

**WRITTEN QUESTION TO THE MINISTER FOR ECONOMIC DEVELOPMENT  
BY DEPUTY S. PITMAN OF ST. HELIER  
ANSWER TO BE TABLED ON TUESDAY 19th JANUARY 2010**

**Question**

Will the Minister inform Members whether the Economic Development Department has monitored the effect of GST, since its implementation, on each industry sector, small businesses and the purchasing power of the consumer?

If so, what impact, if any, has been identified and how often is this monitored? If not, does the Department plan to do so?

**Answer**

The Economic Development Department (EDD) monitors the economy and the key sectors on an ongoing basis by analysing the wealth of data published by the States Statistics Unit (including the very valuable new Business Tendency Survey) and through EDD and specifically Jersey Enterprise day to day contacts with business across all sectors.

It is hard if not impossible to separate the impact of GST relative to all other factors impacting our economy and the businesses that comprise it in the last two years. However, based on all data and anecdotal evidence, there is little discernible reason to believe that the introduction of GST has produced a significant detrimental impact on any sector, or the economy in general.

In terms of consumer purchasing power, the introduction of GST is likely to have led to a small initial reduction in purchasing power for those not compensated by the States agreed policies to increase income support and raise tax thresholds.

Estimates suggest that 3% GST only amounts on average to 1-2% of incomes. However, this initial impact has been offset by the continued tendency for average earnings growth to exceed inflation and provide real improvements in purchasing power.

Between June 2007 and June 2009 average earnings across the economy increased by 7.5% compared to an increase of 5.2% in RPI over the same period.