



COMMERCE AND EMPLOYMENT

A STATES OF GUERNSEY GOVERNMENT DEPARTMENT

Review 2013

Table of Contents

Minister’s Foreword.....	3
1. Enterprise.....	4
2. ICT and the Digital Agenda.....	4
3. Island Communications and Connectivity.....	5
4. Working with Industry	6
5. Finance Sector Development.....	7
6. Guernsey Registry	8
7. Intellectual Property	8
8. Civil Aviation.....	9
9. Marketing and Tourism.....	10
10. Workforce	12
11. Energy – Renewable Energy Team.....	13
12. Land Use for Business Activities.....	14
13. Competition and Regulation	14
14. Security of Supplies / Contingency Planning.....	14
15. Trading Standards	15
16. Employment Relations Service.....	15
17. Health and Safety Executive	16
18. Guernsey Dairy.....	16
19. States Veterinary Service	17
20. Field and Support Services.....	17
22. Plant Protection and Laboratory Service	19
23. Administration and Central Resources	20
24. External Agencies.....	20

Minister's Foreword

2013 was an exceptionally busy year with a considerable amount of Board work and officer time spent on research, evidencing, engagement and the development of a series of economic development strategies and associated overarching framework plan. Relevant and key work streams were progressed in parallel through the year. It is recognised as an imperative that these plans evolve over time and take into account differing priorities and trends, and the prevailing economic climate. It has been increasingly evident how, in order to maximise benefits and economic development opportunities for Guernsey, Commerce and Employment (CE) has to continue to work closely with other Departments. Success relies on all of Government departments working responsibly, within their mandates and collaboratively, in order to create sustainable and effective change and for Guernsey to take positive steps forward.

After the launch of the commercially led retail strategy, in December, the publication of the economic development and finance development strategies will take place in the first quarter of 2014. Work is also commencing on a visitor economy strategy, in collaboration with industry. The key is to ensure the actions from these plans are implemented and momentum is maintained, a key responsibility of CE Department and Board.

During the last year considerable work has also been fed into Environment's formal review of land planning. A comprehensive assessment and review of the Dairy industry has also taken place with the aim that recommendations from this work will be brought to the States of Deliberation for consideration by May 2014. The CE Board believe that this collective work has been a necessary and rewarding investment on which to build on over the coming years. This aside, work delivery continued unabated across the range of client service provision. A considerable amount of work has been invested into animal codes of welfare and Sea Fisheries have been actively working within the Sea Fish Licensing (Bailiwick of Guernsey) Law 2012.

There has been achievements and delivery on a number of legislative and commerce related projects. In particular the commencement of a new foundations Law, States approval of the Limited Liability Partnerships Law and States commitment for the setting up of a Pan Islands financial ombudsman. The Guernsey Registry had another very successful year and despite a challenging year for the visitor economy in Guernsey and for our competitors, marketing and tourism executed a robust integrated marketing strategy – aspects of which won national recognition at a destination Awards ceremony.

2013 saw the launch of the Channel Island Aircraft Registry and a new purpose built slaughterhouse, which is currently undergoing snagging fixes. Policy work has been ongoing to ensure the long term sustainability of our air and sea links and much of this work will come into play in 2014. Competition Law has been enacted, key work streams within skills have been progressed and implemented, and a considerable amount of work has been undertaken on ICT infrastructure and technology related matters. A series of workshops for small and medium sized businesses, delivered by CE over eight dates, proved a resounding success. Momentum and impetus is growing within the burgeoning creative industries sector and the concept of an incubator facility for Guernsey was floated and is now being actively progressed.

CE has come in within its budgetary allocation and has met its 2013 financial transformation targets. Work continues to review, evolve and restructure units within the Department, as would be expected within any business environment in order to ensure best practice and value for money. The CE Department continues to support and award grants to Guernsey Finance, Guernsey Training Agency, and Start Up Guernsey with more direct engagement and proactive strategic involvement by the CE Board and officers over the last twelve months in these areas, which will continue into 2014.

I very much hope that you find the 2013 review of interest and I encourage you to take time to consult our 2014 business plan to familiarise yourselves with the next step priorities that the Board has set and how this links into C&E's everyday mandated responsibilities and Guernsey's broader corporate strategy development and delivery.

Kevin A Stewart – Minister

December 2013

1. Enterprise

The drafting of CE's Economic Development Strategy and Framework was a focal point for 2013 along with progress of existing and inter-related work streams. This work will be launched at the beginning of February 2014.

A key focus of the Economic Development Unit is placing emphasis on pursuing opportunities to achieve further diversification of the Guernsey Economy. The team has been committed to working within existing and emerging economic sectors to maximise returns and opportunities (for example within Finance, Retail, e-Gaming and the visitor economy). This is achieved through business engagement and advisory services, policy development and lobbying, also addressing work related issues that impact on business or to assist with facilitation in order to create new or enhance opportunities, and has been progressed via tailored strategies, for the Retail Sector launched end of 2013 and Finance Sector which is due for release in 2014.

In terms of developing opportunities within existing sectors of the economy, during 2013 C&E has progressed strategies for the Finance Sector and the Retail Sector.

In terms of emerging opportunities, the Department has concentrated its focus in two areas – ICT/Digital (shown below) and Creative Industries (shown later under 'Working with Industry').

2. ICT and the Digital Agenda

During 2013, a considerable amount of work has been undertaken to progress a number of digital work streams. Work on an action plan for the continued sustainable development of high speed fixed broadband connectivity for businesses and households has commenced, in consultation with the telecommunications operators, CICRA and business stakeholders. As part of this work, the specific needs of the Island's small and medium businesses and wider community are being given careful consideration. A series of workshops were held involving a leading broadband expert who also engaged with industry to provide an independent market assessment. Policy options will be agreed and publicised in early 2014.

An independent report on 4G, in the Channel Islands, by Analysis Mason was delivered to CE and Jersey's Economic Development Department in 2013. The two Departments subsequently asked CICRA to resume the 4G spectrum allocation process with the benefits of the report's findings. The CE Board also announced the introduction of a 2% revenue charge in Guernsey from 2015 on the mobile network operators' activities which utilise radio spectrum, including 2G, 3G and 4G mobile services.

The Department has also begun developing a framework for a digital skills strategy to ensure that everyone is able to make the most of digital opportunities, in conjunction with representatives from the Education Department, Skills Guernsey, the GTA University Centre, the Chamber of Commerce ICT Subgroup, and the CGI. Research also commenced to evaluate the potential creation of a start-up incubator using States-owned premises, in order to support the growth of the Island's digital and creative sectors. The next step is to prepare an evidence based business case of need, and associated in principle plan, to demonstrate a model for delivery.



3. Island Communications and Connectivity

Activities relating to passenger, freight, data and postal services to and from the island.

Sea:

At the end of 2012 Guernsey and Jersey produced a revised 'Joint Policy Statement on Sea Links' (JPS) to cater for the network of lifeline services that cover the Islands and the northern and southern routes for the period to 31 December 2018. In Guernsey's case the provision of Roll On/Roll Off freight services was also included in the revised JPS. This document received the endorsement of Policy Council on 27 November 2012 and of Jersey's States on 3 December 2012. Guernsey further specified detailed aspects of service provision through a revised Memorandum of Understanding (MoU) with the incumbent operator, Condor Ferries Ltd, that received the approval of the Boards of the Commerce and Employment and Public Services Departments, (acting as the External Transport Group), earlier this year. The Islands' lifeline RoRo services continue to be provided by Condor Ferries Ltd and, at the time of providing this update, Guernsey and Jersey continue to work with the company on a greater partnership/strategic basis to examine the Islands' long term needs.



Air:

During the year the Department gave notice that it would cease to provide a subsidy in respect of scheduled flights (inter-island were exempt) from 01 January 2014. Withdrawal of this support has taken place on a phased basis, with on-going assessment and evaluation of impact. Funding on the higher-volume routes (Gatwick and Southampton) ceased in April 2012, with funding to all remaining routes being restricted to the shoulder months in 2013. This had no discernible effect on Gatwick carryings.

In the middle of 2013, Flybe announced that it would be withdrawing its Gatwick service to and from the Channel Islands by the end of March 2014. More recently it has announced a reduction in its services to Southampton. Whilst the loss of services to Gatwick and Southampton will largely be compensated for by improved services being offered by, respectively, Aurigny and Blue Islands, the Department is aware of the vulnerability of the Island's air connectivity and worked to liaise regularly with carriers in 2013, both directly and through the External Transport Group (ETG).

In regard to route development, the Department continued to engage with airlines and operators with regard to discussing new scheduled and charter routes in collaboration with Public Services Department.

4. Working with Industry

The Department has developed stronger relationships with businesses in Guernsey's Creative Industries sector and is represented on and is an active contributor to the Creative Industries Guernsey Group. This is largely a private-sector body that looks to develop that sector. The Group established a number of initiatives during 2013 – including the inaugural Creative Industries event 'Learn Create Produce', which was supported and underwritten by CE. The Department also contributes to the British Irish Council work stream on Creative Industries which aims to produce a suite of 'best practice' initiatives for use by practitioners in this sector.

As a new initiative, the Department introduced a series of seven free breakfast seminars entitled the 'Business Skills Programme' which ran in Summer 2013. Aimed at small businesses, each seminar was attended by approximately 100 people and feedback was very positive.

Low Value Consignment Relief, in respect of goods with a value of less than £15.00 exported from the Channel Islands, ceased to apply from 01 April 2012. This resulted in a number of fulfilment companies ceasing to trade or relocating which in turn reduced the workforce. Figures as at the end of 2013 indicate that the industry has contracted in size by 51% in terms of turnover. The number of items exported has shown a similar decrease of 43%.

Notwithstanding the contraction of this sector, it continues to provide employment for local residents and remains an important employer and contributor to the Island's economy. Indeed in the latter half of 2013 there have been some very encouraging signs of growth from a number of locally based fulfilment operations irrespective of the demise of LVCR. As at the end of 2013 the UK Government has indicated that it is open to further discussion in respect of the application of export VAT to indigenously produced goods.

The Guernsey Retail Strategy Group facilitated by CE published the 'Retail Strategy for Guernsey' in late 2013. This made a series of Strategy proposals for other States Departments to consider when preparing policies of their own.

Members of the CE Board, supported by relevant senior officers, regularly carry out site visits to a wide range of locally based companies. This is an important part of the Department's interface with the business community and keeps it 'in touch' with all economic sectors. At the time of writing this update, a programme of visits for the first quarter 2014 is being devised.

The Department continues to build on the relationships it has established with business representative groups such as the Chamber of Commerce, Confederation of Guernsey Industry and the IOD. Liaison with the construction sector has continued through regular meetings of the joint T&R / CE Construction Sector Group.



5. Finance Sector Development

Over the past 12 months the FSDU has made significant progress on a number of key projects and work streams as well as dealing with a number of emerging international issues.

FSDU projects and work streams which were progressed and finalised in 2013 included:

- Completing a public consultation on the UK's Retail Distribution Review and determining that GFAS (Guernsey Financial Advice Standards) should be implemented.
- Continuing to work closely with Jersey on the establishment of a Channel Islands Financial Ombudsman Service and presenting a Report to the States for debate.
- Providing comments to the Housing Department on around 100 housing licence applications in the financial services sector.
- Preparing draft States Reports for progress in 2014 on Payment Service Providers and 21st Century Regulation.
- Completing a consultation and policy conclusion on dormant accounts.
- Receiving confirmation that, as a result of work with Crown Dependencies and the UK, Guernsey had received a formal finding of equivalence for the purposes of the EU's Statutory Audit Directive.
- Commencing the new Foundations (Guernsey) Law, 2013 and working closely with the Guernsey Registry to implement the new Law.
- Working closely with the legislative drafting team to prepare the new Limited Liability Partnerships (Guernsey) Law and presenting a draft Law to the States for approval.
- Working with the legislative drafting team on the preparation of amendments to the Companies (Guernsey) Law, 2008 and the Limited Partnerships (Guernsey) Law, 1995.
- Providing legal advice to the Guernsey Registry on operational matters.
- Supporting the Director of Civil Aviation on the introduction of an Aircraft Register and the Registrar of Intellectual Property on the implementation of Image Rights legislation.
- Providing support and advice to the Policy Council on matters relating to the regulation of the financial services sector.
- Supporting the External Relations work of the Policy Council including FATCA, UK IGA, Vickers, G8 Action Plan.
- Acting as the main link between the States and the Finance Sector including acting as the secretariat to the Finance Sector Group.
- Acting as the main point of contact between the States and the Guernsey Financial Services Commission regarding finance sector issues.
- Liaising with the Channel Islands Brussels Office regarding finance sector EU issues.

International activity continued to be significant in 2013, with the FSDU supporting Guernsey Finance initiatives locally, in London and the Far East. The European Union legislative agenda also continued to have an impact.

Regulatory policy issues also became more significant during 2013. The FSDU worked on several emerging issues including early engagement on a draft of the 21st Century Regulatory Report.

Finally the FSDU continues to work with new finance sector business opportunities for the Island. Over the past 12 months the FSDU worked with a variety of businesses which expressed an interest in establishing in Guernsey.

6. Guernsey Registry

The Registry has had another very successful year, achieving an excellent compliance rate on the annual validation process in January, with 125 companies being struck-off for non-compliance with the legislation, a continuing lower trend. The number of companies on the Register has shown some growth at c.17,700 despite the global economic environment and there has been growth in the number of Limited Partnerships on the Register from 1,400 to 1,500. January 2013 saw the launch of the Foundations Register, with 15 Foundations having registered in 2013.



The Registry has reviewed and can confirm compliance with the Resident Agent requirements of The Companies (Guernsey) Law, 2008 and the ability to file an indefinite audit waiver was included in amendments to The Companies Law making the filing requirements less onerous going forward. Collection of the Guernsey Finance LBG Levy was once again successfully delivered through the on-line portal and 13 registrations are listed on the Register of Recognised Auditors.

The Registry has continued to develop its profile locally and internationally, providing a link to the European Business Registry system and being an inaugural member of the European Central Names Index. It is represented on the Bailiwick AML / CFT Committee and through its Customer Focus Group has continued to develop its service. The website continues to be enhanced and the Registry continues to increase the guidance available and to develop its on-line portal to meet the needs of users.

Development of staff continues to be critical to the future success of the Registry, with staff successfully completing training at a variety of levels. Significantly several staff achieved success in Institute of Chartered Secretaries and Administrators qualifications.

Future developments for the Registry include further enhancements to the on-line portal, including the integration of Limited Partnerships, the introduction of Limited Liability Partnerships and amendments to The Companies Law.

7. Intellectual Property

The services and work in intellectual property (IP) continued to expand and develop in 2013. The primary development has been the first year of operation of the image rights registry. The industry response has been very positive both in the island and internationally. Registrations have met the first year projection and include some well-known personalities. There are currently 20 personalities registered and more are anticipated. Added value and wealth management services are already being provided in association with several of the registrations. The communication and marketing of image rights is linking with Guernsey Finance and the industry. Following the initial launch event in London there have also been seminars and training events on Island and internationally for professional practitioners.



A major milestone in the IP environment and in terms of Guernsey's international position was reached with the full agreement and recognition by the UK of the Bailiwick of Guernsey meeting the requirements for Trade Related Intellectual Property Rights (TRIPS). This enhances the IP offer internationally and safeguards the overall Island trading position under the World Trade Organisation.

Significant progress has been made regarding the extension of the Berne Convention through the aligning of Bailiwick legislation with the international requirements in copyright and performers rights. The final stages are now being completed with HMG UK and it is hoped for extension provisions to be made in 2014. The extension of the Convention will provide for protection for all Bailiwick copyright and performers rights throughout the international signatory countries. Progress is also being made with the extension of the Paris Convention for the registered rights. The extension of the Paris Convention will enable the Innovation Patents Ordinance to be brought into force and to progress with the Madrid Protocol for International Trade Mark registrations and the Patent Co-operation Treaty for International Patent registrations.

The trade mark registry has grown to 4841 marks. Good service levels to clients have been maintained with application to registration times within 8 weeks (subject to no second examination issues or opposition) and all other standard applications including assignments within 24 hours. These service delivery levels are faster than the main IP Offices and is an added benefit in dealing with the Island registry. There are 104 registered Patents and Biotechnological Inventions registrations and a small number of registered designs.

Progress has continued on double taxation agreements (DTAs) under the auspices of the Income Tax Authority. DTAs are now in force with the United Kingdom, Malta, Hong Kong, Qatar, Isle of Man and Jersey (revision). The Islands IP environment has continued to develop its profile locally and internationally. The membership of the IP commercial group now stands at over one hundred with representations from the legal, fiduciary, accountancy, insurance, telecommunications and individual business sectors.

8. Civil Aviation

The Office of the DCA handled three main activities in 2013:

- Aviation Safety regulation and oversight
- Aviation Security regulation and oversight
- Project: the establishment of the Channel Islands Aircraft Registry in Guernsey



We made good progress in all three areas.

Safety: Safety oversight audits were conducted of the Air Traffic Services, including technical engineering, at Guernsey and Alderney Airports during October. A separate audit of the aerodrome infrastructure was carried out at Guernsey and Alderney Airports in December. As we would hope and expect, there were no major findings as a result of these visits. The aerodrome audit was particularly pleasing, given that it was, in effect, a positive 'sign-off' of the rehabilitation project work completed towards the end of the year. This confirmed a job well done by the contractors and Airport teams.

The very unfortunate accident to the Channel Islands Air Search Aircraft early in November dealt a blow to the recent pristine safety record of island based flight operations. Happily, no-one was injured. We await the publication of the Air Accident Investigation Branch report into the accident, expected early in 2014.

Security: The main focus of activity has been preparing Guernsey, along with Jersey and the Isle of Man, for assessment to be recognised as approved 'third countries' under the EU aviation security process. This is a vital step in us retaining our domestic UK status and critical success factor for the Security Regulatory function. The Security Regulator has led the way on this issue, demanding compliance measures from the regulated parties (primarily the airports) while negotiating the process and support with the UK Department for Transport and representatives of the European Commission. The task, though nearing completion, has required the exercise of skill, determination and patience by the regulator over many months to reach the critical point we have arrived at towards the year's end.

Project: A terrific year in terms of achievement and progress. We have seen all three legislative pillars of the registry being passed by the States and thence through the Privy Council to obtain royal assent. In addition, all of the detailed technical requirements were drafted during July and August. That was followed by a very successful pre-operational audit of the registry's activities by the UK Civil Aviation Authority on behalf of the Department for Transport. The registry commenced operations during December 2013 with the registration of a number of locally based light aircraft in preparation for wider activities in 2014.

9. Marketing and Tourism

There was a great deal of energy and commitment that went into the 2013 tourism season, from both the public and private sector which was extremely encouraging with positive feedback from many businesses and operators.

There generally seemed to be an upturn in the level of on-island business and general activity achieved during the season - partly due to the great weather during the main season. It really was great to see the Islands of Guernsey in all their glory and delivering a professional and enviable product for our visitor market.

2013 performance

Figures up to the end of the third quarter 2013, do show a slight downward trend for staying (leisure and business) and day visitors. In a challenged economy, with complex visitor behaviours and a highly competitive market, this is perhaps not surprising - but disappointing nevertheless. The team is already evaluating performance and looking at ways to counter this for 2014, including further enhancement of shoulder month campaigns.

The difference in actual numbers for 2013 compared with 2012 is not significant and it is hoped that we will experience a buoyant fourth quarter to finish the year on a positive note. This does demonstrate the importance of on-going collaborative work. CE continues to work with Culture and Leisure (C&L), stakeholder groups, individual businesses and establishments to maximise potential. In autumn of 2013 the Department was delighted to make a permanent appointment to the post of Director of Marketing and Tourism.

2013 marketing

2013 marketing activity was executed to plan and there was also a comprehensive post implementation review of the VisitGuernsey website with enhancements and further developments scheduled for 2013. The media buying campaign demonstrated an impressive return on investment, VisitGuernsey brand was promoted at four key consumer exhibitions. In general, attendance levels were high with a good level of interest and enquiry was achieved. Work was invested during 2013 to establish series of robust campaigns for 2014. VisitGuernsey continues to run targeted themed promotions underneath its main awareness campaigns aimed at specifically targeting a range of potential visitors. These include a younger audience looking for weekend breaks, those who are keen on walking holidays and food lovers. Towards the end of the year behavioral research was commissioned to assist with campaign positioning and messaging for 2014.

2013 was another successful year for destination PR. Twenty-seven journalists have visited Guernsey and our sister islands since January. These trips alone provided Guernsey with over £300,000 worth of publicity, in terms of advertising value equivalent (AVE), and reached an audience of more than seven million people during last year.

Our specialist PR agency has generated a further £700,000-worth of publicity in National and regional media and online publications. This has been through targeted press releases that support VisitGuernsey's campaign work.

Press trip highlights included visits from national newspapers including The Sun, The Independent and The Mail on Sunday and from glossy magazines, National Geographic Traveller, Wanderlust and The Sunday Times Travel Magazine.





VisitGuernsey promotional Campaigns

The VisitGuernsey team has revamped Tasty Walks and has been working on a selection of self-guided walks showcasing as much of the island as possible. These walks cater for both avid walkers as well as those wanting more of a gentle stroll, with long and short walks varying in difficulty both around the coast and inland.

The walks will be available online, with a map showing the various routes and points of interest, and as a printed guide. Accompanying this will be an audio guide for visitors to listen to during the walks. Visitors will be able to stop at the marked points of interest on the map and listen to the audio on that area. Further details will be launched to the Industry shortly.

Created in 2013 for 2014, is also the Guernsey Heritage Festival. CE worked with C&L to develop the month-long celebration, which includes plans to run a whole range of events, workshops, talks and tours that make the most of the Island's history. We are working alongside groups, such as the Guernsey Literary Festival, to support and promote these events wherever possible. There will be lots of ways that your business can get involved and benefit throughout the year.

Visitor Guide

The 2014 Visitor's Guide was launched in November 2013 ahead of other short haul competitor destinations. The brochure, which has been well received, includes features on the very best the islands have to offer from its stunning walking and unique heritage to its fabulous food and neighbouring islands. This year, it also includes articles from guest writers.

Representatives from our trade team attended the World Travel Market in November 2013, in East London. The stand was positioned and branded The Channel Islands, with both Industry and Tour Operator partners taking part. The general feeling throughout the show was very upbeat with real enthusiasm for the coming year.

Industry participation

Invitation to advertise opportunities were circulated, both in print and on-line, in December so industry partners can make a considered decision based on the breadth of advertising opportunities available for 2014. In 2013 The Chamber of Commerce commenced work with the industry to establish the foundations and framework for a collaborative tourism strategy.

Visitor Economy Strategy Development

An initial research document outlining key objectives for industry was put together by industry representatives in the last quarter of 2013 which will then be put to CE Board for consideration with the aim of achieving an integrated visitor economy strategy by summer 2014. C&L, Public Services and a range of stakeholder groups will be consulted as part of this long term strategy development.

10. Workforce

The Department has continued to be an active member and supporter of the Skills Guernsey initiative. The importance and value of a skilled workforce will be recognised in the Economic Development Strategy.

During the course of 2013 the Skills Guernsey Implementation Group has focused on a number of key areas, including:

- Supporting and encouraging employable people back to work through the development of a manifesto for those Not in Employment, Education or Training (NEETs) and implementing this pilot programme.
- Ensuring that young people leave school / further education with skills and the right attitude to secure suitable employment through the development of an “Employability Skills Menu”. This will be used by schools in advising students of career choices, and in the development of positive attitudes towards work.
- Conducting skills needs surveys of the Construction sector and the Care sector in order to ascertain where skill sets are missing, what will be required in the future and where appropriate training courses may be introduced.
- Rationalising the economic sector advisory groups in order to provide up to date industry information on the skills needs of particular sectors of the economy.
- Developing a vision for the development of a Digital Skills strategy.

The current arrangements for the administration of the Skills Guernsey project are shared between the Education, Commerce and Employment and Social Security Departments. This has been operated on a pilot basis, which is due to come to an end in March 2014. Proposals for a revised Skills Guernsey delivery mechanism are currently under discussion.

Early in 2013 the Department met at political level with the Social Security and Housing Departments with regard to the issue of rising unemployment. Out of this initiative has come the “Stepping-in” scheme. This is a joint pilot project (between the Social Security, Housing and Commerce and Employment Departments) which is aimed at placing jobseekers into positions that will be vacated by short term housing licence holders. The scheme has seen some limited early successes, and will be fully evaluated after a year of operation. This will be in July 2014.

Over the year the Department has continued to apply the principles of Primary and Secondary Benefits to the assessment of Housing Licence applications and have processed a total of 158 for comment (58 Non-Financial/100 Financial). The Department has taken a lead and has worked very closely with the Housing Department on developing a computer based system for the assessment of applications. This should be more streamlined and will bring greater objectivity to the process by using anonymised data collected by the system.

11. Energy – Renewable Energy Team

2013 has seen further progress across all areas as RET prepares Guernsey for local macro renewable energy (MRE). Where possible work streams have been completed but the medium / long term nature of MRE means that much of the work is not completed in a single year.

Environmental / Resource. Significant progress was made in understanding and assessing all the different local MRE resources. RET commissioned a detailed analysis to understand the tidal resource and locations which was completed in March. Two Masters level projects, one with EcolePolytechnique and the other with University of Plymouth provided additional understanding of the local tidal regime. Further progress was made in relation to obtaining greater access to GEL's tidal data.

The wind resource continues to be monitored by RET owned equipment (planning permission was also extended in 2013 for two more years). A detailed economic modeling exercise was undertaken with a business case for wind showing the potential energy output and effect on energy prices bringing together all Guernsey specific University work, bespoke consultancy and other external work. Potential for macro photovoltaic on Guernsey has been further assessed with potential projects at the airport and with Guernsey Water still being progressed. The first stage of a marine atlas is well underway with an audit of all available data being carried out and is being mapped – this is the first stage of a marine spatial plan / zoning areas for marine renewable development. 50 students and academics from the University of Exeter spent 10 days in Guernsey undertaking “Guernsey Energy Analysis and Strategy Recommendations.” Further Masters level projects (University of Plymouth) assessed the general marine biology baseline data requirements and those specific to marine mammals. A Channel Island wide PhD into marine mammals was widely researched with input from Universities and external consultants with a planned start in 2014.

Legal and Commercial. Additional detailed drafting instructions for secondary legislation regarding licensing of offshore MRE were completed to enable the Law Officers to complete the first and second draft of the legislation. Consultation within the States and UK government bodies on the latest draft took place and external consultants were engaged to provide an independent review of the legislation later in 2013. The objective of securing sea bed rights for MRE development and extending territorial sea from 3 to 12 miles was further progressed through a joint project with ERG, St James Chambers and Jersey.

Cooperation / Communication / Other. Channel Island Marine Energy Group (CIMREG), being a CI wide group at political and officer level (now including the IOM) to progress MRE, had its annual political summit in Jersey and further quarterly meetings at officer level. CIMREG is on the verge of signing an MOU and Framework for cooperation with Regen SW's SWMEP and France's ONEM respectively. Guernsey RET members continue to be key in driving forward CIMREG. RET continues to work very closely with Sark (meeting with key Sark politicians in Sark) and the Board of GEL with members routinely attending RET meetings and assisting with its work. Discussions have continued with the UK (at Minister and officer level), France (at local, regional, national and UK ambassador level) in terms of accessing their energy markets and subsidies / support mechanisms with continued active involvement at BIC. RET continued to engage with the public to ensure informed and balanced debate by publishing findings and reports on its website as well as through the media (tv and radio) and public presentations. RET members made various presentations, including attendance at the UK conference “TidalToday.”

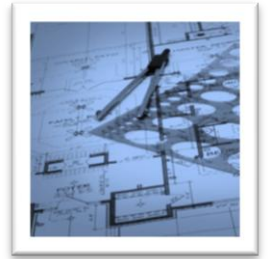
Described as a “groundbreaking PhD” (Bouke's Public Engagement on Offshore Renewable Energy: a Guernsey Case Study) is well underway and is focused on engaging with the local population and stakeholders regarding renewable energy with phase 1 of 3 being completed in 2013. Finally the RET strategic plan for 2014 and beyond was agreed.



12. Land Use for Business Activities

Throughout 2013, CE has continued to contribute to the Environment Department's formal review of the existing Development Plans (the Rural Area Plan 2005 and the Urban Area Plan 2002), which began in January 2012. The purpose of the review is to ensure that the land use planning policies in the new Island Development Plan (2015) can respond to current and emerging issues to the year 2025 whilst complying with the Strategic Land Use Plan.

CE is frequently asked by the Environment Department to comment on individual planning applications within the context of existing policies (85 in 2013), as land planning matters can have a significant impact on the economy. For this reason, the Department was asked by the Environment Department, as part of the Development Plan consultation, to consider and develop policy positions on commercial premises needs for consideration. CE subsequently identified five broad categories of premises that were of key importance to the economy: Agriculture and Horticulture; Office and Support Services; Business, including Storage and Distribution, and Industry; Retail; and the Visitor Economy. Taking into consideration the strategic aims of the draft Economic Development Strategy (acknowledging that the Economic Development Strategy is yet to be published), the response to Environment sets out a number of policy statements on commercial premises needs but because it was written in response to a specific consultation, further work will need to be done in 2014 in order to present as standalone documents.



13. Competition and Regulation

The enactment of full competition legislation in the Island was achieved through approval by the States of Ordinances in May and July, and Regulations in September of 2012. The legislation also provided for the establishment of the Guernsey Competition and Regulatory Authority (GCRA) with the same Board as the Jersey equivalent entity, effectively bringing into existence the Channel Island Competition and Regulatory Authority (CICRA) as a joint agency to meet the needs of both Islands. This arrangement has not only reduced costs, but has also helped to achieve a high level of co-ordination in competition law policies between the two islands. During 2013 the Department continued to collaborate in a joint Working Party with T&R to examine ways of ensuring that the Regulation of States' owned utilities continues to be appropriate to the Island's needs. Findings will be published in Q1/Q2 2014 with any associated recommendations for change.

14. Security of Supplies / Contingency Planning

CE has responsibility under the 'Bailiwick Capability Programme', for looking at strategic vulnerability in a number of areas, including the Island's security and continuity in respect of food supplies. This supply issue has remained stable during 2013, notwithstanding that a number of changes have taken place over the past year that could impact upon the food supply chain, (e.g. Condor Logistics withdrawal from the logistics sector early in 2013). As it is now some three years, however, since the Department first reviewed and reported on this matter, a full review of the Island's current food supply, security and continuity position commenced in the fourth quarter, 2013. This should be completed by the end of the first quarter, 2014. In addition, under the auspices of the Programme, the Department is also tasked with examining continuity arrangements in respect of telecommunications, postal and electricity services. The Department reported to EPAG on this matter in June 2011. EPAG is expected to give further consideration to, and advise on, the need for a further review during the first half of 2014.



During 2013 the Department has also undertaken further work to understand the complexities of importing hydrocarbons into the Island given the constraints of using St Sampson's harbour. It has also commissioned further research into the implications of changing fuel specifications. This will be an on-going work stream in 2014. The Department will continue to work with all interested parties in order to ensure that importation of fuel into the Island is optimised to both ensure the continued security of supply, but also to minimise costs for the end user.

15. Trading Standards

Most of 2013 was a steady period of work for the section allowing a programme of timely inspections on weights and measures equipment at traders' premises including the verification of newly installed or repaired equipment. 421 consumer complaints and enquiries were received covering the typical range of goods and services purchased by consumers. Comments were provided to the island parishes on 288 Sunday trading applications received from retailers. This was an increase of almost 100% over 2012 figures, mainly as a result of three wedding fayres being held, plus the Arts and Crafts exhibition and the Home Life Show. Most of the exhibitors at those events needed a Sunday opening licence. It was unusual to have five such events in the single year.



16. Employment Relations Service

The number of complaints registered under employment protection legislation (at 60 plus) in 2013 was at a similar level to that in 2012. The overall number of contacts received by the team (some 1800), the number of hearings (15), and the number of collective disputes (7) were all slightly increased on the levels experienced in 2012. In addition, two collective disputes were referred to Industrial Tribunals for resolution. This compares with a single Arbitration in 2012.

During 2013, the number of enforcement notifications (12) issued by the section, for the non-issuance of written statements or pay slips was back to pre-2012 levels. This may be as a result of an increasing awareness of the Law amongst employers and greater appreciation of compliance requirements.

As required by the Law, the section coordinated an annual review of the Island's minimum wage rates and a States Report which brought about a further increase in rates was submitted. The new rates recommended by the Department came into force in October 2013. As a consequence of political level discussions throughout this process in 2012, it was agreed by the States that further investigation will be done to consider the relationship between the minimum wage and the living wage by the Policy Council with a report to the States by April 2015.

Section staff contributed to the Social Policy Group initiative on the employment protection aspects of the proposed disability and inclusion strategy. This area of work will continue in 2014.

The section's work to assist the introduction of regulation of locally based Maritime Manning Agencies culminated in the States approval of The Seafarer Recruitment and Placement Services (Maritime Labour Convention 2006) (Guernsey and Alderney) Ordinance, 2013, which came into force on 1st November 2013. Work has now commenced on registering relevant Recruitment and Placement Agencies under the Ordinance.



17. Health and Safety Executive

At the January meeting the Board agreed to approve the Asbestos code of practice and to also consult on an additional code of practice relating to the control of Legionella and, following consideration of responses to a consultation, a new code was approved by the Board in April. The introduction of the Legionella Acop was timely giving duty holders advice on managing Legionella as the media reported outbreaks in water systems at several States premises.

Development of the islands fuel storage facilities has continued throughout the year requiring the oversight of works by inspectors. Guernsey Gas who initially submitted their COMAH safety report via the section to the Hazardous Installations Department (HID) of HSE were required to re-submit their updated report this year. Following pre-submission meetings with specialist inspectors the report was submitted for reassessment in August. Feedback and an action plan of areas which need attention will follow.

Section staff were involved in three prosecutions which followed the investigation of potential breaches of H&S law, perhaps the most notable being that which related to the failure of the harbour crane at Alderney Harbour.

We have also seen the first prosecution of an offence commissioned after the introduction of increased fines which were approved by the States in 2012. The incident related to unsafe work with asbestos. Evidence was introduced in court which established that both employees and the general public were exposed to the risks associated with asbestos fibre with the fines imposed by the court reflecting the severity of the incident.

18. Guernsey Dairy

Despite supply and operational difficulties, 2013 was, overall, a successful year of operation for the Dairy which was again able to post an operating surplus which enables it to fully self-fund key upgrades to facilities and ensure the reliable high quality of its products.

Raw milk production from local dairy farms was below minimum supply requirement in late 2012, a situation that made necessary limited imports of catering packs of milk from Jersey, this situation continued into January 2013 until supply picked up. Once local production exceeded the basic requirement, importation stopped and although farm output dropped in March and August 2013 the increased operational efficiency of the Dairy ensured the local milk market remained fully supplied. Of significance in the winter of 2013 was the relatively strong production as a result of a limited but valuable move to autumn "batch" calving in a couple of herds. The Dairy worked with farmers during the year to give greater incentives for winter production and to increase intake milk quality.

More even production in 2013 allowed the Dairy to build up stocks of cheese and butter to fully supply its market demands. Butter export sales (to Waitrose UK) continue to build steadily and this continued to be a strong revenue earner for the Dairy while at the same time not interrupting supplies to Guernsey outlets.

The most significant event of the year was the failure (on Liberation Day) of a key piece of equipment that separates the cream from milk in production. This caused output to slow to a trickle for the four days that were needed to effect a repair to this equipment. Over this period the Dairy was able to work very closely with local milk distributors and major retailers to ensure milk remained available and that priority customers were supplied with available product. The event proved the high level of loyalty and preference for local milk. The Dairy would like to thank all those involved in assisting it to deal with the problems that ensued in that week in May.



19. States Veterinary Service

During 2013 the development of a number of codes of animal welfare, that are needed prior to the Island's new animal welfare legislation coming into force in early 2014, were initialised. All of the animal welfare codes have now been finalised and work to conclude all of the secondary legislation that is required to bring in the new animal welfare Ordinance was almost complete in 2013. A major consultation on the tethering of cattle was done during the year and recommendations for stronger welfare codes was taken to the Board.

In a similar review and development role, the States Veterinary Officer (SVO) has been reviewing the regulation of veterinary medicines and the Island's animal health (import and export) regulations and procedures. Consultation on a review of the regulation of veterinary medicines commenced in 2013 and will end in 2014, after which proposals will be considered by the Board. The SVO reviewed and amended a number of import/export animal health requirements and this process will continue into 2014.

The final area of work concerns the Island's slaughterhouse where the SVO is the officiating vet in the existing facility as well as spending a significant amount of time working with the specialist design team for the new facility at Longue Hougue. The facility commenced full operation in September under his supervisory role. While the process of training and "snagging" has continued the project has already allowed the slaughter for meat of cattle of all ages which is a major improvement on the restrictions at the St Peter Port facility which was limited to cattle up to 30 months of age.

20. Field and Support Services

The replacement slaughterhouse was completed at the end of 2013 and full EU licensing (which will enable exports of meat to start) should be achieved in 2014.

During 2013, the section rationalised its databases by extending the programme used to monitor and record the Island's Dairy herd to include operating the bovine artificial insemination service and bovine semen stock control.

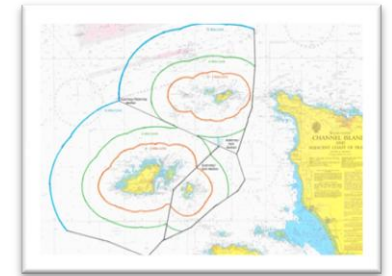
Data collection now enables more accurate milk production predictions and this information is provided to the Dairy and industry on a regular basis. To further improve milk production predictions, the Department is working with the Dairy to enable farmers to have a cow pregnancy diagnosis service using a small milk sample.

The section (with the SVO) successfully completed the routine annual herd health monitoring and in the autumn commenced the second round of a monitoring scheme for Blue Tongue Virus with a view to seeking "disease free status" from the EU authorities, which will ensure there are no unnecessary barriers to the export of livestock.



21. Sea Fisheries

On 1st February 2013 the Sea Fish Licensing (Bailiwick of Guernsey) Law, 2012 came into force bringing in commercial fishing vessel licensing within the Bailiwick's 12nm limit. This legislation ensures that the fish stocks which are abundant within Bailiwick waters are not over-exploited and that the Bailiwick fishing fleets are given the protection that they need to continue to fish in a sustainable and profitable manner. This legislation has been supported by the States of Alderney General Services Committee and the Sark Chief Pleas Sea Fisheries Committee, and is welcomed and backed by the fishing industries in Alderney, Guernsey and Sark. The Commerce and Employment Department now manages a portfolio of around 195 Bailiwick Fishing Vessel Licences (and entitlements) which have a combined value of approximately £4m.



In February 2013 CE also introduced a series of technical controls on commercial fishing that were immediately applied to all licensed fishing activity throughout Bailiwick waters. The technical controls formed part of the Fisheries Management Agreement (FMA) negotiations with the Department for Environment, Food and Rural Affairs (DEFRA) and it was agreed, subject to consultation and impact assessment, that controls be introduced to limit the amount of scallop dredges which can be towed within inshore waters and also a prohibition on Pair Trawling within the 0-6nm area of sea. The Sea Fisheries Section are consulting all Bailiwick licensed fishermen regarding the second phase of technical controls which includes controls on certain types of static netting and limitations on Beam Trawling. The results of the consultation will be considered by the Commerce and Employment Board in the early part of 2014.

Following the introduction of the Bailiwick Fishing Vessel Licensing Scheme there have been two detentions of British Fishing vessels illegally fishing within Bailiwick waters without a licence and a further case where a vessel was intercepted (but not detained) for not having a license to fish within Alderney Territorial Limit's and using a method of fishing prohibited by Alderney Ordinance. These cases were heard in the Magistrates Courts in Guernsey and Alderney and the Court has continued to impose heavy fines to Masters of vessels who fail to comply with the local fishing vessel licensing and conservation controls. In 2013, the Magistrates Courts within the Bailiwick have handed down fines totalling £24,000.

During 2013, the Department introduced a "Fisherman's Young Entrants Scheme" throughout the Bailiwick allowing young people with a desire to start a career in fishing to be able to do so without the burden (in the short term) of purchasing a fishing vessel licence. Licences to fish can cost a significant amount of money and this can be a prohibiting factor for many people wishing to take up a career in fishing.

During October 2013, the Commerce and Employment Department launched a scheme whereby young fishermen throughout the Bailiwick who have experience of working on a vessel and have completed the required regulatory training can apply for a "loan" licence to fish with their vessel for a period of three years. So far the Commerce and Employment Board have considered two applications to issue licences to two Guernsey based fishermen wishing to start a career in fishing.

In June 2012, following many months of negotiations by the Sea Fisheries section, the Port of Dielette was opened to Bailiwick fishermen to land catches of fish and shellfish into France. Throughout 2013 the section continued its work with the French authorities to develop links and ensure that fishermen have the facilities they need and that this important landing port is secured for the future. The opening of the port of Dielette has been welcomed by Bailiwick fishermen and the French authorities, as well as the (French) Government run fish auction market in Cherbourg, where catches are sold. Bailiwick vessels are now able to land catches without the risk of carrying heavy loads through the Alderney race which at times can see dangerous weather conditions. Catches are collected by refrigerated truck and are transported directly from the vessel to the auction market, ensuring that catches reach the market in pristine condition. It is now estimated that circa £250,000 worth of wetfish and shellfish is now landed from Bailiwick vessels in this port and this is hopefully set to increase.

Following her refit and survey in 2012 in Holland, the section submitted a proposal to the Treasury and Resources Department as part of the States of Guernsey Capital Prioritisation Plan asking the States to consider replacing the Fisheries Protection Vessel Leopardess as part of the capital prioritisation process and was successful in meeting 1st stage criteria and in principle support by the States of Guernsey.



22. Plant Protection and Laboratory Service

Trees continue to feature in the work of the section as more and more quarantine tree pests are identified as potential threats to the local environment.



Ash Dieback, caused by the fungus *Chalara fraxinea*, was confirmed for the first time locally in 2012 on recently planted stock from the UK. The whole planting was removed and destroyed and legislation quickly put in place to ban ash tree imports to reduce the risk of further disease outbreaks. Surveys in 2013 indicated that the island is still free from this serious ash disease. Local freedom from this disease relies on the importance of long range spore dispersal. Currently this disease pathway is not fully understood and there is conflicting opinions regarding the range of spore dispersal. If spores cannot spread great distances in a viable state then Guernsey has a good opportunity to remain disease free.

Sudden Oak Death, caused by *Phytophthora ramorum*, is currently not present in the island due to import controls and a continuing eradication programme. The section is working with a local horticultural company to prove that their nursery and Guernsey is free from this disease to allow the opportunity to export to Australia and New Zealand where the disease is absent. Research data has been published indicating that plants can be infected artificially and this has prompted the Australian and New Zealand plant health authorities to impose a ban on clematis imports from countries where this disease is present. We currently have enough data indicating nursery freedom and this will form the basis of a report to the Australian plant health authorities. We are also undertaking further survey work to prove that the fungus is now absent from previously infested sites. If we can prove total freedom from this disease then that could benefit the whole industry. Preliminary results look promising with further work planned for 2014.

A significant part of the work of the section involves monitoring by survey for a wide range of plant pest species to protect exports and the local environment. Surveys in 2013 continued to show that Guernsey has a high plant health status. One problem, however, was identified at an early stage which allowed specific action to be taken. The quarantine pest of tomatoes, *Tuta absoluta*, was confirmed on several tomato vineries at a very low frequency. Further trapping and treatments were put in place to limit the problem. The pest was also found at the depot where returning tomato trays were housed prior to reuse by local growers. It would appear that this is the main pathway of the pest into the island. Discussions are in place with UK plant health to reduce this risk.

Bee surveys in 2013 also showed a continuing high health status of local colonies.

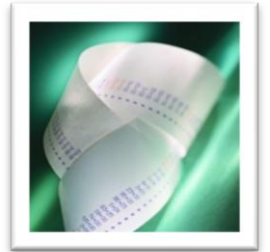
23. Administration and Central Resources

The unit continues, throughout the year, to provide monthly and quarterly management accounts and year-end accounts. These are produced for all CE business areas including : Guernsey Registry, Guernsey Dairy, Guernsey Finance, Guernsey Training Agency and the Office of the Public Trustee. The 2014 budget was submitted in accordance with the Treasury and Resources timetable. During 2013 this work has been achieved during the transitional phase of SAP implementation. Good progress has and continues to be made but such a large scale change project has brought challenges and additional work streams and requirements.

The unit has successfully provided Finance, ICT, administrative and back office support to the Department's various business units throughout the year. HR services were centralised from 1st January 2013 with a dedicated team member on a part time basis for the Department, with wider support as required, the new HR structure has proven successful. In addition to normal support, the unit is continuing to implement the SAP project.

The unit continues to work closely with the centre as part of the Financial Transformation Process, providing data where required to assist the project team in working towards value for money goals, in particular feeding into work streams involving finance, procurement, property and energy efficiencies. In 2013 CE has met its savings target of £378,500 for the year, with projects focusing on air route financial concessions, staff post reductions and budget efficiencies.

During the year the Trade and Media Team, on behalf of the Department, responded to 407 local media enquiries, issued 38 proactive releases. Staff across the Department facilitated a wide range of presentations, stakeholder briefings and discussion forums and roundtables.



24. External Agencies

GTA

The Department continues to support the work of the GTA University Centre (GTA) with a cash grant to cover the overheads in providing training and development courses. Following cessation of the GFSC's annual grant (broadly matching C&E's) from January 2013 the Department's grant to the GTA is further enhanced on a capped underwriting basis following a successful New Service Development Bid. During the past year the Department worked, and will continue to work, with the GTA Board and its Chief Executive to reduce overhead costs and achieve efficiencies. Significant progress has been made during 2013 in respect of premises rationalisation and staffing levels.



Start Up Guernsey (formerly GEA)

The Department has maintained its relationship and level of support for the Guernsey Enterprise Agency (GEA) which provides advice and assistance for the establishment of new, and expansion of existing, businesses.

In late 2013, the Agency introduced a number of changes to provide a greater focus on assisting Guernsey's new high growth businesses. These changes saw a rebrand of the Guernsey Enterprise Agency to 'Start Up Guernsey' which will, as part of its new model of operation, draw on the skill set of a wider network of business advisors in the island business community. At this stage 2013 had been a good year in terms of numbers of businesses advised. The Service Level Agreement for the agency is being changed, given the new focus and modus operandi of the Agency.



Guernsey Finance

During 2013, Guernsey Finance has enhanced its programme of Guernsey events, third-party events, media activity and e-marketing. In particular, there has been a focus on using these platforms to build campaigns around local legislative developments (e.g. foundations and image rights) as well as international regulatory changes (e.g. the Alternative Investment Fund Managers Directive - AIFMD).



For example, Guernsey Finance held a seminar in London at the end of 2012 to promote the forthcoming introduction of Guernsey Foundations and another was held in London at the start of 2013 to promote the Island's innovative image rights law and register. The agency also held specific AIFMD masterclass events in London in March and November to highlight the Island's work on introducing a dual regulatory regime for servicing both EU and non-EU funds business. These were in addition to the annual Guernsey Funds Forum in London, which once again attracted more than 400 delegates.

In addition, increased in-house technical research capacity, combined with industry feedback, has enabled the agency to begin capitalising on opportunities within niche service areas, such as cleantech, Insurance Linked Securities (ILS) and family offices, which each cut across more than one sector of the industry.

The year has not only seen the agency continue with work to protect its market share of business from traditional introducer markets such as the UK, EU and US but also step up its commitment to promoting the Guernsey brand in emerging markets. In particular, the final quarter of the year included: attendance at an event in London focussed on Russian high net worth individuals; attendance at a private equity funds event and a family office conference in the Middle East; a visit to Mumbai; hosting a group of students from a school in Hohhot, Inner Mongolia as the return leg of a student exchange programme with the College of Further Education; and a delegation to Singapore, Beijing and Shanghai, including the Chief Minister, Commerce and Employment Minister, and Director General of the GFSC.

In December 2013 CE was granted £900,000 from the States Strategic Development fund for Guernsey Finance to spend over a three year period, to tailor a programme of promotional and development strategy within mature and new potential markets.

The Guernsey Competition and Regulatory Authority (GCRA)

This is the independent regulatory agency established by the States of Guernsey to apply the competition law and regulate the telecoms, electricity and postal markets in Guernsey. The Authority is an organisation of four staff, whose primary objective is to fulfill the statutory obligations set down in The Guernsey Competition and Regulatory Authority Ordinance, 2012, The Competition (Guernsey) Ordinance, 2012, The Regulation of Utilities (Bailiwick of Guernsey) Law 2001, as well as the separate sector specific primary legislation which covers each of the three utility sectors under the GCRA's remit. In addition, the GCRA is required to implement States Directions as provided for under the Law.



During 2013, the GCRA focused on introduction of the competition law regime in Guernsey and the continued development of a more competitive telecoms market. The GCRA and the JCRA function was amalgamated under a single board, CEO, Deputy CEO and Finance Director, referred to as the Channel Islands Competition and Regulatory Authorities (CICRA). The introduction of competition law had already led to the voluntary removal of the price setting practice in conveyance fees while a number of self-initiated reviews of historic practices were also undertaken by commercial undertakings over 2013. Reviewing the on and off island connectivity markets and setting in place a legal process for the award of 4G spectrum in 2014 has been a key part of the GCRA's activities over 2013 as requested by CE. Changes in the postal sector have led the GCRA to reduce its role substantially to the monitoring of quality of service standards. In the electricity sector, policy considerations by the States of Guernsey, and the Electricity Review by the Scrutiny Committee are key areas where CICRA continues to have a role in advising the States.