



Newsletter- Business Update – February 2007

Minimum Wage JHA Strongly Recommends Status Quo be Maintained

The JHA which represents more than 400 businesses working in the hospitality, tourism, travel and leisure sector is **fundamentally opposed** to changing the way the minimum wage is currently set. The recent proposals put forward by Deputy Geoff Southern to widen the debate on what the minimum wage rate should be are flawed in our opinion and will, in the longer term, lead to even greater financial and competitive pressure being faced by our members. The current system is working well and producing **manageable results** for the industry.

At present, the minimum wage is set by the Employment Minister on the advice of the Employment Forum, which **consults widely** with the hospitality sector, and other small businesses, before reaching its recommendations.

If Deputy Southern's amendment to the Employment Law is passed, allowing States members to debate what the minimum wage rate should be, we believe increases would be set without full consultation and **above the current level of inflation**. This would simply be unsustainable, and crippling, for many of our members, in common with other small businesses operating in the Island, the hospitality sector is facing increased costs both from suppliers and from government at a time when income targets are hard to achieve.

We are also concerned that if Deputy Southern's amendment is passed on March 13th, and an additional 20 pence per hour is added to the rate recommended by the Employment Minister, there will be **insufficient time** for our members to plan properly for the increased cost. Most members have **already completed** their business strategies for 2007 and are working towards 2008 and beyond.

We, therefore, are urging those involved in the minimum wage decisions to be looking two years ahead, to enable the required level of planning and budgeting. For the record, we believe that the Employment Forum has always taken a **pragmatic and fair approach** to our recommendations after consulting widely with the industry and we see no reason to change.

2006 Visitor Numbers Extremely Disappointing

You can be forgiven once, maybe twice and possibly three times but can you be forgiven nine times?

Let's consider the following; in 1997, visitors to Jersey numbered 590,466, in 2007, ten year later they number 365,521, a drop of 225,000 or an average of **22,500 visitors per year** for the last ten years. During those ten years visitor numbers **declined every year** except 2005 when there was a slight increase – that's one out of ten. The 2006 end of year stats also revealed that total Arrivals were down 4.6% (54,000 fewer arrivals), staying leisure visitors were down 4% (15,400 fewer people) and hotel and guest house room occupancy was down 3%.

Senator Ozouf went on the record by saying that it was wrong just to look at the numbers as a measure of performance. **Wrong in our book**, attractions, pubs, cafes, bars, clubs and other ancillary businesses depend on footfall. Additionally, what about airlines and sea carriers who need numbers to sustain routes.

Oh and let's not forget that 2006 was the first year (as far as we can remember) that a **growth target** was set for visitor numbers – that figure was 2%. So we can add another 2% to these extremely disappointing figures. And what about the growth targets set for 2007 – dream on.

Contrast that with Scotland

The Scottish Executive's Tourism Framework for change has set the country hospitality industry the challenging target of boosting the value of tourism by **50% YES 50%** by 2015.

In cash terms this means raising the value of tourism from £4.2b in 2005 to £6.3b by 2015. The **hotel market across Scotland is buoyant**; Aberdeen saw the highest growth in revenue per available room (revpar) at 15.1% in 2006. Revpar in Glasgow has seen a 9.5% rise and Edinburgh 6.7%. Edinburgh also commands the highest hotel rates outside London.

In 2005, **17 million tourists** visited Scotland including 2.5m from overseas. There are 13,000 tourism businesses and at the moment average occupancy is 70% across Scotland with 90% occupancy in August and 40% in January.

If occupancy can be increased by 10-15% from November to May it will be **worth more than £300m**. There has also been a 50% increase in international visitors since 2001 particularly from Europe, partly due to budget air links.

And their secret; they say **they don't need to be clever** - they don't require investment in the infrastructure, but by getting more visitors out-of-season.

They are trying to keep **tourism high** up on the Government's agenda, some 200,000 people are employed in the industry in Scotland, which is 7-8% of the workforce.

Nevertheless the industry is **attracting funds** from Government, for instance £30m is being pumped into expanding the Edinburgh Conference Centre, and similarly a 12,500 seat arena is being put in to the Scottish Exhibition and Conference Centre in Glasgow – cost £62

Locum Consulting – What News?

A month on from our last newsletter in which we confirmed our position reference a new tourism model for the future we are disappointed to report that **nothing much has happened** despite us giving Locum Consulting a bit of a nudge.

Locum confirmed that they would be researching further the Jersey Finance Ltd model (although we cannot understand what further information is required), which is largely akin to the model we have recommended to save the hospitality industry in Jersey. Locum has **confirmed that things have slowed up!** So we will need to chase further in order for the proposed timetable to get back on track.

No Smoking Signs Have we got it Wrong? You tell Us

We recently complained to the Public Health Department ref the Non Smoking signs that you have been forced to display in your premises as part of the newly introduced Smoking Ban. Several of our **members had complained** about their appearance. When we went through the consultation process with Health we warned against the over usage of signs throughout businesses especially in town.

Response from the Public Health Department The signs are not a Problem

Public Health state that in many ways they are pleased to hear that the **signs are considered conspicuous** and shout from the facade so to speak. This was exactly their intention so as to ensure that anybody entering a workplace would be under no illusion on the requirements of the law.

The signs were made to be outside the workplace, and not on tables within as they are in effect a health and safety sign and notify personnel that they are **entering a restricted area**. In time they will review how the law has been effective, but as they are only a matter of weeks into the new era we are some way from that happening.

In all Public Health are very pleased with the way that the ban has been embraced and supported by the general public and businesses and they would like to thank our members for their contribution to this success. **Public Health would be pleased to hear more from us** ref any businesses that are concerned with the signage.

So please let us know if you have a problem otherwise we will assume you are all happy.

UK Smoking Ban What Lessons have been learnt?

A smoking ban is being introduced in **Wales on 2nd April** this year with **England following suit in July**. A ban has been in place in Scotland for a year and a snapshot indicates the following:

The Health Minister in Scotland is adamant that it is a **roaring success** – nothing new there! His big point was the 86% reduction in exposure to smoke for bar workers.

From a business point of view however, it has been a steep and, for some, a none too pleasant learning curve. The winners seem to be the **large chains** with outdoor areas and/or well established food offers. In these cases, there have been **increases in sales** varying from a few per cent up to 5/6%.

However, sales in **country pubs have seen a drop** of around 3% on average and the SLTA who carried out a recent survey found that wet sales were down 11% and surprisingly food sales down by 3%. Compliance has been rated at 98% - 99% throughout the country.

GST

The States of Jersey has agreed to introduce a broad based **3% Goods and Services Tax (GST)** from 2008. This is a major reform of Jersey's tax structure as the Island becomes less dependent on direct taxation as its main source of revenue, which funds its public services. We **share the concerns** that are prevalent amongst industry ref the introduction of GST, in particular the time frames for its roll out - now expected in the spring of 2008.

We recently discussed the implications with our trade colleagues and it was unanimously agreed that the application of **GST at separate price points**, will mean, in real terms, a GST of 3.7% being applied and not the 3% originally mooted.

Waterfront – Update Meeting with WEB

Have you ever felt that you thought you knew what was happening but in reality you are not sure? Well that's the position we find ourselves in with the Waterfront developments. So we are meeting soon with Gerald Voisin and the team at WEB for a clarification meeting. The Hopkins Report seemingly has a potential impact on the old town, in particular retail and tourism businesses. Obviously, we have concerns with this implication and the possible dilution of the tourism offering if the new housing plans proposed for the Waterfront are implemented. This new proposition has more accommodation planned (apartments) and retail e.g. is a supermarket really being planned? We hope we will be much clearer next week and we will keep you posted ref the update.

Brochure Responses – How are we doing?

With the Jersey ad campaign now well into February, total brochure pack responses (Pure Jersey and the Jersey Hospitality Guide) **to date are 36,284** compared to 38,925 for the same period in 2006. Total hard copy and PDF brochures are 38,909 in 2007 against 41,350 for the same period in 2006. These figures include brochure packs requested through TV advertising i.e. tel no and website.

TV advertising, which **represents 40%** of the total advertising budget, has generated **8,169 responses**. This response rate is seen as positive and would suggest that the TV campaign is working effectively. Jersey Tourism are running a 3 wave tracking survey to **measure qualitative issues** for impact, brand awareness and recall and of course response and conversion rate for quantitative feedback, wave two has just commenced and the final wave in June. JT will then have a fuller picture for planning next year.

As far as the UK and European impact is concerned, JT are receiving **good customer feed back**, with the Visitor Services Centre getting letters and emails saying how good the new brochures are. The agents in both France and Germany have said how much they like the new publications. Web traffic is up over 25% on last year, which JT are currently trying to bench mark; TV advertising will have helped this. Online bookings are up by 9%.

JHA Annual General Meeting and Luncheon Hotel de France – Friday 30th March 2007

The Annual General Meeting and Luncheon of the Jersey Hospitality Association will be held at the Hotel de France on Friday 30th March 2007. The Annual General Meeting is an important event in the JHA calendar and will commence at 10.00 a.m. for 10:30 a.m. A "Preliminary Notice" of the AGM has been sent out.

Following the AGM and as part of our objective to enhance membership services, there will be a presentation of some new membership benefits for JHA members and an open session to discuss industry issues dependant on time. The AGM will be followed by drinks and luncheon - 12.30 p.m. for 1.00 p.m. We are delighted to welcome Deputy Alan MacLean, Assistant Minister, Economic Development as our Guest Speaker. As well as setting out some clear priorities for transportation both through the airport and harbours, he will also address the progress of the Airport Task Force in relation to the hospitality and tourism sector and the desire to increase visitor numbers.

A "Booking Fax Back Form" has been forwarded or you can complete on-line at www.jerseyhols.com/agm. This event including morning coffee and biscuits on arrival, pre-lunch drinks and a three course luncheon and wine will be at the special member's price of £19.75 per person. Please do try to attend and we look forward to seeing you there.

Public Relations – New PR Company Appointed

Following a PR re-pitch process, our team assessed which organisation was now best equipped to achieve our future objectives with Orchid Communications Ltd (OCL) being appointed as the JHA's PR Agency effective from February 2007. OCL will be supporting our further development and vision for the next 2 – 3 years. We await exact confirmation re the provision of PR services as a membership benefit, which will be launched at the AGM in March.

Transportation

The JHA's Transportation group will meet with Deputy Alan Maclean for a **clarification meeting** on airport and harbour activity – meeting arranged on 6th March at 2.00 p.m. Howard Le Cornu (Harbours) and Steve Read (Airport Assistant Director) will also be in attendance.

Employment Recruitment and Training

After three and a half years in the job, Recruitment Manager, **Maria Hurley** has taken up a position with Troy's Estate Agents. Maria did an excellent job for us and takes with her our very best wishes for the future. However, as one of only two active Welcome Host trainers we will still be using her as a Welcome Host trainer for the Beinv'nue training programme commencing shortly.

New Recruitment Manager

We have appointed **Kamilla Reczynska** as Recruitment Manager. Kamila worked for us previously as recruitment administrator and we are pleased to welcome her to this new role. The focus for Jersey Recruitment going forward will be **directed to a recruitment role only**. However, we will still be project managing the Beinv'nue training programme but will not be involved in peripheral training activity. We will be making sure that Kamila makes contact with you over the next few months.

Beinv'nue 2007

Please consider the following

With over 400 JHA member organisations and according to the stats department some 6,000 staff in accommodation, bars and cafes, not counting other sectors you would think it would be easy to organise 300 employees to be trained on the **Beinv'nue training programme**.

After all, if every company sent just one member of staff we would have more than enough participants.

Last year, **80 businesses supported** the programme and without their commitment we would probably find that States funding would have been withdrawn this year. Your support is therefore **vital**. As far as costs are concerned, the provision of all of this training is only £25 per employee in **TOTAL** or £40 per person for the manager's courses.

We, therefore, want to hear from you as soon as possible, so please register your employees by completing the forms on our website www.jerseyrecruitment.com/training and returning them to the JHA or call us on 617373/721421 for more information. We have done our bit in securing the funds for 2007, so we now need your support by committing employees to the programme. It can only be a success if you commit – **without the numbers there will be no further funding. Thank you in advance for your support.**

Forward Booking Survey – What's Happening

Following previous newsletters we advised that Jersey Tourism and the JHA had developed a quick and easy to complete monthly **on-line booking survey**. This survey will enable EDD/Jersey Tourism/JHA and its partners to better identify particularly difficult months in advance or seasons which may require tactical marketing activity.

There were a few glitches with regard to hotels reporting their own figures against the total but these are being sorted out and the survey is **now up and running**. The current sample includes 40 registered establishments representing 1,852 rooms/units out of 5,504 registered (33.6%). There are currently **27 participating hotels representing 1,696 rooms/units out of 4,693 registered (36.1%) and Guest Houses and Self Catering have 13 establishments representing 156 rooms/units out of 801 registered (19.5%)**. Out of this sample, **confirmed occupancy** is showing; 19% for April, 22% for May, 24% for June, 24% for July, 24% for August and 18% for September.

All information is being compiled by First Research, a local independent research company. **The survey is easy to complete** with the data/results available within days and confidentiality of information is guaranteed with only consolidated results reported. However, reports will be available to individual properties. You are **encouraged to participate** in order to gain a truly representative picture of forward bookings for the industry as a whole. Please contact Kevin Lemasney at Jersey Tourism.

Application of the Employment Law

In our January newsletter, we confirmed that a JHA rep had recently met with the Employment Minister, Senator Paul Routier and his CEO to discuss **the application of the Employment Law** and the need for amendments to the procedures and the Law as well as general issues.

It was agreed that the Minister would meet with the Tribunal Chairman, and Deputy Chair of the Tribunal in response to **concerns expressed by industry**, as a result of a series of Tribunal hearings during 2006, and ongoing. We still await this response.

We also consulted with the President and Vice President of The Jersey Chamber of Commerce, at which time we identified that quite **similar issues had manifested** from within Chambers membership.

It would seem that, as is happening with the UK model, the current Jersey Employment Law really does need a root and branch review, rather than focusing on the 'several issues' we originally raised.

For the JHA's part, we have **produced a short report** (part based on factual research, part based on industry perception) which is indicative of concerns currently held by industry. The JHA is very keen to move on with a review, in particular, we would like to have some concrete information for members, in time for the AGM.

New Energy from Waste Project

A JHA committee and members group recently met with John Richardson and Will Gardiner of Transport and Technical Services Dept to discuss the proposals for the new **Energy from Waste Project**.

The participants together with all those who live and work in the area were **naturally concerned** about the various impacts which could impinge greatly on their businesses and quality of life. The proposed development comes at a time, when almost everyone involved in Havre Des Pas is making a concerted effort to regenerate the area.

Pivotal to the overall plan is a substantial reduction in traffic movement, and at times cessation of traffic altogether along Les Havre Des Pas.

Apart from the obvious impact on the profile of the coastline, additional noise, and possibly vibration from running additional turbine sets, we now believe there are **heightened concerns** re potential major traffic problems both during the construction period and subsequently when in operation.

For our part, we have confirmed that we will lobby P & E and write expressing our concerns. It is our opinion that traffic coming from the East should turn at Millards Corner and then join the traffic to Georgetown and then the tunnel.

It is imperative for our members businesses, and the resident community that no HGV traffic are allowed to go along St Clements Road towards the Dicq and Havre des Pas as this area is already highly congested. Additionally, we are concerned as to what would happen, should the main supply route, either at Commercial Buildings, or to the East from Route Du Fort is denied for whatever reason. Clearly diverting traffic over Mount Bingham, via Les Havre des Pas is **not acceptable**.

We agreed with the T&TS suggestion that a Community Liaison Group be set up and we would very much like to be involved with this from the outset. Another suggestion was to visit a similar operation, which could possibly allay our concerns re noise and smells etc. We will keep you advised of our progress.

26th February 2007