

STATES OF JERSEY



DRAFT ANNUAL BUSINESS PLAN 2011 (P.99/2010): FIFTEENTH AMENDMENT (P.99/2010 Amd.(15)) – COMMENTS

**Presented to the States on 10th September 2010
by the Council of Ministers**

STATES GREFFE

COMMENTS

The Council of Ministers opposes this amendment.

Deputy of St Mary proposes that –

the net revenue expenditure of the Economic Development Department shall be increased by £675,000 and not proceed with the Comprehensive Spending Review proposal ED-S5 (reduction in funding for route development, destination marketing and PR) and allow the department to promote the island more effectively; and

reduce net revenue expenditure of Treasury and Resources by £175,000 from restructuring costs.

Comment

The Economic Development Department (EDD) believes that the performance of the tourism sector will not be adversely impacted by the small reduction in marketing spend included in the 2011 business plan. The basis of EDD funding, for the tourism sector, is that outcomes and outputs should be delivered for the minimum financial input and not at a level based on historical precedent or an assumption that there is a “correct” level of funding for the sector.

The budget for the 2011 tourism marketing programme has been developed as part of a thorough prioritisation exercise conducted within EDD. The total tourism sector budget, including Marketing and PR expenditure will still form over 35% of the EDD budget.

Route development is key to the economy as a whole; with a number of sustainable new routes and carriers being introduced over the last 3 years, such as EasyJet, Jet2 and Air Berlin joining the low cost carriers and helping to make the island more affordable, however Jersey Airport, through aeronautical charge discounts, makes the financial contribution to the majority of route development and not EDD. If, and only if, the incentives offered by Jersey Airport are insufficient is further support from EDD funds required. EDD has no indication that such demands will occur in 2011 hence the removal of a budget for route development from the business plan.

With regard to the specific point made in Part 2 of the amendment, when referring to the increased investment in tourism marketing in response to the particular unpredictable circumstances that arose this year. If and when this happens, EDD immediately applies a reprioritisation of all departmental spend to deliver additional resources to tactical marketing.

In 2010, economic conditions in the UK which had undermined consumer confidence and changed consumer behaviour, exacerbated by flight disruptions caused by the Icelandic volcanic eruption and BA industrial action, provided a legitimate case for a timely, targeted and time-limited intervention from the Fiscal Stimulus Fund which was very successful but this should not be considered as the “norm”.

Financial implications

The total financial impact of this amendment on the Consolidated Fund is an increase of £500,000 in 2011.

Some of the amendment proposes that the financial implications are neutral and this is achieved by reducing the central provision for restructuring costs held by Treasury and Resources.

Members are referred to the Council of Ministers comment to P.99/2010 Amd. where the Council has explained in detail the implications of using this central provision for restructuring to offset funding increases.