

3.1 Deputy I. Gardiner of St. Helier North of the Minister for Sustainable Economic Development regarding the Island's economic outlook (OQ.20/2026):

Further to the reported findings of the Jersey Institute of Directors' third Economic Confidence Survey for 2025, which indicated that 63 per cent of businesses in Jersey felt "pessimistic" about the Island's economic outlook, will the Minister advise the Assembly what specific actions, if any, the Government is taking to address these concerns, and if no actions are being taken, explain why not?

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

I thank the Deputy for her question. The Institute of Directors survey is a very useful survey but it must be taken in context. Interestingly, the report finds that the majority of respondents are pessimistic about Jersey's economy while that same majority is optimistic about their own businesses. To answer the question specifically, we have an entire programme in Government, the Future Economy Programme, which is focused on tackling the Island's future economic outlook and of course the ageing population. Last year as well, we invested £10 million in various parts of the economy through the Better Business Support Package. This year we are matching that, and that is entirely designed to support businesses and help them prepare for a higher productivity environment, thereby helping create confidence in the economy. At a wider level, the Investing in Jersey programme is designed to provide confidence and certainty in investment in Jersey's infrastructure. I have been working with the Minister for the Environment for some time to simplify the planning process, particularly from an economic perspective. The Minister for Financial Services is working on the competitiveness work in finance in order to build long-term confidence there. I have obviously, with the Council of Ministers, appointed a new ferry service provider, and that is aimed at providing certainty in Jersey's ferry services for the long term. Of course this Government is moving forward with its commitment to the hospital and developing the hospital construction site, which again, alongside Investing in Jersey, is ensuring that our infrastructure is fit for purpose into the future. We will continue to work with businesses to drive economic growth in Jersey and help address the economic challenges that we have, both from the current global uncertainty and also our own demographic issues, both of which we have been aware of for some time and working to address. I am pleased to say as well we are also seeing signs of growth in tourism, with the year ahead showing forward bookings and hotels being higher in all but one month of the year to come.

3.1.1 Deputy I. Gardiner:

The Minister mentioned geopolitical uncertainty. Would the Minister accept that while global geopolitical uncertainty plays a role, domestic policy choices, such as public spending levels, regulatory burden and clarity over investment plans also materially affect business confidence in Jersey?

Deputy K.F. Morel:

I fully agree with the Deputy, and that is exactly why we have developed the Investing in Jersey programme, to provide that certainty particularly in the construction sector. It is why also we are pushing forward with the hospital project again to provide that certainty. There is no question that the Government needs to continue to invest in capital programmes that drives confidence in the economy and also provides infrastructure, which Islanders and visitors to the Island can use. I am pleased to say that after years of neglect through various Governments, that investment in infrastructure is coming forward and will continue to do so in the coming years.

3.1.2 Deputy J. Renouf of St. Brelade:

Most of the items that the Minister mentioned are well known about and have been for some time, and the I.o.D. (Institute of Directors) survey could be said to have them already priced in. What is he going to do that is new that would suggest that the dial could be shifted in terms of confidence?

Deputy K.F. Morel:

It is interesting the Deputy says that it is work that has been known about for some time. That is exactly right, because it was some time ago that we understood on the back of COVID, on the back of Brexit, these were tumultuous events which will knock economic confidence. I think it is also really important that, as I said in the beginning of my answer, the same number, the same majority of business leaders, were happy and confident in their own businesses, just not so in the economy. I do not think that the work we are doing, although previously announced, is in any way old work. It is new work that continues and will continue to provide confidence in our economy. I think new work that we do need to do is we need to work more clearly around planning and to ensure that the planning process is smooth for all businesses. I think it is really important as well that we continue the work in the agricultural sector, which has completely re-found confidence in that area, but there are challenges ahead which will need to be dealt with. From the tourism perspective, that has been a focus for some time and we will continue to work with the tourism sector to ensure that they can feel the confidence that they need as well by ensuring that Jersey remains a fascinating visitor destination and a popular visitor destination. It is a case of continuing with the work that we have begun, because I think the work that we have begun is long-term work, and while politics can too often be a short-term game, it is by maintaining that strategic direction and continuing to invest in our economy, particularly the capital side of it, which I think is very new for governments of Jersey over recent decades, that we will provide that confidence that the Island needs.

3.1.3 Deputy J. Renouf:

Can the Minister therefore confirm that his aim in terms of reducing that 60 per cent figure to something which he would presumably find more acceptable is to keep on going on and hope that people notice that eventually it bears fruit?

Deputy K.F. Morel:

I think one of the difficulties around economic policy is that it is always and should always be long term. I think we can do new things. I think we can further reduce stamp duty on investment properties in order to stimulate confidence in the construction sector. I think there are other things that we can continue to do, or we can do, and we will continue to look for greater opportunities. I am also looking at ways we can develop our ports so that they are more widely used, and also I am very pleased to see that investment in the airport is taking place, which I think will also help deliver greater confidence for people using the airport and the Island's economy. I think it is very difficult, when you are focused on long-term issues, to satisfy the short-term appetite of the political arena, but I will continue to focus on the long term, because it is the long term through which we will bear fruit, as the Deputy says.

3.1.4 Deputy M. Tadier of St. Brelade:

Deputy Gardiner's question focuses on the I.o.D. survey, but has the Minister conducted his own survey from a departmental level? If not, why not? If he has, could he let us know what the results were and whether they tally with this information?

Deputy K.F. Morel:

It is not for me to undertake a survey because, particularly, Statistics Jersey undertake the Business Tendency Survey. I think that is a far better organ to use for surveys of economic confidence in this Island rather than the department itself. I do expect the Business Tendency Survey to have more than 41 respondents, which the I.o.D. survey had. I think it is important to understand that the I.o.D. survey was just 5 per cent of its membership; so it was not a huge sample. It is also a self-selecting sample, so it is, in my view, likely that you are going to get people who feel motivated to respond, and often that comes from a negative perspective as well.

3.1.5 Deputy M. Tadier:

Has the Minister been able to give consideration as to why there seems to be an apparent disconnect between a pessimistic outlook for the wider economy versus an optimistic outlook for individual businesses? Does that suggest to the Minister that there is no connection between what happens in the outside economy in terms of whether or not businesses have confidence in their own future success?

Deputy K.F. Morel:

It is something I consider a lot and it is something of a philosophical question. It is difficult to provide a precise answer to. But my take on it is that any business leader knows their own business, they know the numbers in their own business and they know how it is performing. When it comes to the economy, it is very much a sense of feeling rather than a sense of knowing because we issue, for instance, the G.V.A. (gross value added) statistics in October every year, just once a year. That just gives us that one annual snapshot. We have the Business Tendency Survey. We do not have a lot of other economic indicators that we look at. Obviously last year, from a tourism perspective, had many negatives around it, which will not have helped from a confidence perspective. But where do people get most of their sense of the economy? A lot of people will get it from the media, and it is an unfortunate reality around the media that they tend to prefer to report bad news rather than good news. Certainly from the international media's perspective and the national media's perspective, the tumultuous events, everything from allies turning against allies and so on, creates for a great sense of uncertainty in the world that we live in. I think that speaks to people's feelings about the economy, which is something they cannot measure themselves as opposed to their own businesses, which they do measure themselves.

3.1.6 Connétable P.B. Le Sueur of Trinity:

Would the Minister agree with me that the planning process can be smooth when applicants and their agents engage at an early stage with the officers of the department to ensure that the applications coming forward are compliant with the Bridging Island Plan? It is really only when they try to stretch the envelope that applications run into difficulty.

Deputy K.F. Morel:

I will agree with the first part of the Connétable's statement; not so much for the second part of the Connétable's statement. I think it is always worth applicants going as early as possible to engage the Planning officers. But I do not think it is always about stretching the envelope that leads to a lack of a smooth process. There are many other reasons that a process can be disrupted and not to do with that. But I do agree, and I would always suggest that applicants or anyone thinking of creating a planning application go as early as possible to the department and engage in that pre-application process.

3.1.7 Deputy I. Gardiner:

The Minister mentioned that a low number of businesses engaged with the Institute of Directors. Does the Minister accept that by dismissing concern as a rhetoric risk for a smaller number of businesses further undermining confidence among businesses who are directly experiencing rising costs, labour shortages and regulatory pressure? Has the Minister engaged with the Institute of Directors or planning to engage with the Institute of Directors to understand the feeling?

Deputy K.F. Morel:

I reject the idea that I am dismissing anything to do with this survey. I take all surveys seriously, and as I said in my answer to Deputy Tadier, there is a lack of statistical information for Islanders and Island business leaders to help them understand where the economy actually is. So any survey is helpful. I thank the Institute of Directors for doing their survey, because I do think it is helpful. From that perspective, I very much welcome the survey. I certainly do not dismiss it. All I am trying to say is that we, in Jersey, will continue to focus on trying to build confidence in Jersey's economy, and we do that, and we are doing that over the long term. As I said, it is not focused on always the short term. It is long-term matters. I do engage with the Institute of Directors regularly. We have had a rough drumbeat of monthly or bimonthly meetings. over the past few years.

[10:00]

I will continue to do so, though I must say that I have not spoken to the Institute of Directors since the survey was issued, but I will do so in the very near future.