

2024.11.12

7.1 Deputy J. Renouf of St. Brelade of the Minister for Sustainable Economic Development regarding ...

I will read quickly. Will the Minister explain how he justifies more than £5 million of direct grants to Visit Jersey, Ports of Jersey, the rural and marine support schemes and others, when the main purpose of the schemes has always been advertised as to improve productivity?

Deputy K.F. Morel of St. John, St. Lawrence and Trinity (The Minister for Sustainable Economic Development):

A very interesting question and one that I think is quite simple to justify. It is correct that a significant proportion of the Living Wage Support Scheme is focused on the visitor economy and the rural and marine economies. The first reason for that is both the visitor economy and the rural and marine economies have been identified as being significantly impacted by the increase in the minimum wage which has risen, I believe, if everything goes ahead as planned, it will have risen 72 per cent in 5 years. That obviously causes stress and concern for those businesses. As I have said, the visitor economy and the rural and marine economies have been identified through economic analysis as being 2 of the sectors which are most significantly impacted. With regard to the actual impact on productivity, the inclusion of Visit Jersey and Ports of Jersey is entirely focused around the concept of them extending or growing our visitor economy by bringing more visitors to the Island, particularly in the shoulder and the winter months. By doing so, they will be increasing the productivity of those businesses that they frequent. At the moment, a hotel, for instance, is full in August but not full in October. By providing more visitors to them in October their return on investment, the productivity of their assets increases. They are employing staff who will be put to work in terms of gaining more value by having more tourists spending with them during those months whereas at the moment they are not. In terms of the rural and marine economies, that is much more focused on competitiveness. At the moment the rural and marine economies have to compete against European, British and other economies that highly subsidise their agricultural sectors. Given that how agricultural and marine sectors are primarily export sectors, in order for them to remain competitive, given the wage rises that are being put upon them, we believe that it is absolutely right to use the existing support schemes to reduce the impact of those wage rises and by doing so help those industries remain competitive against the international markets ...

The Bailiff:

Minister, I have to ask you to bring your question to an end.

Deputy K.F. Morel:

... highly subsidised international markets in which they operate.

7.1.1 Deputy J. Renouf:

Focusing on the Rural Support Scheme, the Minister told me off in September for referring to subsidies. The current Rural Support Scheme, there is an extra £1.1 million going into this, has 3 tiers, 3 different types of grants, none of which are related to productivity. How can he ensure that the money going to the Rural Support Scheme will go to increasing productivity or, if it is not doing that, make sure that it is not just a general subsidy to employers?

Deputy K.F. Morel:

As I have discussed, the agriculture and the marine elements of this is focused on competitiveness so that they can remain competitive in their international markets. We have analysed the impact of the rise in the minimum wage on those sectors and in the case of this sector, that £1.1 million has been calculated as the amount that the industry will have to pay extra in terms of wages. Therefore, by putting in the £1.1 million we are effectively balancing off the increased cost, that helps them remain competitive in their export markets.

[12:30]

That in itself gives them a chance to increase in productivity because if they are to sell more, their high-quality products are able to be sold in overseas markets at a competitive rate, that then provides them with the opportunity to increase their productivity as well, but the primary focus for agriculture and marine is on competitiveness.

7.1.2 Deputy P.F.C. Ozouf of St. Saviour:

Would the Minister agree that there is always going to be consequences of putting a decision off or making the wrong decision? As we have heard, the implications of the cannabis industry is causing major issues to some benefit. The ferry services, Sir John Vickers was not listened to, we have now got problems and he is having to deal with it. He lodged yesterday a package of measures of £20 million on the well-intentioned idea of this Assembly to move to a living wage. There has been no scrutiny, there are lots of questions about it, it has been taken from the Social Security Fund; that is probably going to be a problem for the Government. Does he really think that he should be pressing ahead with this package in this absence of information and only yesterday Members having received the detail of what is a huge amount of money being spent? Is it not about time to say: “Enough is enough, we need to pause this”?

Deputy K.F. Morel:

I would not mind a bit of clarification on the very end: “We need to pause this.” We need to pause what, the Living Wage Support Scheme or we need to pause the rise in the minimum wage?

Deputy P.F.C. Ozouf:

I think both of them and that the 2 are inextricably linked. We are doing something, we are blindly going ahead with basically dealing with things that have unintended consequences in ...

The Bailiff:

Well, no, clarification is one thing; a second preamble is a different thing. Yes, please, Deputy.

Deputy K.F. Morel:

That 7 minutes continues to tick down. From the perspective of a States decision taken in 2021 in response to Deputy Southern’s proposition, that proposition which was adopted by the States Assembly said that we would bring the minimum wage up to two-thirds of median wage by 2024. That is what is being delivered on, it is a States Assembly decision. As a result of that States Assembly decision and the desire of the Government to deliver on that decision, we are saying that we understand the stress that that places on employers, and employers of all sorts from businesses to charities and all other institutions in between. What we are saying is we want to help you cope with these pressures by helping you become more productive. Jersey unfortunately has a very low rate of business investment. It is lower than the U.K.’s rate of business investment and in itself the U.K.’s rate is the lowest of the G7 nations. I am very concerned about business investment in this Island, I am very concerned about the rate of productivity in this Island. By designing a package of support measures which focuses primarily on productivity but also has competitiveness as part of it, we are helping businesses in this Island make those investments in themselves that they become more productive, more resilient and robust to be competitive in the future and to make sure that Jersey has a high-performing economy for the future. In that sense, I do believe this is absolutely the right thing to do.

The Bailiff:

A supplemental question?

Deputy P.F.C. Ozouf:

Not at this stage, it is not right to take up any more time, but there is a clear problem here.

The Bailiff:

There is one minute to go.

7.1.3 Deputy H.L. Jeune of St. John, St. Lawrence and Trinity:

Unlike previous schemes, the decision-making on how and who gets funds seems to have been outsourced to Jersey Business. Does the Minister believe they have the capacity to deliver?

Deputy K.F. Morel:

Yes, in short; we have been working with Jersey Business on this. We are making sure that they have the resources and part of that support package is a very small amount to help resource Jersey Business in this. But it is absolutely right that we look to an independent grant provider who does that work rather than having that within Government. I think that is absolutely the right thing to do. We also design the processes to be swift on the one hand where it is small amounts of grants and to be more onerous on the other hand where they are larger grants, so that we are able to help deliver for businesses in the way that they need to. I do think it is absolutely the right thing to do.

The Bailiff:

That brings the time that I have allocated for this urgent oral question to an end. There is one further stage before we move on to Public Business which is a statement to be made by the Minister for Education and Lifelong Learning. We are 5 minutes off the normal adjournment time, thereabouts, 5 or 10 minutes off it, it is a matter for Members whether they wish to continue, as they know if there is a statement then there will be a 15-minute question period.