

3.7 Deputy S. Pitman of St. Helier of the Minister for Economic Development regarding the development of an economic stimulus package:

Would the Minister inform Members what progress, if any, the Economic Development Department has made in developing the economic stimulus package and advise when it will be completed?

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

An interim report outlining options for the economic stimulus package was shared with the Council of Ministers on 5th March this year. A fuller version of the paper has subsequently been sent to the Fiscal Policy Panel who will provide the Minister for Treasury and Resources with their comments by the end of March. Subject to any amendments and passage through Scrutiny, the Minister for Treasury and Resources intends to bring a report and proposition for the stimulus package to this House for debate and approval by June.

3.7.1 Deputy S. Pitman:

Could he give a list of the priorities that will be in the stimulus package?

Senator A.J.H. Maclean:

Sorry, I did not quite catch that. Would the Deputy mind repeating?

Deputy S. Pitman:

What will be the department's priorities within the stimulus package?

Senator A.J.H. Maclean:

Despite comments from the Minister for Housing thinking that his department is going to have the priority, I am afraid that that is not entirely the case ... or the Minister for Planning and Environment. The stimulus package is designed to support the Jersey economy as conditions deteriorate. There will be support for individuals included as the onset of the downturn. The intention there is obviously to minimise job losses and look at opportunities for retraining and redeploying those who do lose their jobs as a result of the downturn and, of course, Jersey businesses of all sectors will be supported as well.

3.7.2 Deputy M.R. Higgins:

Would the Minister agree also to his papers being submitted to the Scrutiny Panel so that we can work in a co-operative way with him in developing a particular thing and as soon as possible? **[Approbation]**

Senator A.J.H. Maclean:

Yes, of course. It should be pointed out that the stimulus package is not solely owned by the Economic Development Department. There are a number of departments that are involved in this process including Social Security, including Treasury, including the Chief Minister's Department and indeed others. At the moment the Fiscal Policy Panel who advise on such matters are about to review the progress made so far with the stimulus package and will be reporting on their views back to the Minister for Treasury and Resources. But of course Scrutiny ... and of course it is not entirely clear which Scrutiny Panel may wish to scrutinise. I know Economic Affairs are intending to do so but there may well be a need for a cross-Scrutiny Panel but that is a matter for them to decide.

3.7.3 Deputy M.R. Higgins:

Because of the importance of this matter I would ask that at least the part of it relating to Economic Development is referred to Scrutiny as soon as possible.

Senator A.J.H. Maclean:

I am more than happy to ensure that the details are passed on to the Scrutiny Panel as soon as they are collated and appropriate to do so.

3.7.4 Senator S. Syvret:

Will the Minister say whether he believes the application of Keynesian demand management techniques can really have a proper economic stimulus effect in a small micro economy such as Jersey where a huge amount of the resources - energy, materials, et cetera - of manufactured goods are imported into the Island? Will he make sure that the economic stimulus package does not in fact largely vanish through various methods of economic leakage?

Senator A.J.H. Maclean:

The Senator makes a valid point. With an Island economy there is always a risk of leakage and indeed as far as the considerations of the economic stimulus package are concerned, that is an area that we intend to look at very closely. We are of course guided by the Fiscal Policy Panel and their guideline on the 3 'T's - timely, targeted and temporary. We have to make certain that where indeed possible all stimulus entities that are entered into are indeed contained as much as possible within the Island economy.

3.7.5 Deputy G.P. Southern:

The Economic Development Minister mentioned individuals. Would protection of mortgage payments for people affected by redundancy in that situation be appropriate to keep people in their houses rather than have them on the streets as an economic stimulus?

Senator A.J.H. Maclean:

Not necessarily. The International Monetary Fund - the I.M.F. - made a comment on appropriate content for fiscal stimulus packages; not relating specifically to Jersey clearly but in general terms. In that they commented that spending increases were the most appropriate way of getting the highest level of multipliers into the economy. They went on to comment that general tax cuts or indeed subsidies for consumers - individuals or indeed businesses - were less likely to provide or would provide the lowest level of benefit overall.

3.7.6 Senator S.C. Ferguson:

Is the Minister aware that the Corporate Affairs Scrutiny Panel has already asked for details of a copy of the report that was presented at the Council of Ministers meeting last week, and I assume that the Economic Affairs Scrutiny Panel has as well? Will the Minister not look to releasing this report to both these Scrutiny Panels, both of whom have an interest?

Senator A.J.H. Maclean:

As I pointed out earlier it is a report that is not owned solely by the Economic Department and indeed it is a cross-department responsibility. I am more than happy

to discuss with my fellow Ministers that the release of information to the Scrutiny Panels happens as early as is indeed possible.

3.7.7 Deputy J.A. Martin of St. Helier:

Yes, the Minister mentioned working - or I thought he said working - with local firms. Could the Minister inform the House how far discussions have gone with local firms on apprenticeships? I am aware that we are going to have a few hundred school leavers in the next 2 months. I personally have spoken to quite a lot of big firms - electrical, plumbers - who do take builders and they are unaware at the moment ... and maybe I am speaking to the wrong firms but they are unaware of any package to help them take on extra apprenticeships in this economic downturn.

Senator A.J.H. Maclean:

Yes. The Economic Development Department through Jersey Enterprise is engaging with firms of all sizes. As part of that engagement to get the quality of information for the economic stimulus package they have been discussing issues relating to training and so on. There are a number of schemes that are in place but it is recognised that these will need to be improved. It is also through the Skills Board and the Skills Executive that we are looking at the possibility of additional funding and resource to ensure that appropriate schemes are brought on line to deal with those people, both coming out of education and not being able to find jobs and indeed those that lose their jobs at a later stage and need retraining.

3.7.8 Deputy R.G. Le Hérissier:

If there were to be a contraction of the finance industry what is the package saying about alternative employment for current employees of the industry who may well find themselves redundant?

Senator A.J.H. Maclean:

At this stage the package is not that specific. Of course, as I mentioned a moment ago, the Skills Executive are ensuring that that is properly funded and the training opportunities are available to people that need to be retrained and redeployed into other areas, whether it is within the different sectors of the existing finance industry to those that they are used to or whether it is into an entirely new industry, those are all issues that are being assessed and will be fed through the most appropriate area and that is the Skills Executive and Skills Board who are considering such matters.

3.7.9 Deputy S. Pitman:

What discussions, if any, will take place between the Minister and the Minister for Social Security in preparation for supporting workers made redundant through the economic downturn?

Senator A.J.H. Maclean:

As I mentioned at the beginning there are a number of departments involved in consideration of the economic stimulus package. Of course Social Security are an important part of that process. I have had a number of discussions already with my learned friend, the Minister for Social Security. I think it is fair to say that in the recent past, examples of companies that have unfortunately had to lay staff off... the Social Security Department has played their part in ensuring that staff are informed and provided with as much support as is possible. The level of that support indeed

does need to increase as the downturn bites. That is where the Skills Executive and Skills Board come into the equation.