

**WRITTEN QUESTION TO THE MINISTER FOR ECONOMIC DEVELOPMENT
BY DEPUTY G.P. SOUTHERN OF ST. HELIER**

ANSWER TO BE TABLED ON TUESDAY 17th APRIL 2007

Question

The document “2008 Business Plan: provisional cash limits – impacts on departments” shows a number of proposed changes for the tourism industry.

- (a) Would the Minister inform members in detail what the “Business re-engineering” cut of £500,000 in grant aid to tourism proposed for 2008, referred to on page 26 of the document “2008 Business Plan: provisional cash limits – impacts on departments”, will mean?
- (b) Will he also advise what impact the further Fundamental Spending Review reduction and efficiency savings cut of £230,000 support to the tourism industry will have?
- (c) What overall impact will such a cut, of the order of 12 per cent in one year, have on the Tourism industry?
- (d) Will the Minister advise members why he has decided to reduce support for the Tourism industry by around 30 per cent from £5.9 million in 2007 to £4.1million by 2010? Would the Minister clarify how this supports the Strategic Plan aim of ‘growing diversity in the economy’?

Answer

The question refers to a document that shows draft reallocations that are only indicative of how the Department might respond to funding allocations in 2008. The department is currently preparing the final 2008 budget which will be provided by the end of May. The department is considering options that will both achieve the 2% economic growth target and deliver our long standing commitments.

In the past, the principal expenditure within the Tourism budget has been directed at marketing, p.r. and the provision of events. However the Tourism industry is undergoing an unprecedented level of change with more focus on higher spending shorter stay visitors, a trend wholly consistent with the recent Locum Report. This has led to the development of partnership arrangements with the industry which is encouraging a significantly increased level of joint marketing activity. The move to the new office building in September of this year should also facilitate increased commercial activity and specifically more retail sales, the profits of which are reinvested in marketing activities.

There is a significant level of diversity within the tourism industry which is consistent with the overall aims of the strategic plan.

Investment within the sector includes the support through the Tourism Development Fund which continues to help fund projects which are of strategic importance to the Island and for example support for the newly opened Heathrow route, which will support the tourism industry as well as business and the local population. The department is not only continuing to fully support the industry but is investing in the future by identifying and backing projects which have strong future potential. As with any existing sector the Economic Development Department is encouraging new and existing businesses to take full advantage of our new enterprise and business development products and services. If the tourism industry seizes this opportunity it will not only benefit individual businesses but also deliver greater economic benefit from the investment of public Funds. It should be remembered that the Economic Development Department is charged under the Public Finances (Jersey) Law with delivering best value from within its long term fixed cash limits.

