

**WRITTEN QUESTION TO THE MINISTER FOR ECONOMIC DEVELOPMENT
BY DEPUTY G.P. SOUTHERN OF ST. HELIER
ANSWER TO BE TABLED ON TUESDAY 26th JUNE 2012**

Question

What mechanism will the Minister be using to measure success in creating high-value jobs through the Economic Growth Strategy?

Since P.55/2012 aimed to increase diversity in the economy, why is spending on the rural sector reduced and spending on tourism increased by only 6%, whereas spending on the finance sector is increased by 40% to £3.8 million over the period 2012 to 2015?

Is the £3.8 million sum allocated to the finance sector additional to the sums to support Jersey Finance Limited and, if so, what will be the total spend allocated to the finance sector in 2015?

Answer

Taking each element of this question in turn:

What mechanism will the Minister be using to measure success in creating high-value jobs through his economic growth strategy?

Job opportunities created will be measured using information gathered through regular reporting under the Housing and Work (Jersey) Law.

The relative value of the job opportunities being created will be measured through indicators of gross value added per person employed. This will include assessing the likely profits of the businesses involved and the wages/salaries of its employees, the skill levels of the jobs created, the training offered for local employees and consideration of the likely tax revenue or other financial returns for the States.

Since P.55/2012 aimed to increase diversity in the economy, why is spending on the rural sector reduced and spending on tourism increased by only 6%, whereas spending on the finance sector is increased by 40% to £3.8 million over the period 2012 to 2015?

The Deputy is, mistakenly, applying a very specific interpretation of the term 'diversification'. As stated in P.55/2012, *'economic growth and diversification is not an end but a means to an end'*. The reason that diversification is not an 'end' in itself is that diversification cannot mean diversifying away from high value sectors towards low value sectors, as this would mean a combination of significant tax rises alongside lowering the standard of public services which, in my view, is unacceptable.

There are four strategic aims of the Economic Growth and Diversification Strategy (EGDS) that are clearly listed in P.55/2012. Strategic Aims 1 and 3 outline how we intend to achieve diversification into new high value sectors such as e-commerce. Strategic Aim 2 sets out how we intend to achieve further diversification *within* financial services, which is already a very diversified sector. Tax receipts from financial services provide Jersey with the highest proportion of GVA (c.40% in 2011). This funds a significant proportion of our public services. It is vital that

we grow this sector, which will in part be delivered through expanding into new markets and developing new financial services products. Additional funds have been allocated to this area to achieve this critical aim.

The rural and tourism sectors are dealt with alongside all other sectors of the Jersey economy under Strategic Aim 4. Both remain important industries to Jersey and bring wider benefits to Island life. In terms of the rural economy we are honouring the spending commitments made in the Rural Economy Strategy, which was published in 2011 and had already identified savings that could be achieved; primarily through the phased withdrawal of grants. We have as the Deputy highlights proposed an increase to the Tourism budget representing 'only' a 6% increase – putting this into context however, Tourism already accounts for almost 40% of the EDD budget, therefore this small additional amount corresponds to a significant sum. It is however worth pointing out that as set out at 4.3 of the EGDS, future support for both tourism and the rural economy is predicated upon increasing both productivity and local employment allied to reducing the reliance on inward migration

Is the £3.8 million sum allocated to the finance sector additional to the sums to support Jersey Finance Limited and, if so, what will be the total spend allocated to the finance sector in 2015?

The £3.8 million sum is inclusive of the sum to support Jersey Finance Limited.