

States of Jersey  
States Assembly



États de Jersey  
Assemblée des États

# Corporate Services Scrutiny Panel

## Economic Stimulus Plan 2 (P55/2009)

Presented to the States on 5<sup>th</sup> February 2010

S.R. 2 /2010



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## 1. Chairman's Foreword

When the Corporate Services Scrutiny Panel (the Panel) published its report on the Economic Stimulus Plan on 10<sup>th</sup> June 2009, it offered an endorsement to the plan by the Minister for Treasury and Resources to inject £44 million into the economy to assist in smoothing out the expected recession in Jersey. There was a lot riding on projections to the future at that time. Most of the decisions made by all involved 'best estimates' and 'likely projections'. In addition, much of the evidence received by the Panel suggested that there was a significant degree of urgency in getting the stimulus into place. An apparent element of panic, appeared to drive the initial plan. The resolution of this came by way of a late arrangement with the Minister, that a 'green light' would only be given on receipt of a satisfactory project plan. The Panel considered the evaluation process to be undertaken was robust and suitable and endorsed the process accordingly.

However, as Donald Rumsfeld<sup>1</sup> is reported to have said,

"There are known knowns. These are things we know that we know. There are known unknowns. That is to say, there are things that we know we don't know. But there are also unknown unknowns. There are things we don't know we don't know."

The Panel was concerned that the plan hinged on rather too many unknown knowns and unknown unknowns. Who actually knew where we would be by September or October of 2009? Were we still doing the right thing? The Panel felt that Scrutiny should look at the process of the bids, having the benefit of the passage of four or five months. Many of the known unknowns and unknown unknowns may have moved up a notch or two.

I was very keen to ensure that the Panel maintains one of the core components of Scrutiny, impartiality. To obtain truly impartial evidence of where the Island was in relation to the recession, the Panel had to obtain

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<sup>1</sup> 1975 to 1977 and 2006 to 2007, 13<sup>th</sup> and 21<sup>st</sup> Secretary of State in USA.

evidence from outside. Most of the local evidence available to establish our position came from the States Economic Advisor, the Chief Minister or other Ministers. Whilst there was no intention to impugn the integrity of any individual, it was the opinion and decisions of those individuals that the Panel needed to scrutinise. The Panel also interviewed members of the public who are in business in the Island and needed to confirm that evidence as well.

To deal with this the Panel turned to our advisor, Professor Oliver. His use of the outside company, Lombard Street Research Limited, gave us the impartial view of the United Kingdom's position and Professor Oliver converted that to the local position. I am pleased to say that this coincided reasonably accurately with what we established from local parties. I thank Professor Oliver for his time and enthusiasm throughout this review.

Having established our position, the panel wanted to know if we were still doing the right thing and following the '3Ts'. Or, was there an element of '3Ps', namely Panic, Patchy and Protracted? The review shows that the initial 'Panic' was resolved, the evidence of who is suffering and who is not is 'Patchy', making specific observations difficult, and the processing of the bids is 'Protracted' not by bureaucracy but by 'considered decision making' to fit the timescales suitable for the circumstances currently being experienced in the Island.

This all suggests to us that the Minister for Treasury and Resources is correct in his response to the recession; however, there are some minor observations involving communication and the publication of financial details. These are contained within the Panel's recommendations.

However, like all good Scrutiny panels we are always looking for evidence. One of the most important pieces of work which will be required as we move into the recovery phase will be the debriefing of what was done, how it was done and an assessment of whether it actually did what it said on the tin. It is still not clear how, for example, EDD will differentiate between "business as usual" and the spending of fiscal stimulus monies.

We consider that it is most important that there is a review of the operation of the Economic Stimulus package and that the lessons learned are recorded formally as advice for a future Minister for Treasury and Resources in a future downturn.

A handwritten signature in black ink, appearing to read 'S. C. Ferguson'.

Senator S. C. Ferguson,  
Chairman of the Corporate Services Scrutiny Panel.

## **2. Executive Summary with Key Findings and Recommendations**

On 19<sup>th</sup> May 2009, the Minister for Treasury and Resources brought the Economic Stimulus Plan to the States (P55/209). The proposition was carried and the plan to inject £44 million into the local economy swung into action. The Corporate Services Panel supported this action and reviewed the process for examination of the bids. Following some changes made to the process, the Panel endorsed the process at the conclusion of its review.

However, the entire premise at that time was based on 'best estimates' and 'likely projections' relating to financial projections for the future. In October 2009, the Panel realised that a further review was required to establish whether those estimates and projections were proving to have been accurate.

The collection of evidence for this review was terminated at the end of December 2009. All figures relate to the situation at that time. The review revealed the following Key Findings:

- KEY FINDING 1. In October 2009, the Island was suffering from a less intense recession than some other jurisdictions.
- KEY FINDING 2. There appears to be a slowing down in the pace of the recession in Jersey although the possibility of a stabilisation seems a little over optimistic.
- KEY FINDING 3. Evidence within the Island is extremely patchy.
- KEY FINDING 4. Sustainable real growth rates should be observed.
- KEY FINDING 5. The Panel recognised a problem with the communication of the process outside the States Departments in the business world. The Panel noted the Minister for Treasury and Resources acknowledged room for improvement and agreed to take this on board.
- KEY FINDING 6. The Panel agrees that the continued application of the Economic Stimulus Plan is commensurate with the shape and status of the recession.

- KEY FINDING 7. The process needs to filter through to the economic community immediately for maximum effect.
- KEY FINDING 8. The slower entry into the recession than expected has permitted a thorough planning process in the preparation of the bids.
- KEY FINDING 9: The extra places at Highlands and the Advance to Work scheme are both unlikely to meet the 'temporary' criteria.
- KEY FINDING 10. The '3Ts' are being adhered to within the selection process at this time.
- KEY FINDING 11. The lessons learned from this recession must be recorded for future reference.

**Recommendations:**

1. Sustainable real growth rates must be established and observed.
2. The process needs to filter through to the economic community immediately for maximum effect.
3. Communication of the process outside the States Departments must be improved immediately.
4. The lessons learned from this recession must be recorded for future reference.
5. A comprehensive, defined communication strategy should be immediately put in place by the Minister for Treasury and Resources.
6. The Minister for Treasury and Resources should publish, in an open and transparent manner, all money passed to departments and spent by departments at the end of the year having regard for commercial sensitivities.
7. Departments should publish a report to identify performance of bids on an annual basis.

The extra places at Highlands and the Advance to Work scheme must meet the 'temporary' criteria by the end of the recession.

### **3. Panel Membership**

The Corporate Services Scrutiny Panel is constituted as follows:

Senator S. C. Ferguson, Chairman

Deputy C. H. Egré, Vice Chairman

Connétable D.J. Murphy

Deputy T. A. Vallois

Officer support Mr M. Robbins

The Panel recognises the assistance given by Deputy M. Higgins during the first review into the Economic Stimulus Plan and regrets that he was unable to fully participate in the ESP2 review due to pressure of work.

## **4. Independent Expert Advice**

The Panel engaged the following advisor to assist with the review:

Professor Michael J. Oliver, BA, PhD, Professor of Economics, ESC Rennes School of Business, Lecturer, Highlands College Jersey, Senior Lecturer for the University of Plymouth, Associate of Lombard Street Research.

Professor Oliver submitted a report with background information to assist the Panel. See Appendix A.

## **5. Terms of Reference**

The Corporate Services Scrutiny Panel approved the following Terms of Reference:

1. To investigate the current shape and status of the recession.
2. To ensure the application of the Stimulus Bids is commensurate with the shape and status of the recession.
3. To confirm the '3Ts' are being adhered to within the selection process.
4. To examine any further issues relating to the topic that may arise in the course of the Scrutiny review that the Panel considers relevant.

## **6. Hearings**

Public Hearings were held on 13<sup>th</sup> October and the 15<sup>th</sup> October 2009. The witnesses included the Chief Minister, the Minister for Treasury and Resources and the Minister for Economic Development. A full list of hearings and witnesses is contained within Appendix B and on the Scrutiny website.

## 7. Methodology

Whilst the Panel endorsed the original proposition to stimulate the economy, in June of 2009, things have moved on since then. The Panel believed it important to keep a watching brief on the progress to ensure the Island was still spending the Economic Stimulus Plan's £44 million in the most appropriate manner.

The Panel recognised that efforts would need to be made to establish the position Jersey was in during October 2009. How was the recession affecting the Island? Was it as originally estimated in May 2009?

The Corporate Services Scrutiny Panel questioned the selection process of the bids between the 'Amber Light' and the 'Green Light' stages. This was to be a decision made in each case by the Minister for Treasury and Resources. The Panel questioned whether, because of the progress of the recession, there was a danger that the implementation of some bids may be too late. Various news reports were starting to suggest stabilisation or even the start of a recovery. If the Island was entering a period of recovery, continued injection of money might encourage excessive stimulation to some sectors. The Panel also questioned whether the level of bureaucracy was commensurate with the '3Ts'.

Therefore, the review was designed to be a snapshot view of how the process was developing. The Panel declined the temptation to review the detail of each bid but focussed attention on the validity and robustness of the process and the results obtained in light of the position the Island was now in.

To that end, hearings were held with the Minister for Treasury and Resources to examine the decision-making process, with the Chief Minister to establish the position of the Island on the international front and with the Minister for Economic Development to examine the effects of the recession and Stimulus Plan on local businesses. Further hearings were also held with local

businessmen to test the information offered by the Ministers. Additionally, Professor Michael Oliver and Lombard Street Research Limited were used to advise the Panel and confirm the position of both the Island and the UK within the global recession.

The Panel recognised the good work by the Statistics Department in compiling the Business Tendency Survey, which was published late in the review. It understands that the Department is undertaking significant work to improve the available statistics, which will assist in times such as these in the future. Nonetheless, the Panel was left with many unanswered questions relating, for instance, to the amount of unemployed people in the island, the type of work they are qualified to do and the numbers who are not, for whatever reason, registered as unemployed but are looking for work. More statistics would be beneficial to the decision-making processes within the Island, although the Panel understands there must be a cost balance for information obtained.

The result of this is that much of the information presented at hearings by the Ministers is anecdotal. Where possible, the Panel attempted to confirm such evidence.

## 8. P55/2009 Economic Stimulus Package

The Projet relating to the Economic Stimulus Package was lodged 'au Greffe' by the Minister for Treasury and Resources on 9th April 2009.

### **PROJET 55/2009**

#### **THE STATES are asked to decide whether they are of opinion –**

*to refer to their Act dated 5th December 2006 in which they approved the establishment of a Stabilisation Fund, the purpose of which was to make fiscal policy more counter-cyclical and create in the Island a more stable economic environment with low inflation; and*

- (a) to agree to transfer the £18 million surplus funds currently available from the special fund known as the Dwelling House Loans Fund established under the Building Loans (Jersey) 1950 to the Stabilisation Fund;*
- (b) to agree, in accordance with Article 4A(2) of the Public Finances (Jersey) Law 2005, to transfer £44 million from the Stabilisation Fund to the Consolidated Fund to provide funding for the proposed discretionary economic stimulus package (following advice from the independent Fiscal Policy Panel) and also to earmark the balance of £112 million in the Stabilisation Fund to cover the impact of the economic downturn on States finances (where tax income is lower and expenditure on items such as income support will be higher – the so-called automatic stabilisers) forecast for 2010 and 2011;*
- (c) to agree, in accordance with Article 11(8) of the Public Finances (Jersey) Law 2005, to amend the expenditure approval for 2009 approved by the States on 23rd September 2008 in respect of the Treasury and Resources Department to permit the*

*withdrawal of up to £44 million from the Consolidated Fund to be re-allocated for the net revenue expenditure of a number of departments in order to fund the proposed discretionary economic stimulus package with the funding only being made available to departments from the allocation following referral to the Corporate Services Scrutiny Panel and by public Ministerial Decision of the Minister for Treasury and Resources.*

Following the debate on the 19<sup>th</sup> May 2009, the States carried P55/2009, with 47 votes *Pour*, 3 *Contre* and 0 Abstentions.

The Panel presented a report (S.R.4/2009) in June 2009, broadly supporting the proposition.

## 9. Where are we now?

In pursuance of the review's first term of reference:

*To investigate the current shape and status of the recession.*

the Panel conducted hearings as mentioned above and noted comments such as:

Senator T. Le Sueur, Chief Minister

*"So, as far as I am concerned, we are very much in the same general situation as we were back in the spring."*

Senator P. Ozouf, Minister for Treasury and Resources.

*"I would say that all of the forecasts and the advice that we had earlier on this year is being proven to play out."*

Senator A. Maclean, Minister for Economic Development

*"What has become more noticeable in the intervening period is the fact that the onset and severity of the downturn has not been as severe as we had anticipated initially."*

Mr R. Simmons (Managing Director of Charles Le Quesne)

*"Nothing has really changed...I am happily busy living hand to mouth. But it is not the best way to run a business."*

Mr D. Warr (Vice President of the Jersey Chamber of Commerce)

*"We did some research on that and I think what we found on the whole was that against 6 months ago I do not think things had changed very much."*

The Panel noted that although the messages were suggesting there was 'no change' from the expected position, the messages were incomplete and anecdotal. For example, the Minister for Treasury and Resources stated:

*"There is anecdotal evidence of people wanting to build houses and still finding it difficult to find 3 contractors to tender ....."*

It was difficult for the Panel to find firm evidence upon which to base any conclusions. In order to rectify this position, a briefing for the Panel was

arranged by Jamie Dannhauser of Lombard Street Research Limited to outline the national position.

The UK position (outlined in Fig 1) in October 2009 shows the recession is significantly deeper than anything experienced since before 1960. It also suggests that the deepest point of the recession has passed and things, although rather less than optimistic, have stabilised somewhat.

#### UK OUTPUT GAP, %OF GDP

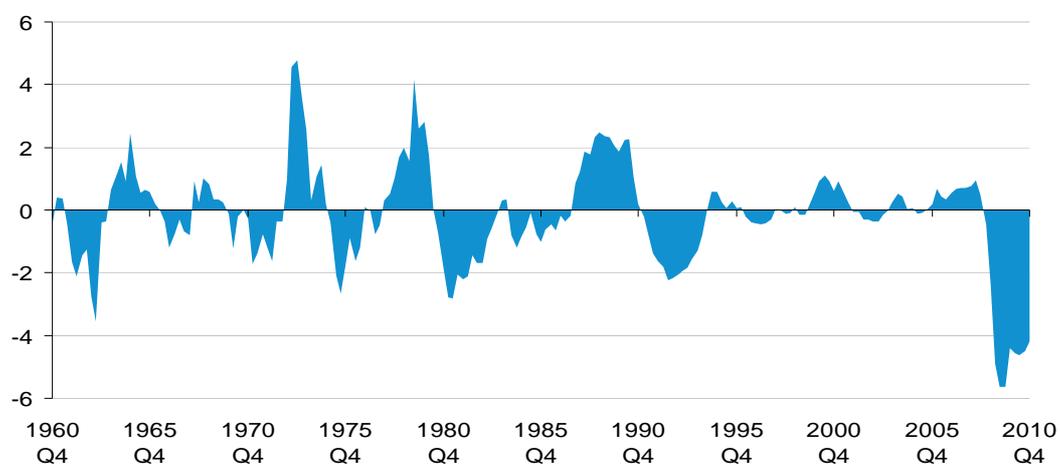


Fig. 1<sup>2</sup>

On 19<sup>th</sup> October 2009, Lombard Street Research Limited believed the UK economy was expected to undertake a relatively secure recovery in the short term although inflation may be volatile pending the introduction of higher VAT and other such influences. The banking sector was expected to remain under pressure for some time, with quantitative easing being required to bypass the banks and maintain money growth.

Lombard Street Research Limited also considered the medium-term outlook less optimistic with the persistence of global imbalances, supply-side damage and high unemployment. However, it was considered that only massive policy blunders would generate high inflation.

<sup>2</sup> Graph supplied by Lombard Street Research Ltd.

To bring this into a local context, a report was submitted by Professor Michael Oliver (Appendix A) which discussed the opinions of the Ministers outlined to the Panel in the hearings<sup>3</sup> in the light of the information from Mr Dannhauser. Ministers spoken to offered a variety of opinions as to whether the recession had hit Jersey as seriously as had been expected. The Chief Minister suggested that the first half of 2010 might be worse, although the Panel has no evidence to support this assumption.

Employment and unemployment figures suggest the recession is having a significant effect on the Island, as quoted in Professor Oliver's report. However, the Panel considered that the available statistics were not truly representative of the situation currently experienced in the Island. Anecdotal information variously received by the Panel suggests the actual situation with employment is very patchy in almost all areas of the economy.

Professor Oliver's report also recognised that the Jersey Business Tendency Survey<sup>4</sup> (BTS), published after the hearings, has been a significantly useful tool in formulating an understanding of and evidencing the relative position of the recession in Jersey. Professor Oliver concludes from the survey:

*“The indicators from the BTS suggest that although both finance and non-finance businesses are not optimistic about current and future employment prospects or profitability, they do expect future business activity to be strongly positive.”*

The Panel noted that some areas of the economy appear to be holding up quite well, while others are suffering a significant downturn. These extremes not only cover the whole spectrum of business and economic activity within the Island but the same extremes apply within individual areas of activity e.g. Restaurant A is doing quite well whilst Restaurant B is suffering badly.<sup>5</sup> Overall, the Panel therefore concludes that despite patchy and conflicting

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<sup>3</sup> All transcripts are available in full on the Scrutiny website.

<sup>4</sup> Compiled and published by the Jersey Statistics Unit, September 2009.

<sup>5</sup> Based on Business Tendency Survey September 2009.

evidence, there are signs that the effects of the recession in Jersey are not as severe as initially expected when the States agreed the proposition for the Economic Stimulus Plan in May 2009.

The Panel considered that the Business Tendency Survey, September 2009 confirmed the mixed messages received during the hearings.

The Panel accepts that there must be a balance between confidence and raising expectations. Jersey has recorded economic growth of 8% in 2005, 5% in 2006 and 7% in 2007, which is unsustainable<sup>6</sup> and therefore an unreasonable expectation for the future. It should be noted that the *Strategic Plan 2005 – 2010* sets a success indicator of

*‘sustained real economic growth of 2% p. a.’*

Clearly this was not adhered to during those years. A sustainable growth rate of 1% or 2% of GVA would be a more realistic target expectation for the future. Amendments to expectations for the immediate future and recovery period will be essential to prevent overheating.

Considering the evidence from hearings, the report from Professor Oliver and the results of the Business Tendency Survey, the Panel makes the following findings:

KEY FINDING 1.

In October 2009, the Island was suffering from a less intense recession than some other jurisdictions.

KEY FINDING 2.

There appears to be a slowing down in the pace of the recession in Jersey although the possibility of a stabilisation seems a little over optimistic.

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<sup>6</sup> See page 3 of Report from Professor Michael Oliver October 2009, Appendix A.

KEY FINDING 3.

Evidence within the Island is extremely patchy.

KEY FINDING 4.

Sustainable real growth rates should be observed.

## 10. Correct Application?

The single question that started this review was:

Is the Island still spending the Economic Stimulus Plan £44 million, in the most appropriate manner?

This came about because the Panel recognised that the timing of injecting money into the economy was paramount. If this were wrong, all benefits would be smaller. If it was too late, significant damage might be done by fuelling inflation. The Minister for Treasury and Resources impressed the urgency of the whole process on States Members during the States debate on 19<sup>th</sup> May when he said:

*“Delay will put Island jobs and businesses unnecessarily at risk. The art of fiscal stimulus is to get the timing right.”*

The Panel now wanted to know if this was indeed still the right thing to be doing and a further concern was the possibility that bids being processed towards the ‘green lights’ of a Ministerial Decision were suffering bureaucratic choke points, which could destroy the intention of the Economic Stimulus Plan.

In considering the report with the original proposition (P55/2009) which stated:

*“The Minister for Treasury and Resources has accepted the advice from the Fiscal Policy Panel (FPP) and agreed that the time is now right for use of the Stabilisation Fund.”*

the Panel considered its second Term of Reference was an appropriate and logical line of enquiry:

To ensure the application of the Stimulus bids is commensurate with the shape and status of the recession.

During an initial briefing by Treasury Staff, the Panel recognised that some bids were due to come on line very shortly. Money was being released during the period of the review. A welcome stream of confidential information supplied by the Treasury Department to Scrutiny showed that work was being undertaken to actively pursue the bids. In many cases, the relevant departments were being chased for information by Treasury Officers to forward the process, while others were well prepared and ready to go. Other projects were some distance from being 'Shovel Ready'.

Whilst Ministerial Decisions giving a 'Green Light' had released some money to departments, the Panel noticed that very little had passed through the departments to reach the workforce at the commencement of the review.

When the Panel questioned this, the Minister for Treasury and Resources made numerous comments throughout the hearing to explain that things were moving at a suitable pace. He said, for instance:

*"... we have now got the Victoria Avenue bicycle and promenade improvements, the Victoria Avenue resurfacing, there are now going to be 4 projects before Christmas on the e-portal for tendering through Jersey Property Holdings."*

This was also confirmed by the States Treasurer who stated:

*"...we have a programme now for the coming year, and at the moment the signs are it will be kept to."*

Following the recognition that the drop into the recession had not been as severe as had been expected, the initial extreme urgency perceived by the Minister had proved to be less pressing. This allowed the application of a more controlled balance between dealing with the risks associated with the

various bids and the need to start immediately. The suggestion of this, initially from the Economic Stimulus Steering Group during a briefing to the Panel, was confirmed by the following statements from the Minister for Treasury and Resources and the States Treasurer during the hearings:

Minister for Treasury and Resources:

*“You do understand my needing to test, because I would be held accountable for overheating a market”*

States Treasurer:

*“So things will move out of deliberate decision.”*

Evidence from members of the public, representing various economic sectors suggested that problems perceived ranged from:

*“the money was not entering the public arena quickly enough”*

through to:

*“the whole thing was moving too quickly.”*

In a confidential interview, one person told the Panel:

*“.....But at the end of the day, whereas I made no profits last year I will not be getting profits this year either. Of course, one of the big things is not only does it affect if we do not make profits but it affects the government that you are not getting the tax take. It does not surprise me that Senator Ozouf talks about a £60 million black hole. I think most people could have said that 9-12 months ago that you were going to have this problem and it would certainly, in my opinion, be another 3 to 4 years' time before you start seeing the money start coming back in again.”*

The Panel accepts that the process of the Economic Stimulus Package and the introduction of £44 million into the economy will support these companies through a very difficult and possibly extended downturn, but notes that businesses needed more information on how, when and why the process works.

An area repeatedly referred to by witnesses was the poor level of communication from the Ministers for Economic Development and Treasury and Resources and that they had been chasing around to find information relating to tenders. For example:

*Mr D. Warr (Vice President of the Jersey Chamber of Commerce)*<sup>9</sup>

*“A number of our members turned around and said: ‘Well, we would like to get involved. We would like to know how we get involved in this stimulus package but we do not know how to do that.’”*

He goes on to say:

*“Then in the end they managed to get a place to register as well. So all of that has taken time; given this was all supposed to be targeted, timely and temporary, it has been a little frustrating on that front.”*

The suggestion of any breakdown in communication was rejected by the Minister for Treasury and Resources, who said<sup>10</sup>:

*“...the fiscal stimulus money is not simply a sort of self-service buffet that people can just go and help themselves to.”*

When pressed further he stated:

*“...let there be no doubt that we are in very, very good communication with them...”*

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<sup>9</sup> Hearing 13<sup>th</sup> October 2009.

<sup>10</sup> Hearing 15<sup>th</sup> October 2009.

However, he also stated:

*“Okay, I am happy to take that on board and happy to do that.”<sup>11</sup>*

The problem was also acknowledged by the Treasurer of the States who stated<sup>12</sup>:

*“I think there is some lack of communication and it is fair to say that we should give people an indication of the programme and when it is going to happen.”*

The Panel notes the lack of private bids sponsored through Departments, which would tend to support its observation that communication has been lacking in this area. It accepts that there is an existing strategy to encourage private bids but considers this is insufficiently robust.

It could not escape the notice of the Panel that the Minister for Treasury and Resources was very buoyant about the progress<sup>13</sup>:

*“I am pleased with the level of bids and I think the programme is working well. I think the true test of the programme and the true test of the benefit of the fiscal stimulus will emerge over the next few months.”*

However, the Panel, having received information during hearings, attended briefings with officers from the Treasury and Resources Department and the Steering Group, consider that the processing of the bids contained within the Economic Stimulus Plan has not been without its problems.

**KEY FINDING 5.**

The Panel recognised a problem with the communication of the process outside the States Departments in the business world. The Panel **noted the Minister for Treasury and Resources acknowledged room for improvement and agreed to take this on board.**

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<sup>11</sup> Hearing 15<sup>th</sup> October 2009.

<sup>12</sup> Hearing 15<sup>th</sup> October 2009.

<sup>13</sup> Hearing 15<sup>th</sup> October 2009.

KEY FINDING 6.

The Panel agrees that the continued application of the Economic Stimulus Plan is commensurate with the shape and status of the recession.

KEY FINDING 7.

The process needs to filter through to the economic community immediately for maximum effect.

The Panel also notes with interest that the Minister for Economic Development held a conference on 3<sup>rd</sup> December to advise people in the construction industry of the forthcoming bids in that area. It was attended by over 300 people.

## 11. Timely, Temporary and Targeted?

During the presentation speech by the Minister for Treasury and resources on 19<sup>th</sup> May in the States Chamber, he stated:

*“I want this Assembly today to agree to act swiftly in proportion to the circumstances we face and set the wheels in motion to use the Stabilisation Fund in a timely, temporary and targeted fashion.”<sup>15</sup>*

The Panel wanted to consider if this aim was being met within the process as it was unfolding. Was the bureaucracy sufficient and necessary or creating pinch points and delays? These questions dictated Term of Reference three:

To confirm the ‘3Ts’ are being adhered to within the selection process.

It was clear to the Panel that despite the good work of staff within the Treasury and the release of money by Ministerial Decision, in some cases very little was ‘hitting the streets’. Notable exceptions have been the work on the Victoria Avenue pedestrian and cycle track by the Transport and Technical Services Department, which was already underway and prompt work by the Education Department in creating spaces and courses for school leavers to attend a further year of study at Highlands College from September 2009.

Nothing else appeared, at that time, to be circulating Economic Stimulus Plan funding. Senator Maclean, Minister for Economic Development explained to the Panel during a hearing :

*“...we have had our first tranche of economic stimulus funding. We have rolled out a relatively small amount of that so far because clearly what we do not want to do is to be spending it where and when it is not appropriate to do so. So far we have spent just under £11,000 of*

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<sup>15</sup> Hansard

*stimulus funding but we are in a position to roll out the rest as and when it becomes appropriate to do so.”*

It was also explained that much of the work within the bids submitted by the Economic Development Department was an extension of ‘business as usual’. The department’s Chief Executive Officer explained:

*“If you look at the structure of our bid, quite a lot of the stimulus funding individual lines are about increasing the capacity to allow us to deliver more of what we are currently delivering based on the fact we believe we are going to see higher levels of demand.”*

This covered the following areas:

<i>Fiscal Stimulus Communications</i>	<i>Offshore Networks</i>
<i>Business Support</i>	<i>Inward Investment</i>
<i>Business Engagement</i>	<i>Business Angels</i>
<i>Exploit procurement</i>	<i>Investor Relations</i>
<i>Export development</i>	<i>Tourism Initiatives</i>
<i>Business incubator</i>	<i>Rural economy initiatives</i>
<i>Enterprise Grants</i>	

The result of this was that the normal working budget of the Department financed the current work, with recourse to the stimulus funding only being drawn on when needed. Therefore, although some money had been given the ‘Green Light’, by Ministerial Decision, very little had been drawn down at that time.

The problem with this progress was that the Panel could not see money ‘arriving at the workforce. This gave the impression that the process was more protracted than had been intended by the Minister for Treasury and Resources when he had initially spoken to the States as quoted above. The Panel recognised that the evidence given at the hearings by the Minister and Officers revealed that the bids were specific, measurable, timely and targeted. In explaining that the bids were, in the main, demand led, the Minister showed that the bids were temporary and would last no longer than the recession dictated.

The question about the '3Ts' was repeatedly asked in various forms throughout this review. The answer was the same from various Ministers, the Steering Group and the Departmental Officers. The less severe plunge into recession than was at first expected has allowed the time available to resolve the risks related to individual projects and the need to get the money out into the economy, to be better balanced in favour of minimising the risks.

Key finding 16 within the Panel's first Economic Stimulus Plan Report (S.R.4/2009) states:

*Key Finding 16*

*Dangerously tight timescales for the whole project had created unrealistic pressures within the resources available at the Treasury Department.*

The Panel finds it is to the Island's benefit that the panic, which the Panel considered so apparent at the inception of the programme, has proved unnecessary and that work on the bids has been able to move at an altogether safer pace, dealing with the risks in a business like manner which permits the bids to remain 'timely'.

KEY FINDING 8.

The slower entry into the recession than expected has permitted a thorough planning process in the preparation of the bids.

The requirement for the bids to be 'targeted' had been re-examined and in most cases, the criteria appeared to meet the requirement, as it did in May or June 2009. The Panel looked further into the bids from Highlands to ensure that having the Island's youth at Highlands College for a year was not simply a holding exercise, putting off the prospect of a large number of people entering a limited labour market in the summer and autumn of 2009 to the same period in 2010 without solving the problem. This raised the question of whether the 'targeting' was accurate in the case of this bid.

The Panel was also aware that some of the courses students were enrolling in were over a two year period and concern arose over the funding of the second year in the event the recession should pick up and economic stimulus funding were to be withdrawn. Further, would it be practical to cease the initiatives at the end of the recession? One year of students would be halfway through the course regardless of when it was ended and funding would need to be found for the second half. In other words, are the projects 'temporary' as required in the initial assessment or would the funding be required to continue beyond the recession?

There are 5 projects:

1. Highlands - up to 100 additional full-time places at Highlands College – amber light sum £2,604,000 – green light provision sum £650,000.

The amber light provision was for 100 additional places for full-time students on 2 year courses for two intakes (Sept 2009 and Sept 2010). The intake in Sept 2010 will graduate in June 2012. The funding assumption is based on Highland's agreed funding formula of £6,500 per student per academic year.

The date for measuring numbers at Highlands, called the 'census date', is 1st November. On 1st November 2008 Highlands had 740 full-time students. At 1st November 2009 Highlands had 833 students – i.e. an additional 93 full-time students across all full-time courses.

The students were a mixture of 16 to 18 year old school leavers on vocational courses and courses to access higher education. There was also a higher than usual proportion of 17 to 21 year olds who had been unable to find work or progress in the job market and were seeking higher qualifications in order to change direction and improve their prospects.

A “green light” of £650,000 was given to fund the project fully for the academic year 2009/10 and the budget transfer has been effected. The Fiscal Stimulus Steering Group will review the requirement for a second intake in Spring 2010.

2. Careers Service Strengthening – additional careers counselling and sponsorship for short training courses over 2 academic years – amber light provision £474k – green light provision £87,000.

The sum provided for an additional careers adviser (£74,000 over 2 years), and the offer of a maximum of 16,000 hours training per annum (£200,000 pa) to offer to those seeking careers advice, at Highlands or other training provider.

This service was open to school leavers seeking work in a difficult market. It was also open to unemployed adults in the recession who are seeking advice on which market sectors are still recruiting and how to retrain or market the skills that they have to improve their prospects.

The project focuses on the current 19 to 24 age group, as a result of unemployment statistics and developing links with employers as to where individual skills may be best placed.

A “green light” of £87,000 was awarded to kick start the scheme and the budget was transferred to Education Sport and Culture Department. This service requires a second tranche of funding in the near future to continue through to the end of the academic year. It is seeking to gain approval for an additional post to gather information in order to help target advice to meet the changing needs of employers.

3. Advance to Work – up to 150 places on a youth training initiative for 16 to 19 year olds over 2 academic years – amber light £2,196,000 – green light £580,200

The amber light provision is for up to 150 places over 2 academic years. The target group is 16 to 19 year olds who would not normally go on to further education and cannot find work due to the reduced opportunities for unskilled labour. At present, 95 students are enrolled on the scheme, of whom 35 are in work placements and 4 have graduated to jobs.

This is a new scheme that has been mobilised in response to the recession to counter the recent disproportionate rise in unemployment figures for school leavers and young people. (16 to 24 year olds are continue to account for as much as 40% of unemployment numbers on a monthly basis). This scheme is therefore distinguished from the Highlands and Careers Service projects, which increase the capacity of existing services by targeting students in a focussed manner to the employment market.

Similar schemes in the UK have tended to be run by Social Security rather than Education and participants have been directed to participate rather than volunteering. Although still in its early days, marketing the Advance to Work as an educational scheme seems highly acceptable to young people. At this stage, it seems that the Jersey model will turn out to be uniquely successful in positioning the scheme to young people as a product that can help them to meet their personal goals. It also offers employers a product to supply the skills that they need in young staff.

An initial “green light” of £187,200 was awarded to kick start the scheme which has recently been supplemented with a further “green light” of £393,000 to fund the project until the end of the academic year.

4. Graduate Internship – assistance for up to 100 graduates in finding work over 2 academic years – amber light £2,080,000 – on hold pending proof of need

This project was designed to deal with more students returning from higher education in the UK due to a lack of employment opportunities there. This has not proved to be the case and therefore the project is on hold pending a review point in January 2010. At that point it will be considered whether there is evidence that the scheme is required to mitigate graduate unemployment. Current indications are that it will not be required and this sum will be available for alternative use across the Economic Stimulus programme.

5. States Apprenticeship Scheme – creation of 21 new apprenticeships to counter the anticipated reduction in private sector apprenticeships during the recession – amber light - £972,750 – green light £972,750

The scheme is on schedule with 9 trades apprentices now appointed and 6 business admin trainees in place. The final cohort of 6 trainees is due to be appointed in January.

The green light was awarded for the full amount and budget transfers have been made to the Economic Development Department who are administering the scheme and will be making further transfers to the host departments.

## SUMMARY POSITION STATEMENT AS AT 7th DECEMBER 2009

<b>Skills &amp; Training Project Team</b>				
	<b>Project</b>	<b>Amber light</b>	<b>Green light</b>	<b>Target age group</b>
		<b>£</b>	<b>£</b>	
1	100 additional places at Highlands	2,604,000	650,000	<b>16 -19</b>
2	Careers Service Strengthening	474,000	87,000	<b>N/A</b>
3	Advance to Work/Youth training initiative – 150 places	2,196,000	580,200	<b>16-19</b>
4	Graduate internship scheme	2,080,000	-	<b>20-25</b>
5	States Apprenticeships Scheme – 21 places	972,750	972,750	<b>16-20</b>
	<b>TOTAL</b>	<b>8,326,750</b>	<b>2,289,950</b>	

The decision on whether to fund a second year of these projects in 2010/11 is dependent on economic indicators, which are formally updated, bi-annually in April and November.<sup>16</sup>

The Panel confirmed this information during hearings with the Ministers for Education, Sport and Culture, Social Security and Economic Development on 15<sup>th</sup> December 2009. Together, these Ministers form the Skills Jersey Executive, which has put the projects forward for consideration of finance from the Economic Stimulus Plan.

The concern over funding of the continuation of the courses during the second year of the first and more significantly, the second and subsequent intake of students was a concern to all three Ministers, confirming the apprehension of

<sup>16</sup> Report from Treasury dated 8<sup>th</sup> December 2009.

the Panel. The success, specifically of extra students in the college (project 1 above) and the Advance to Work scheme (project 3 above) is expected to put pressure on the Skills Jersey Executive to find funding on a permanent basis, or at the least, well in advance of the 'temporary' requirement within the recommendation by the Jersey Fiscal Policy Panel<sup>17</sup>.

Comments confirming this included<sup>18</sup>:

Minister for Economic Development

*"We will have to look closely at the budget to see what we have available, which is what we do at the beginning of each year. We will assess the value of the activities that we undertake and match it to the funding that we have available."*

Minister for Social Security

*"...and so far the evidence will be that they [ESP programmes] have worked well, we have got the extra courses, we have got the people on the Advance to Work scheme, then it is going to be a strong argument for suggesting that perhaps the Advance to Work scheme should be rolled out on a more permanent basis...I think there is probably a stronger case for saying we will need to with the Advance to Work scheme because we have always had a number of people who found it very difficult to get into the workplace and perhaps this scheme is going to help them, and if it is showing to prove itself then we will have to look very seriously at whether it should be more permanent."*

Minister for Education Sport and Culture:

*".....past experience has shown that any initiatives that have been introduced during an economic downturn, and I believe the last was in*

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<sup>17</sup> FPP Letter to Minister for Treasury and Resources 26<sup>th</sup> March 2009.

<sup>18</sup> Hearings of 15<sup>th</sup> December 2009. Transcripts available on Scrutiny Website.

*about 1997, subsequently there was, even after the improvement in the economy, a need for additional training and further education. So we accept that there will most likely be a continuing demand which will need to be met.”*

KEY FINDING 9:

The extra places at Highlands and the Advance to Work scheme are both unlikely to meet the ‘temporary’ criteria.

It was noted that the ‘Advance to Work’ scheme is not necessarily a year. It may well be shorter as the aim is to springboard young people into full-time paid employment. The Department for Education Sport and Culture is currently working with the young people and already have some who have progressed into paid employment following placements and training. Therefore, there is ongoing monitoring and evaluation.

On obtaining the above information, it became clear to the Panel that the 97 students in project 1, were receiving a full-time educational course, in the same manner as other students at the college, that they would obtain skills during the course and have something to show for it at the end of their endeavours. Any concern that the course was a holding exercise appeared to be unfounded. The multiple options available to the students at the conclusion of the year of study suggests that there will not be an influx of all students into the local labour market in the summer of 2010.

One of the obvious questions that the Panel asked with every bid was:

*How will the Island benefit from the money spent?*

In this case, Advance to Work students and the extra students in the college may spread out across dozens of different sectors at the conclusion of their period of study as discussed above. The Panel believes that it will be the responsibility of the Economic Development Department or, more precisely, Skills Jersey to track where these people have gone in order to establish how effectively the money has been used. The Panel will be expecting this area to be monitored so as to establish some form of measurement at the conclusion of the year that the investment relates to.

The Panel has acknowledged the quick work of the Education Sport and Culture Department in creating courses for students who may otherwise have found themselves unemployed. Clearly, to have created the spaces by the start of the educational calendar in September was impressive. The Advance to Work course was particularly interesting as the benefits are clear to the Panel. This course will:

- further improve the skills of the young
- maintain a work ethos amongst them
- prevent a large influx of unemployed for Social Security to have to deal with.

This fits the '3Ts'. However, the money invested in this project has very limited immediate return to the local economy suggesting to the Panel that there will be a minimal multiplier effect. When discussed in the hearings of 15<sup>th</sup> December, the return from the investment to the Island was not expected, by any of the three the Ministers interviewed, to be monetary; rather, it was based in the improved and additional skills obtained by the students, taking a better-qualified workforce into the Island's economy.

The Panel has mentioned the finance industry on numerous occasions when discussing this subject with the Minister for Treasury and Resources. The Panel has increasingly been concerned that nothing seemed to be happening in an area that accounts for 53% of the Island's GVA. The Panel appreciates that there is now some recognition that this area needs attention and supports the fact that work is now being undertaken. There may be further work at a later date for the Panel to confirm that any bid brought forward relating to the finance industry conforms to the '3Ts' and other selection processes.

Whilst the Panel had been aware of the intention of the Statistics Department to run the Business Tendency Survey. The Panel noted that the messages contained within the BTS review tended to confirm the Panel's findings that the recession was here, now. However, it appears that it is not here to the extent that had been originally predicted during the early part of 2009 when there was a recognisable, and possibly understandable, element of panic

among financial decision makers throughout the world. The evidence of the effects of the recession within the survey are patchy and despite some sectors showing scepticism and negativity to the future, there appears to be large groups within most sectors who show 'No Change'. The Panel accepts that this was a comparison with the previous three months and should be considered in that context.

The Panel notes that the report submitted by the Fiscal Policy Panel in November 2009, confirms elements that the Panel has evidenced in its review.

- The Recession is approximately as predicted earlier in the year<sup>19</sup>
- There is less downside risk than expected<sup>20</sup>
- The Fiscal Stimulus Policy should be continued<sup>21</sup>
- The evaluation and monitoring of the process is sufficient<sup>22</sup>

The Panel has noted observations within that report relating to the expected structural deficit<sup>23</sup>, undisciplined use of the consolidated fund<sup>24</sup> and poor expenditure control<sup>25</sup>, but recognises that these are not for comment within this review.

**KEY FINDING 10.**

The '3Ts' are being adhered to within the selection process at this time.

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<sup>19</sup> Paragraph 1 Key Points FPP report Nov. 2009.

<sup>20</sup> Paragraph 1 Key Points FPP report Nov. 2009.

<sup>21</sup> Page 11 FPP report Nov 2009.

<sup>22</sup> Page 2 FPP report Nov 2009.

<sup>23</sup> Page 12 FPP report Nov 2009.

<sup>24</sup> Page 1 FPP report Nov 2009.

<sup>25</sup> Page 12 FPP report Nov 2009.

## 12. Conclusions

The Panel was impressed by the response from the Statistics Department in the production and results of the Business Tendency Survey. However, there was the need for more statistics relating to local economy and unemployment. The previous Corporate Services Scrutiny Panel, in their report “Review of States of Jersey Financial Forecasting” (S.R.13/2008) presented the following:

*“31. Recommendation:*

*Work should be undertaken on the feasibility of Jersey adopting a Statistics of Trade Act. This law should have the power to call for information unless there was sufficient information forthcoming on a voluntary basis.”*

The Panel agrees with the former Chairman of that Panel, Deputy P. J. D. Ryan, that more should be done in that area and records of the good work done in this recession need to be kept to assist in the event of another.

### KEY FINDING 11.

The lessons learned from this recession must be recorded for future reference.

One area, of concern that has been made very clear to the Panel is that the outside world has been expecting tenders before now. Although, at the time of the review by the Panel, the Minister had released money, very little money had filtered through to the Island’s economy. There is genuine concern that unless the cash starts to leave the individual departments and ‘hit the streets’, the protection intended for many areas of the economy may be too late (Key finding 7). The Panel will continue to watch this area closely.

The Panel has found that communication has been perceived as poor throughout the private sector. Departments have understood the sponsorship

process but the message has been slow to reach the private companies. As stated, whilst this was not accepted by the Minister for Treasury and Resources and this concerned the Panel, it was noted that the Minister for Economic Development recognised the message and arranged a function to communicate directly with the construction industry.

## 13. Recommendations

1. Sustainable real growth rates must be established and observed.
2. The process needs to filter through to the economic community immediately for maximum effect.
3. Communication of the process outside the States Departments must be improved immediately.
4. The lessons learned from this recession must be recorded for future reference.
5. The Minister for Treasury and Resources should immediately put a comprehensive, defined communication strategy in place.
6. The Minister for Treasury and Resources should publish, in an open and transparent manner, all money passed to departments and spent by departments at the end of the year, having regard for commercial sensitivities.
7. Departments should publish a report to identify performance of bids on an annual basis.
8. The extra places at Highlands and the Advance to Work scheme must meet the 'temporary' criteria by the end of the recession.

## 14. Appendix A

Report from Professor Oliver.

### **Observations on the Jersey economy, October 2009**

It is commonly assumed that the recession that has afflicted most industrial economies began after the collapse of Lehman Brothers in September 2008. As far as the UK is concerned, Jamie Dannhauser (a senior economist from Lombard Street Research) reminded the Panel in a private briefing on 19<sup>th</sup> October that the financial panic started to spread from summer 2007 in the UK and the recession began in February 2008 – some six months before the collapse of Lehman Brothers. Mr Dannhauser conjectured that the British economy stabilised in June 2009 but data released five days after his briefing showed that there was a further 0.4% decline in GDP for Q3. Although it is very likely that this GDP estimate will be revised upwards, this recession is now the longest and deepest of the post-war period, with a peak-to-trough decline of almost 6%.

At the time of the first Panel hearings in May 2009, the kernel of the argument from Economic Development and Treasury and Resources was that it was imperative for the States to approve the Economic Stimulus Package (ESP) because the economy was either in or heading into a recession. The implication was that without the ESP, Jersey would begin to see a worsening of economic conditions in the final two quarters of 2009. As Ministers made clear in their evidence during October 2009, the deterioration in the economy was not as serious as they expected it would be in May. However, during the October hearings, the Chief Minister suggested that the Jersey economy would be particularly badly hit during the first half of 2010, but the evidence for this assumption was not shared with the Panel.

Efforts to try and determine how badly Jersey is currently faring in the economic downturn and the prospects for the economy moving forward have

been aided by the publication of the first Jersey Business Tendency Survey (BTS) on 29th October. This indicates that optimism about the current sectoral situation (September 2009) was negative for the non-finance sectors but positive for the finance sector. Profitability was particularly negative for all sectors of Jersey's economy. The indicators from the BTS suggest that although both finance and non-finance businesses are not optimistic about current and future employment prospects or profitability, they do expect future business activity to be strongly positive.

Data had not been released for retail sales for Q2 or the RPI for September 2009 at the time of the October hearings, but as the Treasury Minister has since argued, this data is a clear sign that the Jersey economy is in recession. In the year to September 2009 there was a decrease of  $-0.6\%$  in the RPI. This was largely due to the fall in house purchase costs as a result of lower mortgage interest payments (a result of the historically low interest rates in the UK). This was the second annual decrease in the Jersey RPI since 1948 (the first occasion was the previous quarter when RPI decreased by  $-0.4\%$ ).<sup>26</sup> Although a fall in inflation is to be welcomed (there is still inflation in Jersey!), it indicates the weakness of the economy. The third successive quarter fall in the total volume of retail sales is not to be welcomed (the volume of sales in Q2 2009 was 3% lower than in Q2 2008) and provides more evidence of the difficulties in the retail sector (although as this Scrutiny Report notes, there has been mixed evidence in that sector).

The final piece of evidence about the weakness in the economy comes from data on the labour market (which was released on October 7<sup>th</sup>, before the hearings). Data on employment in Jersey is available up to the end of June 2009. Total employment at this date was 56,250, which was  $-0.6\%$  lower than a year previously and the first annual decrease in total employment for five years. Of particular concern is that during the first half of 2009, the finance sector recorded a net decrease of 180 employees, which was the first such decrease in this sector for five years. The total number of vacancies (full- and part-time) in the private sector in June 2009 (1,950) was the lowest reported

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<sup>26</sup> That the rate of inflation would decline in Jersey during 2009 had been recognised in a letter to the *Jersey Evening Post* by the former Chief Minister, Frank Walker, in November 2008.

for at least a decade and was down by 740 on June 2008. Registered unemployment stood at 960 in June 2009, some 290 more than in December 2008. The December 2009 report will give a clearer indication of employment trends since the launch of ESP but it should be emphasized that if extra money had not been found for Highlands College to recruit extra students in August and September 2009, the unemployment figures would have undoubtedly been higher.

As far as total GVA is concerned, it needs to be remembered that a rate of economic growth at 7% per annum, which was recorded in 2006 and 2007, is more rapid than the long-run trend (between 1% and 2% per annum) and is simply unsustainable without significant changes to the supply-side of the economy. At a sectoral level, finance grew by 14% in 2006 and 9% in 2007. It is interesting to note that the provisional figure for 2008 suggests that finance only grew by 1% (the growth of real GVA was 2% for 2008). In an economy where the financial services sector accounts for more than half of GVA (53%), any contraction in this sector during the current downturn will have a disproportionate affect on total GVA going forward. This was illustrated the last time the Jersey economy was in recession (between 2001 and 2004) when the contraction in the finance sector resulted in large falls in total GVA despite some growth in the non-finance sectors of the economy.

Despite the severe implications for total GVA if finance contracts, the sector that has received the most attention from Ministers since the launch of the ESP is construction (which accounts for 5% of GVA). During the last recession, construction had two years of contraction in 2003 and 2004. This was followed by three years of growth (8% in 2005, 5% in 2006 and 7% in 2007). Perhaps the years of rapid growth might have encouraged expectations in some quarters of the construction sector that this higher rate of growth is the 'norm' (provisional figures for growth in 2008 suggest growth of 2%). For their part, Ministers have been keen to highlight how much of the stimulus package is designed to help construction. It is odd then that in private and public evidence, the Panel received a negative assessment of the ESP from industry representatives. As is noted in this Report, representatives

stated that conditions were currently bleak in the construction industry and they had made workers redundant. They also stated that unless stimulus money is received soon, things would only get worse and result in increased layoffs. Some of this sentiment is reflected in the indicators of the BTS.

On a final note, back in May 2009 when Ministers sought approval for the ESP package much was made about the lack of confidence in the Jersey economy at that time. It was expected that because of a significant loss of confidence, house prices in the island would fall steeply. This has not been the case so far. When asked in the hearings in October about whether the ESP had stabilised confidence since May, the Treasury Minister was more circumspect, noting 'if we have taken some of the sharp edge off a lack of confidence then that is a good thing but we primarily have been driven by data and by empirical evidence and by economic advice'. Data from the BTS does suggest that there is still an absence of confidence in the Jersey economy, particularly in the non-finance sector. It remains to be seen how successful the ESP will be at restoring confidence and crucially, how successfully it will be in mitigating the effects of the recession for all sectors of the economy moving forward.

31<sup>st</sup> October 2009

## **15. Appendix B**

Public Hearings held by the Corporate Services Panel during the Economic Stimulus Review 2.

### **Tuesday 13<sup>th</sup> October 2009.**

#### **Panel:**

Senator S.C. Ferguson (Chairman),  
Deputy C.H. Egré of St. Peter  
Connétable D.J. Murphy of Grouville  
Deputy T. Vallois.  
Professor M. Oliver. (Panel Advisor)

#### **Witnesses**

Senator A. Maclean. Minister for Economic Development.  
Mr M. King. Chief Officer Economic Development.  
Mr A. Sugden. Enterprise Business Development.

#### **Witnesses:**

Mr D. Warr. Chamber of Commerce.  
Mr R. Simmons. Director of Charles Le Quesne Limited.

### **Thursday 15<sup>th</sup> October 2009.**

#### **Panel:**

Senator S.C. Ferguson (Chairman)  
Deputy C.H. Egré of St. Peter (Vice Chairman)  
Connétable D.J. Murphy of Grouville  
Deputy T.A. Vallois of St. Saviour  
Professor M. Oliver (Panel Adviser)

#### **Witnesses:**

Senator P.F.C. Ozouf (The Minister for Treasury and Resources)  
Mr. I. Black (Treasurer of the States)

Mr. D. Peedle (Economic Adviser, Chief Minister's Department)

Ms. A. Homer (Fiscal Stimulus Programme Manager)

**Witnesses:**

Senator T.A. Le Sueur (The Chief Minister)

Mr. B. Ogley (Chief Executive, Chief Minister's Department)

Mr. D. Peedle (Economic Adviser, Chief Minister's Department)

**Tuesday 15<sup>th</sup> December 2009.**

**Panel:**

Senator S.C. Ferguson (Chairman)

Connétable D.J. Murphy of Grouville

Deputy T.A. Vallois of St. Saviour

Deputy M. Higgins of St Helier

**Witnesses:**

Deputy J.R. Reed of St. Ouen (Minister for Education, Sport and Culture)

Mr. D. Greenwood (Assistant Director, Education, Sport and Culture)

**Witnesses:**

Deputy I.J. Gorst of St. Clement (Minister for Social Security)

Mr. R. Bell (Chief Officer, Social Security)

Ms. S. Duhamel (Policy and Strategy Director, Social Security)

**Witnesses:**

Senator A.J.H. Maclean (Minister for Economic Development)

Mr. A. Sugden (Deputy Chief Executive, Economic Development)

Mr. C. Kelleher (Strategic Policy Manager, Economic Development)

Verbatim transcripts for all hearings are available on the Scrutiny website.