

Deputy Chief Minister |
Minister for Economic Development,
Tourism, Sport and Culture

19-21 Broad Street | St Helier
Jersey | JE2 4WE



By email

3rd April 2023

Dear Chair,

Thank you for your letter of the 23rd March, in which you provide a number of questions following the Panel's private briefing on the Future Economy Programme. I have set out below answers to each of these in turn:

- 1. Please confirm the Future Economy Programme is the same as the Economic Framework to which the Outline Economic Strategy Executive Summary (OESES) refers?*

Yes, that is confirmed.

- 2. Is the work of the Economics Units to which the Chief Economics Adviser referred in his briefing one of the four component parts, along with the OES, of Jersey's Economic Framework to which the OESES (page 8) refers?*

The Economics Unit provides economic analysis and advice to many parts of Government. One important element of their work is the economic analysis for the Future Economy Programme. This economic analysis is a key underpinning part of the work of the FEP and beyond. The four component parts in the Outline Economic Strategy (OES) have been built out as the programme has progressed, which can be best explained at the next EIA briefing.

- 3. The Ministerial Delivery Plan dated January 2023 states that 'building on the Future Economy Vision we will 'develop a more detailed economic strategy of the need for growth and setting out the conditions needed to achieve that growth' led by the Economics Team. Could you please:*

- i) confirm this is the work to which the Chief Economic Adviser referred in his briefing;*

Yes, that is confirmed.

- ii) advise which part, of the four component parts of Jersey's Economic Framework in which the OESES (page 8) refers to the Economic Framework, will this work produce; and*

As above, the four component parts in the OES have been built out as the programme has progressed, which can be best explained at the next EIA briefing.

- iii) explain how the conditions 'needed to achieve that growth' will be identified; and advise how these conditions to be set out by the Economics Unit will differ in content from:*

- a. *the 'barriers to business' work to which the Ministerial Delivery Plan dated January 2023 also refers; and*
- b. *the 2015 report "Jersey Innovation Review" notably the other factors that have held back innovation in companies (Page 71),*

The full Economic Strategy, to be published by the end of September 2023, is framed around the 1) needs 2) conditions, and 3) options for growth. Each part will be informed by previous reports (such as the Innovation Review) and ongoing work (such as barriers to business). The conditions section is still in development but will set out the levers available to Government and how they can be used to best enable economic growth.

4. *The OES mentions the structural economic weaknesses listed in it are not comprehensive lists. Will the work of the Economics Unit produce a comprehensive list?*

The OES summarised the structural economic weaknesses Jersey faces. Further work currently underway will help us better understand the impact of these structural weaknesses and how they might be addressed. No reference to a comprehensive list was found in the OES or is planned to be published.

5. *Please confirm the future economy vision is 'to be a consistently high-performing, environmentally sustainable and technologically small island economy by 2040' and advise whether the Future Economy Vision will remain the same following the work of the Economics Unit and, if not, how the Future Economy Vision might be expected to change following that work?*

The vision summarises the ambition for Jersey's economy. This ambition remains the same.

6. *Please explain the meaning of the words 'consistently', 'high-performing', environmentally sustainable' and 'technologically small island economy' in terms of vision and numbers and how the vision for growth differs from the economic strategies for fast growing of Asian island economies such as Singapore and Taiwan and why?*

The vision in the OES was deliberately worded to put economic growth in the Jersey context. 'Consistently high-performing' means sustainably increased GVA per capita. 'Environmentally sustainable' ensures growth is decoupled from emissions and, as far as possible, from population growth. 'Technologically advanced' recognises the role technology will play in delivering growth. 'Small Island economy' reiterates the Jersey context that growth must reflect our physical environment. Economic strategies are all specific to the individual country and reflect the needs and aspirations of individual economies, as well as their unique position in the global economy. As such they are not directly comparable.

7. *Are the growth projections to which the OES Abridged Version (OESAV) refers sufficient to achieve the Future Economy Vision by 2040?*

The OES was published in May 2022. The economic context has changed significantly since then and new data on Jersey's population and economic performance has been released. The Economics Unit is considering what this means for Jersey 2040 and also whether the growth projections in OES (and OESAV) remain credible and sufficient for Jersey 2040. This work can't

be concluded until the population projections, based on Census 2021 data are published later this year.

8. *Who were the key stakeholders that were engaged with in the production of the OES and how were they selected?*

There was a wide range of stakeholders involved in the development of the OES chosen for their expertise in particular areas. This includes stakeholders across the Government of Jersey, such as officials from the Department for the Economy, External Relations, Cabinet Office, Treasury, and CYPES. Several ALOs and other organisations were also consulted, such as Digital Jersey, Jersey Finance, Jersey Business Ltd, Jersey Telecoms, Jersey Post, Jersey Sport, and several others. Finally, industry representatives were also engaged, such as those from banking, legal, funds, as well as several others.

9. *Your letter dated 24th February states that “the continued development from Outline Economic Strategy to the Future Economy Programme” will include “Similar workshops to engage with key stakeholders, including industry members which will take place in the coming months”. Who will be the key stakeholders for the purposes of these workshops and what further input do you expect to be seeking from them?*

The development from the OES to the full Economic Strategy will involve workshops to input into the 1) needs, 2) conditions, and 3) options for growth. We are using the individuals and organisations engaged in the OES (outlined above) as the basis for these. Further stakeholders may be added as the programme develops at the discretion of the Minister and the Chief Economic Adviser.

10. *The OES refers to the possibility of some sectors ‘shrinking’ under the demographic shift and social change section. How will Government anticipate, calculate and respond to this?*

It is common for sectors to shrink (or grow) over time and for new sectors to develop. The benefit of having an economic strategy is that such change can be planned for – by Government, business and individuals.

11. *The OES also refers to opportunities provided by States Owned Entities in skills training. Will the tensions between small jurisdiction competition policy and the possible advantages of Government monopolisation be reviewed in this and other respects as part of the work on the FEP?*

Competition policy sits within the Directorate that the Chief Economic Adviser leads and, as a factor in economic growth, will be considered as the programme develops. No commitments on specific activity have yet been made.

12. *How are Government organisation and transformation plans expected to align with the OES/FEP?*

As the largest employer in Jersey, the Government plays a part in shaping our economy. However, the FEP will be one of the many contributing factors in future decision making but will not dictate any organisational/transformation plans.

13. How much staffing is expected to be made available from the public sector to the private sector as a result of these plans?

The FEP's role is not to dictate these plans or a specific number.

14. What is the Future Economy Partnership to which the OES refers?

At the time of publishing the OES, the ambition was to convene an external stakeholder group to inform the FEP. Since then, the Minister has given the steer to use other routes to engage stakeholders (such as the workshops). Whether a formal partnership is convened in the future is still in development.

15. The OES mentions investment in 'more robust data'. Has this been identified or delivered and if not, how soon will it be?

Jersey has a wealth of data but this is not to say that there are not data gaps or that the data is perfect – there are gaps and the data is not perfect. Work is underway to make better use of existing data e.g. work by Statistics Jersey to make better use of some of the data collected by the Government as part of its administrative work, and by the Economics Unit in terms of how they use existing data. This investment will lead to both more data, more robust data and more robust analysis.

16. How confident are you that the full Economic Strategy to which the Ministerial Delivery Plan refers will be delivered on time? Will this comprise all four components of the Economic Framework to which the OES refers?

We are on track to deliver the full Economic Strategy by the end of September 2023. As above, the four component parts in the OES have been built out as the programme has progressed, which can be best explained at the next EIA briefing. These components are broader than just the strategy and therefore will be progressed beyond that deadline.

17. Have any extra members of staff been employed to meet the timescale?

From mid-April 2023, the Economic Programmes Team which manages the FEP, will be at a full complement of 3 staff members. This is a new team created in September 2022 as part of the Chief Economic Adviser's directorate.

18. What models and global data have been used to produce the OES and how are these to be developed or updated?

The OES Abridged Version appendix covers the data sets which will continue to be updated as the FEP develops.

19. Noting the Economic Council's New Perspectives report (ECNPR), do you accept the Report's identification of the most significant drivers to future economic prosperity. If so, how will this be incorporated into the FEP and its timetable?

The Economic Council's work helped inform the development of the OES and the drivers are all reflected in the vision and themes set out in the OES to some extent.

20. Will further FEP work seek to follow ECNPR recommendations such as embracing the faster growing 'new economy', aiming specifically to grow Jersey's proportion of new economy business, securing cheaper and more secure energy through renewables, growing eco-tourism, growing knowledge capital in deeper commercialisation skills, Best Known Methods, and encouraging transition from Fixed Evolutionary Mindset to Disruptive Growth Mindset and regeneration from an infrastructure and quality of life perspective?

As with the OES, the full Economic Strategy will use previously published reports in its development. As this is still in development, the specific examples are yet to be decided upon.

21. Why is there no mention of manufacture in the OES (onshore or offshore)?

Not all industries or sectors are mentioned in the OES to enable it to remain a relatively short and high-level document.

22. Is the FEP an overarching strategy and, if so, are the Tourism and Export strategies in danger of being developed in a silo?

One part of the FEP is the full Economic Strategy which will act as an overarching document for the economic development activity of Government. Future strategies will be designed as part of this programme and be informed by the priorities and growth focus of the FEP.

I hope the above provides clarity to the areas you have raised.

Yours sincerely,



Deputy Kirsten Morel

Deputy Chief Minister

Minister for Economic Development, Tourism, Sport and Culture

E k.morel2@gov.je