

**WRITTEN QUESTION TO
THE MINISTER FOR ECONOMIC DEVELOPMENT, TOURISM, SPORT AND CULTURE
BY DEPUTY S.G. LUCE OF GROUVILLE AND ST. MARTIN
QUESTION SUBMITTED ON MONDAY 27th MARCH 2023
ANSWER TO BE TABLED ON MONDAY 3rd APRIL 2023**

Question

Will the Minister advise –

- (a) whether his department (or any other Government department) undertakes risk assessments as to the medium to long term resilience of the Jersey economy to maintain a tax income to match Government expenditure, exploring the possible impact of hypothetical scenarios such as the taxable income of the finance industry stagnating or contracting;
- (b) if such risk assessments are carried out, to what frequency; what are the terms of reference and where can copies of the risk assessments be accessed;
- (c) if no such a risk assessment is undertaken, why not, and how does the Government of Jersey adequately plan for the economic development and wellbeing of the Island, and any future spending, without factoring in this information; and
- (d) whether, where there is no risk assessment as in (c) above, he will consider commissioning an assessment immediately, informing the Assembly of its terms of reference and maintaining and or updating such assessment on an annual basis; and, if not, why not?

Answer

A range of risk assessments are undertaken routinely across Government relating to Jersey's economy. These are largely carried out under the normal governance and risk management processes detailed in the Accountability Report (within the published Annual Report and Accounts) each year. For example, the 2022 report (to be published shortly) will reference economic risks at a high-level.

Under the Enterprise Risk Management framework, Departments are responsible for monitoring and mitigating risks and issues which may emerge whilst carrying out their mandates. In the Department for the Economy, the leadership team meets monthly to update the risk framework. This includes medium-long term risks to the economy as well as sector specific risks. Other departments also assess related risks such as the Treasury and Exchequer monitoring the risk of economic changes on public finances. This process is not made public due to its sensitive nature.

In addition, the Fiscal Policy Panel (FPP) provides independent advice on: the strength of the economy, the sustainability of public finances in the medium and long term, and fiscal policy including the balance of tax and spend. The FPP factors in economic risks as part of their published Annual Report every November, the Economic Assumptions every March, and the Medium Term Report every four years.

The FPP's work also informs the income forecasting undertaken by the Income Forecasting Group (IFG), which under the current terms of reference produce a minimum of two income forecasts per year. In producing the income forecast the IFG consider a forecast range based on FPP assumptions, which considers both upside and downside risk to the central forecast scenario.

