

By email

25<sup>th</sup> August 2023

Dear Chair,

### **Digital Economy Strategy**

Thank you for your letter of the 14th August in which you provide a number of questions following your briefing in relation to the Digital Economy Strategy. I have set out below answers to each of these in turn:

- 1. How will the Strategy distinguish enablement of the use of existing or new technology created outside the Island, that will potentially be a cost to the local economy, and the establishment and support of businesses in the Island involved in the creation of new technologies for export globally?*

The fullest use of appropriate digital technologies from wherever procured will contribute to the productivity and efficiency of Jersey businesses. At the same time, the Digital Economy Strategy will support Jersey's new and existing digital businesses to develop their products and services. Important in that will be ensuring Jersey has a regulatory environment for digital commerce that promotes growth while protecting consumers and the Strategy will also set out steps the Government intends to take in that regard.

- 2. How will the Strategy compare the advantages of the growth trend of successful technology creation enterprises established locally with global reach, as demonstrated in global statistics, to the advantages of improved margins in the linear growth of existing Old Economy enterprises in Jersey after taking into account capital investment costs in technology use or production?*

The right metrics to measure the growth of the digital sector moving forward are to be established and measured with the aid of the Chief Economic Advisor and Statistics Jersey. It is expected that both the impact of technology to improve the productivity of current businesses, as well as the growth of new digital and technology based businesses can be captured.

- 3. Noting that, in your letter of the 12th April 2023, you indicate that the tax implications of the Strategy's priorities will form an important part of consideration of policy options but no final decisions had been made, are any changes to the Island's tax model contemplated to respond to the possible increase in local homeworkers employed by overseas employers?*

The tax implications of the Strategy are to be considered with the help and support of officers from the Department for Treasury and Exchequer.

4. *Will the Strategy produce a vision of Jersey's workforce of the future for the Strategy to provide direction towards? For example, will it identify the extent to which it contemplates Jersey's future workforce will be working for;*
- *local organisations within the public and private sector or*
  - *overseas organisations*
- and how local businesses would be sufficiently resourced or productive to pay global market rate salaries to digital workers, such as those in cyber security?*

A key topic of the Digital Economy Strategy is 'digital skills and training'. This will set out the measures the Government will take to equip Islanders with the digital skills needed by both business and Government. This will provide the context and vision for shaping Jersey's workforce within this strategic context, with close collaboration with the Minister for Education and key delivery partners. The Digital Economy Strategy will set out a range of support for businesses considering digitalisation, including support for considering digitalisation in the context of market forces like pay and the importance of proper cyber security.

5. *Will the Strategy seek to address the diversion of local digitally talented individuals into local finance industry roles or moving abroad for work?*

A key objective of the Strategy is to build a strong and thriving digital economy in Jersey, thus providing job opportunities for local, digitally talented individuals. The finance industry currently remains a significant part of the local economy and the promotion of greater digital efficiency in that sector remains a priority for the Government.

6. *Does the Strategy provide any update on point highlighted in the PWC report "[Digitally Upskilling the Channel Islands](#)" regarding the future of Jersey's finance industry and:*
- *how the digital landscape is likely to impact on the continued presence of the key finance companies currently operating in Jersey, and*
  - *to what extent positions for locally employed people will be replaced by Artificial Intelligence or workers overseas?*

'Lifelong learning' is a key enabler of the Strategy, with the Government working with businesses and delivery partners to provide re-training opportunities for those affected by the digitalisation of their jobs. The most constant element of an economy is change, and the adaptation to that change is the focus of the Island's Future Economic Strategy, of which the Digital Economy Strategy is one important element for future success.

7. *What benchmarks, targets and types of Key Performance Indicators will be included in the Strategy? For example, will it include numbers of locally registered patents, proportion of data scientists and software engineers to digital marketing assistants and other marketing staff, frequency of data reviews and percentage increases in Gross Domestic Product or Gross Value Added?*

Officers are committed to developing measurable targets to track the impact of the Digital Economy Strategy in conjunction with the Chief Economic Advisor and Statistics Jersey. The final suite of benchmarks and targets are in development and we hope to have further details to share with the Panel before the final publication of the Strategy.

8. *Will the Strategy identify Jersey's technological ecosystem and possible opportunities for economic growth in supporting the same?*

It is an expectation that the growth and development of Jersey's 'technological ecosystem' and identification of areas of key digital economic growth opportunities will be identified, and accompanied by relevant short, medium and long term targets.

9. *Will the Strategy include recommendations for inclusion in the Data Strategy such as support of open data in government to support business research?*

'Making the most of Jersey's data assets' is a key topic within the Digital Economy Strategy. As Assistant Minister responsible for both the digital ambition of Government as well as growth of the digital economy, there is close collaboration between officers in M&D and Economy to ensure the overlap of relevant strategies are complementary, driving the changes needed to meet the economic growth challenge the Island is facing.

10. *Will the Strategy identify obstacles to growth of digital expertise currently existing in government organisations, including existing policy in other government areas such as remuneration structure?*

The aim of the Digital Economy Strategy is to develop a digital ecosystem which will raise the standards, efficiency and productivity of both the private and public sectors. As stated earlier, strategies under development by M&D and the Digital Economy Team will be complementary. Pay levels will be subject to market forces as standards are raised, as well as the consideration of Ministers.

11. *Will the Strategy identify and address other types of 'digital' obstacles to local business growth currently existing in government organisations, including procurement and data management?*

As referred to in the answer to question 9, as Assistant Minister with responsibility for both the digital transformation of government and the economy, officers in both M&D and Economy are working together to ensure the relevant strategies are compatible and in doing so will identify and 'unlock digital obstacles' to enable relevant economic growth.

12. *What consideration will the Strategy give to the absence of Jersey on digital platforms such as the Rule of Law index and the Corruption Perceptions Index commonly used by global companies in considering jurisdictions in which to locate or expand operations? Noting our previous discussions, such as in your correspondence of 12 April 2023 and Quarterly Hearings, what is the rationale for developing a Digital Economy Strategy separate from the Data Strategy, Digital Education Strategy, Future Economy Strategy, Skills Strategy and Skills Actionable Agenda, Procurement Strategy, Export Strategy, Population Strategy and Tax Strategy, given the desire for joined up thinking?*

- a. *How will these strategies inform each other rather than pull in different directions?*

The Future Economy Strategy is providing the overall ambition for Jersey to improve its economic productivity in order to maintain Islander's standard of living expectations over the long-term.

The Digital Economy Strategy is closely aligned with the Future Economy Strategy and complements the overall ambition by seeking to support this vital sector, in particular to drive change and create new opportunities for growth. Officers are also engaging closely with other Departments and relevant Ministers (e.g. M&D, CYPES, Cabinet Office), ensuring all relevant strategies are aligned.

*13. Will the Strategy establish a clear plan of action or will it highlight “wish list” of outcomes?*

It is the expectation that the final strategy document will detail the need for change and outline the long term objectives, with more detailed objectives behind the short and medium term plans, accompanied by measurable performance indicators.

*14. How will the Strategy be responding to the key messages and recommendations highlighted in:*

- *the Economic Council’s New Perspectives (Critical Considerations for Sustainable Economic Growth) report published in 2020; and*
- *the Jersey Innovation Review by Tera Allas published in 2015?*

As the strategy moves into the public consultation phase and the more detailed policy development phase, key reviews and reports will be revisited to ensure recommendations are considered, and where appropriate will be captured within the final strategic document and relevant short, medium and long term objectives.

I hope the above provides clarity to the areas you have raised.

Yours sincerely,



**Deputy Alex Curtis**

Assistant Minister for Economic Development, Tourism, Sport, and Culture