
at that particular level too. We have helped the industry by relaxing the work permit before we  
did the reform, you may recall, from a seasonal perspective, which was very welcome. And that  
is why we are trying to react to what the industry really needs effectively. And last but not least  
635 'Developing facilities, infrastructure, services and events' – that is something that is ongoing,  
and again it lands right at the agency's doorstep because that is about product development.  
What do they believe is the right product and what do they think we need to develop and invest  
in, particularly as a Government?

640 **Q23. Mr Baker:** Can I just pick up ... ? You made what I thought was a very clear statement a  
couple of moments ago, Minister, where you referred to the Biosphere and you referred to  
heritage as being the two things that really ... So the beauty of the natural landscape and the  
heritage aspects have been the two things that underpin the tourism offering apart from  
motorsports, which I think is separate – TT, etc.

645 Is the proposition that we communicate both within the Island and more widely, as clear as I  
think you just spoke about there? I think those two are the key building blocks but, for example,

if heritage is a key building block then we need to be investing in it, not for any other purpose than to make sure we promote and support the tourism sector. We need to be joined up in that sort of thinking, but it has to start from that overall vision of what we are trying to be.

650

**The Minister:** Yes, absolutely. The UNESCO point is really an endorsement of what we already know, effectively. But it is very important with regard to UNESCO because, yes, it is about our environment, it is about education and it is about sustainability but it is also about development too. So it is the balance of those principles that actually sit alongside.

655

Tourism, therefore, is part of that development aspect really. So you have to look at the balance effectively and that is the fine tuning, and that is the difficulty when proposals come forward.

660

**Q24. The Chairman:** Going back to the Hotel Solutions reports in the executive summary on page four, top paragraph, it talks about the importance of new hotel investment but it also talks about the impact on existing stock some of which it says should exit, some of it which should be subject to effectively increased support.

One of the key recommendations is available on page 5 of the executive summary and it says:

An easy to access Hotel Investment Fund to accelerate investment in existing hotels and the development of new hotels ...

665

I am having difficulty, in my experience, to understand the correlation between the experience that existing hoteliers have with that aspiration as it stands at the moment insofar as – and again it is an aged experience – and that is, I found the construct around the proposals for financial support, for capital investment, just to be so bureaucratic we never went anywhere near them, and that was from a company that was competent and capable.

670

Could I suggest to you that there is work to do to have a look at implementing that recommendation that your report proposes? That will help to ensure the sustainability of the necessary level of bed spaces that we need to maintain the sort of industry that can both meet its main summer needs, but also be viable in the shoulder months as well. And I am again coming back to your point, Minister, about the reference back to the reviewing of the Enterprise Development Fund and how that locks in to agency work.

675

But all of this will be linked to much more sophisticated data and a belief that there will be a need to support, in a more embracing way, those operators now struggling on the periphery – where their year levels are thoroughly inadequate for too much of the year – that do not have the capacity to deliver within the existing schemes.

680

**The Minister:** No, and that would be one of the points that would come under review and it has been already discussed: should there be some sort of a fund? The hotel study report identified very clearly that there should be some kind of fund in this particular space. I think they very clearly identified a fund that is available, not just for new builds but also for existing stock to upgrade. I think that is the point because when it said they recognised the decline that it had, it also recognised that we have been falling behind in standards in certain areas, which is one of the issues that I think came out very clearly.

685

So it comes into our review of all our schemes, ultimately, whether it is the Enterprise Development Scheme or our Financial Assistance Scheme or any other business support scheme, or any of the other schemes. We were looking at those all to see are they fit for purpose, are they fit for each sector of our economy? And I will take away that we will specifically look at that particular point and consider it within all our schemes.

690

**Mr Lewin:** If I could just add as a follow-on? Pre-agency, in the early part of this year, we did an extra piece of work with a number of the hotels and with a number of the financiers as well,



695 to better understand what some of the funding issues were. So there is another report there  
which perhaps we can share with you. Whilst you might not have in the past accessed, there are  
hotels and leisure facilities that have accessed financial assistance, and we have others that are  
still talking to us about that. So the Department does play a part in that space already today.

700 There is one bit about the fund itself for access to finance, and there is one about a process in  
simplifying it. We do welcome your Committee asking for evidence from existing applicants and  
your comments around some areas and simplification, and some of the thresholds and limits.  
We have already made a number of changes to some of our other schemes on the back of your  
705 comments, so we thank you for those. That will be part of what we announce in October by way  
of a review of all the 11. We talked before about the EDS, but also we are constantly looking at  
how we can make it easier, make it simplified, but also recognising that where it is public funds  
there has to be a balance to that.

**Q25. The Chairman:** Thank you. Because your report, Minister, links the concept of having  
lower yield levels on page 16 of the serviced accommodation element, of its final report, at  
710 paragraph 2.3.7 it says:

On the basis of our research we believe that there are at least 8 hotels and guest houses that could be at risk of  
closure and abandonment, with a total of 266 letting bedrooms.

So I am putting it to you that there is a challenge for us here, not just to simply look at those  
who are moving forward and making big investments, but that to capture appropriate capacity  
we have got to look at those now on the periphery and under stress. So if you could just bear  
that – ?

715

**Q26. Mr Moorhouse:** Could I just ask: in terms of 266 rooms facing abandonment, what sort  
of numbers of new hotel rooms are you seeing going forward in the best case scenario?

**The Minister:** The number of hotels that are in the pipeline?

720

**Mr Moorhouse:** Yes, just in terms of this turnaround that could happen if the fund came in  
and if there was this positive change. What sort of vision have you got?

**The Minister:** Well, without the fund, we are already seeing significant investment in new  
725 stock and upgrading. Only just this week, of course, you know we have seen the former Mount  
Murray open again. So it has been happening for some time and there is considerable interest  
for other hotels and tourism accommodation at different levels – and not just the hotels but  
even the non-serviced accommodation as well, at the same time. So the growth and investment,  
as I say, is already happening without a new specific fund in place.

730 I think what the Caairliagh, the Chair, is highlighting there is: is the fund – or, rather, our  
current schemes in place – actually fit for purpose in terms of all the stock that may be available  
for support, whether that be existing stock to upgrade as well as new stock that is coming online  
that wants support? So we are, as I said previously, reviewing all our financial assistance  
735 schemes and I will take up a specific point here at this particular industry to see if we have the  
right support mechanisms in place now.

**Q27. Mr Moorhouse:** Going forward, is the best we can hope for to say the 266 are creating  
real growth in terms of the future opportunities?

740 **Mr Lewin:** That is a really tough question. As the Chair said before, it is not just about  
numbers of rooms. There are different rooms for different segments of the market and at  
different times of the year. I think we have about 1,900 rooms in graded hotels at the moment,

but some of those are seasonal so that in itself takes over the non-seasonal areas – we have some real peaks, we have some real troughs. There is a balance.

745 So it is not a simple formula, it will depend where some are coming back to the market or coming into a new market, they will bring work and will have their own marketing and their own promotional support around bringing new customers to the Island, which is great. But there are others if it is a pure displacement, then clearly that is something we would wish to try and avoid.

750 But it is a complex area and we also have to recognise that business itself, industries and economies do go in cycles so there are some natural cycles that also will happen around this. But overall our aim is to boost yield, boost occupancy at the simplistic level, boost spend and also spread it out – where we are getting it for longer to lengthen the season. That has been a stated aim for a long time. And we think, as we said before, we have got some fantastic propositions here in terms of beauty and heritage in particular that are open all year round. But we need to reach out to some new markets.

**Q28. Mr Baker:** The key point for me, and you touched on it there, Mark, was actually creating hotels and bed space *per se* does not actually fundamentally change the game: what changes the game is getting people to want to come to the Island. It is not as though we are turning people away because there is nowhere for them to sleep other than, arguably, around TT. So I think developing good quality accommodation for people is part of the story, but it has got to be more about selling the proposition of what the Island is all about. And we have not touched on transport links to the Island, but clearly that is a fundamental part of the proposition of getting here, because one way or another you have got to get across that stretch of water.

760  
765 Personally, I fully understand the desire for Government not to get too enmeshed in the Steam Packet, but clearly we have a very strategic opportunity, in terms of setting the User Agreement with the Steam Packet, to potentially move the needle on getting people to and from the Island both physically and in financial terms.

770 **The Chairman:** That is an important question.

**The Minister:** Oh, absolutely, I do get it. We are focusing a lot on tourism but we should not forget the business traveller too: in many ways that is different, and it goes back to data and understanding what your market is and who you should actually promote to. So certain hotels will suit different markets and the business travel is one area which we know has had concerns for quite some time, particularly with regard to stock. But it is not just the hotels; it is the transport links as well. There is an impact there that we would not want to take in isolation about just hotels and accommodation, it is transport links too.

780 **Mr Lewin:** And, as a Department, we have been involved and are involved with the Department for Infrastructure as it goes through some of the stakeholder workshops in terms of what the requirements going forward could be. Only in the last couple of weeks we have had a session with the Visit Isle of Man Agency at the Department of Infrastructure and Thames Head who are working with the Department of Infrastructure looking at, in an ideal situation, what would we look for by way of any changes to that agreement; but also trying to then put some economics around it and say, ‘But what would that mean? Can we evidence it?’

785 So now is a great time to have those conversations.

**Q29. The Chairman:** It is great to hear that, because sitting on the outside of this there is an impression that DOI are leading the operational side in terms of the User Agreement, that Treasury will be driving it from a purely financial perspective and you guys sit in the middle with a perfectly legitimate requirement to say, ‘Look, this is really, really important’.

790 Tim asked a very good question and I was going to raise this later on, but I am glad it has come up now, because you have to go at half past four, don’t you?

795 It is a very strong message that comes through, particularly in the non-serviced accommodation sector, this cost of travel issue. To what degree is there going to be a sophisticated analysis of the economic value of adjusting the User Agreement so that you can meet the needs of the visitor sector, whilst at the same time balancing it off the perfectly healthy requirements that Treasury have to achieve certain margins?

800 In other words, where is the balance of opportunity going to end up in all this? And are you satisfied that you have access to a sophisticated enough analysis of the economic side to present a case cross-departmentally, to make sure that we do not miss this when it comes to assembling the User Agreement?

805 **The Minister:** Very eloquently put, I think you highlighted it there exactly. In the Programme for Government of course we state here we want to:

Ensure the future security, sustainability and reliability of our sea ... routes

We have made that decision and I think that is covered. The one thing that is not in there is the affordability, in other words the economic benefit. And very clearly, we are very keen to be involved with that and we are engaging with the Department of Infrastructure and Treasury on this particular matter because we need to ensure, not just from a tourism basis, but there are also other sectors that rely upon these sea routes as well at the same time.

810 So, yes, we are going to be active in putting up that particular statement and argument to say, 'Where is the economic value in this particular deal?' So that is the next stage and it is in train as we speak, I think we are on at least one Committee – Are there two?

815 **Mr Lewin:** Yes, we have had stakeholder workshops, and at this point it is just gathering 'what if?' – some high-level requirements. There is a piece of work then beyond that, and ultimately we recognise it will come back to Tynwald so it will be in your hands in terms of understanding some of the choices around this.

820 So part of that is also discovering things like ... and there is already a great deal in terms of offers. But I go back to the conversations already and the Visit Agency's understanding of how we promote those and how we tie them up together. So if somebody is perhaps ... *[Inaudible]* and it is not just by sea or air, but somewhere there is a cost of travel to get to the Isle of Man, but we have got some capacity in our hotel stock or non-serviced, how do we blend that? Can we package together accommodation, travel and some of our other attractions – where again we are in control and able to do that at a cost basis and give a much better blended headline rate for a particular period?

825 So that is very much one of the products that the agency is already starting to look at, getting people in a room and saying, 'Could we put this together that would look completely different to the way it currently looks?' And that is aside from the User Agreement.

830 **Q30. The Chairman:** Okay. I still think there is a question there to be answered in terms of the capacity to provide a sufficiently sophisticated economic modelling process to show the value of expanding the tourism visitor sector, linked to an appropriate element within the User Agreement.

But again, jumping to the non-serviced sector, one of the conclusions on – if I can read Latin – page xviii in Latin numbers:

The analysis has shown that the Isle of Man has already fallen considerably behind other Island and rural UK destinations in terms of the supply of high quality, distinctive, contemporary non-serviced accommodation ...

And they say very strongly that one of the close-out issues for them is the cost of access.

840 So linking the concept of providing an element within the User Agreement that meets these needs, where do you stand on Planning understanding development in rural circumstances? Are

you hopeful that the latest key national priority issues will recognise tourism development options? I am thinking here about what has happened recently in the Island and the negative impact of that.

845 **The Minister:** Yes, I guess it comes down to the strength of the strategy plan, but this really is about the strength of a policy and the weight that might have with regard to Planning. I think the Non-Serviced report was quite detailed inasmuch that it highlights a whole host of areas where we could expand into, a whole host of areas that would be a real benefit, that would fit quite comfortably with the balance, I believe – coming back to the UNESCO point there – that  
850 would fit *very* well. But planning is clearly another issue and it was picked up more I think in the Hotel study where it called for Government to give more support for planning, but not necessarily in the Non-Serviced. But I think it is applicable in both sides.

855 So when the agency comes back after reviewing this and makes a statement on this ... And that is why I would suggest that we need to consider populating that in terms of support across a wider political forum – because if we are to support this as a Department or an agency, I would like to know that we have got further support of Government across the piece. What we do not want is proposals to come forward, investment to come forward and to go all the way down the garden path and then to say, ‘No, that's not what we want’. But then again if it is not strong enough in a policy document we have really got to be able to answer that.

860 So it is a difficult issue as it currently stands and it will come back down to the strength of the policy that is reviewed.

**Q31. The Chairman:** And the capacity for Government and all its Departments to come together with a central strategy on its future profile for boats and their capacity, it cannot come from one agency or one Department can it? It has to be a combined effort that is ... You know where I am going. (*Laughter*) You *know* where I am going!

870 **Mr Lewin:** I think on boats, as I say, with DOI and with industry we are working together and Treasury are aware of that, as the stakeholder. In terms of just the Non-Serviced and this statement in the document that talks about an opportunity, or we have fallen behind, I absolutely recognise that there is a market missing here in terms of some of those accommodation units of the village-type style. We know that there is a market there ready for it; we know that there are investors ready for it; and it could be done in a way that would not cannibalise other sectors of accommodation.

875 But you are right, in terms of things like planning it is an area we have to be very careful with. (*Interjection by the Chairman*) So one of the things we are working at is ... Take that by way of a high level statement of intent to attract, how could we build on that by way of a more detailed policy statement – something that would talk about scale, talk about location, talk about facilities, talk about access, talk about impact on the visibility aspects? Wrapping that up. So  
880 again we are working around: we have a draft at the moment, we are going to syndicate that, we are going to take it through the agency, take it through the Department, take it ultimately up to Council and maybe take this, as the Minister said, and syndicate it more politically – for example, Tynwald.

885 It will not talk about specific schemes but it will talk about, as a general rule of principles: are these the kinds of things that we would like to see? That will then add weight in terms of a planning determination that would say, ‘These are the principles that it should be checked against’. At the moment we do not have that and that is what is causing some of the problems where we have some things being approved and other things that have not been approved.

890 **Q32. Mr Baker:** It is that attention to detail and definition isn't it, that is essential to be able to take a concept into something that is known to be the right thing, in the right place, at the right time? That is what it is about.

895 It is not a very good time for me to leave the session, it sounds as though I am reacting to what has just been talked about, given my Chair of Planning role. As the Chairman mentioned earlier, I have a 4.30 p.m. commitment – this was scheduled to 4.30 p.m. so I have quite an important thing that I need to deal with, with one of my other responsibilities. So if you would excuse me I would like to leave you in the capable hands of the Chairman and Mr Moorhouse.

900 **The Minister:** Yes; and the opportunity will be for us to come back on a regular basis, so we will look forward to that.

**Mr Baker:** Thank you.

905 **Q33. The Chairman:** Thanks, Tim.  
I just wanted to highlight a comment on page 54 of your report, the serviced side, the Hotel one, where it says:

The island's highly competitive hotel and guest house market suggests limited scope for growth in hotel and guest house room rates. Indeed, average achieved room rates may decline as future growth is likely to be in lower-rated leisure business ...

910 I bring you to that point again about the importance of the access to that sort of data to help you and the agency construct the right sort of thinking and approach. So I would hope you would take that point on board anyway.

**Mr Lewin:** It is right in the middle of the dashboard as it stands, yes.

915 **Q34. The Chairman:** Good.  
Right, let's move on. One of the messages I hope that you are willing to get out is the importance of – and we have covered this to some extent – not only to welcome and recognise the significant investment that is going in at the moment, but that also we have to reinforce our sustainability by making sure that we capture enough of those hotels that are now, as it were, in the margins. On page 70 of the report's 'Conclusions and Recommendations' at paragraph 6.1.2 it says – and this is your report:

On balance we believe that the priority going forward is about renewing the island's hotel offer, rather than significantly increasing its hotel stock.

920 In other words, getting the industry to the right yield point at its various component parts. If you could emphasise the importance or ensure that is on the dashboard, if you like, that would be terrific.

Do you want to comment on that or shall I move on?

925 **The Minister:** No, that is a fair point.

**Mr Lewin:** Yes.

930 **Q35. The Chairman:** We have covered the significant emphasis in both of your reports on planning, but we have sort of gone there and done that. Consistent recommendations with regard to the special hotel investment fund, which again we have touched on and wants to be in the mix. And again in the Non-Serviced sector as in the Serviced sector, it listed a whole range of products which we have not got here, partly linked to capacity for investment and support, partly to planning. Can I be reassured that all of that is on your dashboard as well?

935 **The Minister:** It is, and it is fair to say some of those are actually already in Planning; some of those are in construction even as we speak. So we are seeing some of those actually being realised already.

940 **Q36. The Chairman:** Yes, because if you look at the list of what we have not got compared to some of the other destinations, it is a bit worrying, isn't it?

We have already touched on the cross-departmental issue which Tim wrote down as the 'single legal entity' – (*Laughter*) (**The Minister:** Did he?) That was a surprise. But perhaps a better phrase, because a lot of people do not get that phrase, so a better one perhaps is a 'unified Government approach' that we have got to progress towards.

945 We have dealt with costs of travel, cost of getting here, and I am encouraged by that. And I think with that – unless Jason has any further comments, or you want to conclude with any closing remarks?

**The Minister:** No, but just once more thank you for the opportunity and I think it is worthy of us actually doing these in bite sizes because then you would be very generalistic and you do not delve into some of the finer detail, which is the purpose I think of this really – getting into the policy scrutiny points. But what I would conclude on is that if we stay on the point with regard to the visitor economy and the tourism industry, our Department has recognised and does recognise and will continue to work with industry to make sure it stays an important part of our economy.

955 On a more general point, I just wanted to point to the Business Confidence Survey – because of the report that came out with regard to GDP this week, which is very welcome – confidence is really important, there is no doubt about it. We have had two business confidence surveys recently and across all sectors we are seeing real buoyancy in that confidence. Our focus is very much around growing the economically active, because right now we have got so many jobs available on this Island we are having a tough time actually filling them. So we have got to work very hard to ensure we can drive that forward. But our economy stays strong, our economy is diverse. But our economy is also dynamic and that is why we do need to be able to make changes as quickly and nimbly as possible. So I thank you for the opportunity and I look forward to the next session.

**The Chairman:** Thank you for your attendance this afternoon and your contribution, and we look forward to it as well. I think perhaps next time we will approach two of the agencies and try and spend the whole afternoon looking at each one of the next two, and then perhaps –

970 **The Minister:** If you wish, Caairliagh, we would also like to give the opportunity for the Chair to sit in this arena if that is okay, if you wish?

**The Chairman:** We would welcome that.

975 **The Minister:** I will be introducing them to Tynwald Members, I have got a scheduled date coming up in the next month, so after that would be fine.

**The Chairman:** I look forward to that. Thank you for your time.

*The Committee adjourned at 4.38 p.m.*