

## **2.4 Deputy G.P. Southern of St. Helier of the Minister for Economic Development regarding proposed cuts in grant aid to the dairy and agriculture industries:**

Further to his written answers on 17th April 2007, will the Minister inform Members whether the proposed cut in grant aid to the dairy and agriculture industries of £500,000 is additional to the reductions proposed in the Rural Economy Strategy, and advise what grants or services will be affected?

### **Senator P.F.C. Ozouf (The Minister for Economic Development):**

The first thing I should say is that I do not personally take the decisions in relation to the dairy industry, because I am conflicted because my father is a dairy farmer. However, I will answer the question in the generic sense based upon information that the department gives me in relation to dairy. Sir, I want to say that this is the second time that the Deputy is asking questions on a document that relates to draft allocations of how the department might spend money based upon this Assembly's expenditure in 2008. Having heard the comments of the Deputy in the media, it is quite clear to me that he has not taken the opportunity to develop an understanding of the draft information as it was intended for Scrutiny to have in the 2008 business planning process. As Chairman of the Economic Affairs Scrutiny Panel, I find this quite concerning. The fact is that the draft allocation of both this question and the next one do not represent cuts to services. They indicate movements of funds to achieve an improved output to the department at the same cost. I am advised that in the most recent business planning discussions there are no proposed reductions in the level of grant to the dairy or agricultural industries. Furthermore, the intention is to improve the value of the industry that the Island and E.D.D. (Economic Development Department) derives by integrating the branding and marketing activities of all departments within the Ministry for Economic Development - tourism and agriculture - stimulating export trade and providing various other business support initiatives as the Deputy well knows are outlined in the increased funding for the Economic Growth Plan.

### **2.4.1 Deputy G.P. Southern:**

I think Members might understand why I apparently do not understand what is going on. So the £500,000 will appear where? Overall in the next 2 years it is proposed at present, although it is subject to being changed, that support for the dairy and agricultural industry will reduce by approximately 40 per cent, from £4.5 million in 2007 to £2.8 million in 2010. Where will this money reappear, and how will it be directed to the benefit of the dairy or agricultural industries?

### **Senator P.F.C. Ozouf:**

These are draft allocations. Should I encourage the Deputy, rather than using the precious time of this Assembly in questions, why does he not come in with the Panel to try and get an understanding of what Economic Development is trying to do? Because simply trying to score points, as he is doing in this question and in relation to his comments on the tourism industry, to say that we do not support these sectors is not going to work, because it is not true.

### **Deputy G.P. Southern:**

Answer the question.

### **Senator P.F.C. Ozouf :**

We have to look at the track records...

### **Deputy G.P. Southern:**

Will the Minister answer the question?

### **Senator P.F.C. Ozouf:**

We have to look at the track records of the States of Jersey subsidy arrangements for tourism and agriculture, and we have to reflect about whether or not they have worked. In my judgment, they

have not, but what E.D. is doing is it is moving money into helping businesses export, and we fully support both the agriculture and tourist economy, and I am not going to let the Deputy get away with suggesting anything else. If he is suggesting that economic growth comes through subsidy, then I am afraid we do depart from an understanding and an agreement.

**2.4.2 Deputy G.P. Southern:**

Is the Minister, as I take him to be doing, guaranteeing that there will be no effective reduction in the support going into the dairy and agriculture industries as a result of this plan, and will he answer the question where exactly will this money reappear and be directed to such purposes?

**Senator P.F.C. Ozouf:**

I have already said that based upon discussions with my departmental officials and those that take decisions in respect of the dairy industry, that there are no planned subsidy cuts. There are no plans. But I cannot guarantee that, because ultimately these are draft allocations based upon the cake which E.D. will get in the next spending round, which is going on at the moment and will be discussed. In respect of where the money is going, the Deputy knows the answer to that question. It is going in the Economic Development Economic Growth Plan; export initiatives; the export loan guarantee; the small loan guarantee fund. All these new products and services, which are available not only to the dairy and agricultural sectors but the fishing industry, the tourism industry, the e-commerce business sector and the rest of them. That is where the money is going, and the Deputy well knows that.

**2.4.3 Deputy G.P. Southern:**

Is it not the case that in fact the money will reappear, and it will be redirected towards high value industries, thereby causing not diversification in the economy but restriction and a limitation in what we produce on this Island?

**Senator P.F.C. Ozouf:**

No, Sir. I am the Minister for Economic Development, not the Minister for Economic Decline. I am not prepared to put money into sectors which do not add economic value. I am optimistic and confident about the future success of both our agriculture and tourism economies, as many other sectors, and I am going to do everything with my department and my Assistant Ministers to deliver that. But I say to the Deputy, come and talk to us to try and understand what we are trying to achieve and not repeating the mistakes of the misguided past.

**Deputy G.P. Southern:**

Sir, if I may have a point of clarification.

**The Bailiff:**

If it is a genuine point of clarification.

**Deputy G.P. Southern:**

I believe it is, Sir; otherwise I would not be on my feet. The Minister said that he does not want to support areas of low economic value. Does that not mean that he does not wish to support agriculture and tourism, which are relatively low in economic value?

**Senator P.F.C. Ozouf:**

I did not say I was not willing to support low value industries. I actually said I do not want to be the Minister for economic decline, and if subsidies are basically designed to continue to extrapolate decline, then the answer is no. I repeat my offer to him. Come and talk to us rather than having spats across this Assembly and using his position in the media to cast aspersions on our lack of support for tourism and agriculture, because it is not true.