



Scrutiny Management Committee

President's Observations - Public Hearing with the Committee *for* Economic Development

1. The public hearing identified: planning laws, connectivity and population policy as potential 'enablers' for securing Guernsey's economic success. However, it remains unclear how these will directly impact on economic prosperity. Nevertheless, the fact that past successes may have owed more to chance than to States' policies does not mean that the States should not use the tools it has to create a favourable environment for entrepreneurship.
2. It was clearly demonstrated in the public hearing that there has been a lack of real progress made on improving Air and Sea connectivity. It is acknowledged that progress on air connectivity has been hampered by the delay in the publication of the Policy and Resources led review of Aurigny and meaningful developments on improving sea links are difficult to achieve due to the absence of effective levers available to Economic Development. However public expectations remain that progress must be made and we will be closely monitoring developments in this area.
3. We remain unpersuaded currently by the case that was presented for a runway extension in Guernsey. No convincing arguments were made to challenge the evidence submitted to the previous Scrutiny Committee's review of strategic air links, which concluded that a runway extension aimed at attracting a low-cost carrier on the London routes would dilute the available market and significantly weaken Aurigny's financial position. The President of the Committee for Economic Development appeared to be satisfied that the market **outside of South East England** justified the costs of extending the runway. However, it was reassuring to have him confirm the importance of retaining public ownership of Aurigny, a conclusion reached by the previous Scrutiny Committee.
4. The current strategy regarding employment skills training lacks clarity and focus. Existing provision appears overly focussed on generic business skills and does not reflect sufficiently the technical requirements of local business. The clarity provided during the hearing regarding the targeting for diversification of digital and creative businesses needs to be reflected in an agreed skills strategy.
5. No clear strategy for diversifying Guernsey's economy is currently in place. The Committee for Economic Development's emphasis is limited currently to creating a culture that builds on the Island's internationally well-regarded financial services

industry and supports innovation by removing barriers, though there was a lack of detail as to which ones. Without more specifics, a policy of ensuring the Island is seen as 'open for business' risks being seen instead as a platitude.

6. Some may see economic prosperity as its own reward; but we believe it also needs to result in employment and sufficient revenue flowing to the government to deliver essential public services. Priority therefore may need to be given to encouraging high skill / high value job creation.
7. The current position regarding Condor Ferries Limited brings into question the strategy that has been followed to ensure adequate and effective sea links. The President of the Committee for Economic Development saw advantages in Guernsey's lack of a legally binding agreement with Condor and indicated that plans for future arrangements were being reviewed to ensure adequate provisions are in place moving forward.
8. The President of the Committee for Economic Development was clear that there could not be unlimited funding from his Committee's budget for CICRA reviews and indicated there was currently a degree of uncertainty regarding CICRA's role. The Committee for Economic Development needs to provide clarification regarding the future position of CICRA in Guernsey.

Deputy Christopher Green

President of the Scrutiny Management Committee

8th March 2017