

**WRITTEN QUESTION TO THE MINISTER FOR ECONOMIC DEVELOPMENT
BY DEPUTY G.P. SOUTHERN OF ST. HELIER
ANSWER TO BE TABLED ON TUESDAY 7th JUNE 2011**

Question

What measures, if any, does the Minister have under consideration to boost confidence in the Island's economic situation especially in the retail sector following the pessimistic views expressed by Islanders within the Island Analysis survey?

To what extent does the Minister attribute the results, in which 58% of Jersey respondents believed the economy would get worse, to the imposition of the rise in GST at the end of May 2011?

Answer

While the research publicised by Island Research serves as one helpful indicator of the perceptions of business people in the Island, there is a degree of danger in interpreting the results of one particular such survey as an accurate indicator of economic activity. This is because as much of the source data is subjective and is qualitative, rather than quantitative in nature. Surveys like this, while useful, tend to be only loosely correlated with economic activity, and need to be considered in conjunction with a wide variety of other information and indicators.

As such, the Economic Development Department works with the States Statistics Unit and Economics Unit to monitor a number of economic indicators from a variety of island sources and in 2009, introduced its own Business Tendency Survey as a means of monitoring the local economic situation.

The forthcoming increase in GST is not expected to have a noticeable impact on the economy or employment, in the retail sector or elsewhere. While it is true that the retail sector may be going through a difficult time, this is due to a number of influences, not merely the recent increase in GST. Other factors such as international commodity price increases and the trend towards online shopping are likely to be more significant factors in the current pessimistic projections. It is also worth noting that in the last quarter of 2010 the Retail Sales Survey suggested that volume of retail sales was up 5% on the year before.

As ever, it is the States role to adopt a 'watching brief', monitoring and entering into dialogue with the retail sector, in order to ensure that appropriate and timely measures are put in place to support local business.