

**WRITTEN QUESTION TO THE MINISTER FOR ECONOMIC DEVELOPMENT  
BY DEPUTY G.P. SOUTHERN OF ST. HELIER**

**ANSWER TO BE TABLED ON TUESDAY 17th APRIL 2007**

**Question**

The document “2008 Business Plan: provisional cash limits – impacts on departments” shows a number of proposed changes for the dairy and agricultural industries.

- (a) Would the Minister inform members in detail what the “Business re-engineering” cut of £500,000 (35%) in grant aid to dairy and agriculture proposed for 2008 will mean?
- (b) Would he state what the impact of the further Fundamental Spending Review reduction of 5 per cent industry support to dairy and agriculture will be?
- (c) What overall impact will such a cut, of the order of 16 per cent in one year, will have on farmers? Will the Minister advise what impact this cut will have on both the department’s commitment to the McQueen Strategy for recovery of the Dairy Industry and to the Policy “Growing the Rural Economy”?
- (d) Will the Minister advise members why he has decided to reduce support for the Dairy and Agricultural industry by around 38 per cent from £4.5 million in 2007 to £2.8 million by 2010? Would the Minister clarify how this supports the Strategic Plan aim of ‘growing diversity in the economy’?

**Answer**

The question refers to a document that shows draft reallocations that are only indicative of how the Department might respond to funding allocations in 2008. The department is currently preparing the final 2008 budget which will be provided by the end of May. The department is considering options that will both achieve the 2% economic growth target and deliver our long standing commitments as set out in the Rural Economy Strategy.

The Rural Economy Strategy was agreed by the States in 2005. It changed the nature of support for the agricultural industries within a plan that anticipated a reducing budget. It is wholly consistent with the Economic Growth Plan as any budget reallocation will be judged and determined by the need to help businesses within the rural sector to move towards more productive and higher value operations. This will enable the industry to achieve the same or greater outputs with less government intervention - using help such as the Rural Initiative Scheme or elements of the Enterprise and Business Development Strategy. At the same time the need to underpin the rural economy with appropriate support is delivered, for example, by the new Single Area Payment.

There has already been a positive response in the rural economy with business adapting to changing markets, diversifying and showing enterprise. This is reflected in the strong take-up of the Rural Initiative Scheme and also ultimately by the 2.3% real growth in GVA in Agriculture in 2005.

**By focussing on grant aid the question fails to recognise the integrated nature of business support that exists within economic development. Rural businesses, including agriculture, can now also take advantage of elements of the Enterprise and Business Development Strategy such as the Jersey Export Development Initiative, the Inward Investment Initiative and Business Advice services. The Enterprise and Business Development Strategy is designed to help achieve business creation and growth and increase, for example, international trade development within the rural sector.**

