

2.8 The Deputy of St. John of the Minister for Economic Development regarding the targeting of public funding:

What merit, if any, is there in allocating taxpayers' money, in the form of large grants, into large companies and enterprises that employ 90 per cent of staff from off-Island who are paid near minimum wage and thereby pay little tax, and what action, if any, is the Minister taking to ensure that public funding is targeted effectively?

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

My department is tasked to deliver sustainable economic growth that will underpin the future of a more diversified Jersey economy. Given the constraints on access to finance via traditional routes such as the banks, it is important that the States provide, where appropriate, alternative funding channels that will encourage investment. As Members would expect, applicants for grant funding have to withstand a rigorous approval process. Recent States internal audits recognise that the evidence-based approach that various parts of the department use in evaluating grant applications represent a transparent and effective means of considering each case against the individual merits. So yes, at the moment I do support the process that is underway and currently in place.

2.8.1 The Deputy of St. John:

Given that it is raining for everybody in all industries on this Island, and given that large conglomerates are claiming area payments in excess of £300,000 to one grower, or £225,000 plus given to a society to deal with breeding of animals, or a grower over a 4-year period having in excess of £180,000 in grants: all these people - all these conglomerates - have large sums of money tied-up in property and the like, many millions of pounds. They are property rich, and yet the taxpayer of this Island ... will the Minister look at why the taxpayers of this Island have to maintain grants to people and companies of these natures, when everybody else has to tighten their belts? It is time that these grants were reduced. Will the Minister look into this, please?

Senator A.J.H. Maclean:

I understand entirely where the Deputy is coming from with regard to this. It is absolutely right that we continue to look for value for money for all grant funding, public money that is put into grants to support local businesses in this way. What we are seeking to do, clearly, is to encourage investment in the business sector, and in many cases, grants will deliver that result. In the case of the agricultural industry, we have seen something in the region of £30 million invested in recent years. That, if anything, is an example of where grants in the agricultural industry have shown a positive response. Clearly, the industry is turning a corner. It is a difficult economic climate, and I would hope that the Deputy, more so than anyone, would not wish to take away the opportunity for the industry to become more self-sufficient as we continue to remove and reduce grants in the future. Over the last few years, grants to agricultural industry have reduced by nearly £2 million and that will continue as we move forward.

2.8.2 Deputy M.R. Higgins:

In the Minister's answer he mentioned the reason for the large use of the grants as being the fact that funding cannot be obtained from the banks. At previous times I have asked questions of the Minister asking why the banks are not lending, or how much money the banks are lending, and so on, and the Minister indicated that he was

having regular talks with the banks. Can he give us an indication of the talks that he has had recently with the Jersey Bankers Association, and also, would he undertake to provide figures for the level of bank lending so we can monitor how much money they are putting into the economy?

Senator A.J.H. Maclean:

I have ongoing discussions with bankers on a fairly regular basis and, clearly, access to funding is a matter of concern within the business community in the Island, and I have to say, not just within the Island, this is an issue that Members will appreciate is relevant to the U.K. and many other places around the world.

[15:45]

It is essential that we do all we can to facilitate funding for businesses, to ensure that we get extra and valuable investment where banks are not, in the current climate, prepared to provide such funding. They are, if you like, more conservative in their funding requirements and lending requirements. But in terms of providing some figures to the Deputy, I will see if we can provide figures which can be circulated with regard to levels of funding, this year versus last from a comparative perspective, if that is helpful.

2.8.3 The Deputy of St. John:

Given the Minister mentioned some £30 million had been given in grants to this group of businesses in recent years, and given that the horticultural and agricultural industry in 2007 only paid £3.7 million in tax returns to this Island - I could not get the figures for 2008 or 2009, but I have an email from the Comptroller of Income Tax saying it would be a similar figure, year on year - can it be right that we should be pouring so much money into this area? Can it be right that, in trying to uphold an industry which do a fair amount of damage, will the Minister agree that the Island could be kept green and clean by not having a lot of these grants, and allowing more horse society people taking over land and keeping the Island green? Will he agree that he needs to look at this with some urgency and not necessarily have big tractors, hundreds of them, brought into this Island annually at great cost to the taxpayer, and we are getting, in real terms, no return?

Senator A.J.H. Maclean:

I think the Deputy misunderstood what I said. I did not say we had £30 million of grants. What I said to him was that the grants that we have facilitated in recent times have delivered £30 million of private sector investment into the agricultural industry. That, I said, is a good example of where grants have helped, not only to give confidence to the agricultural industry, but also encouraged investment. The agricultural industry, as I have said, is turning a corner. I think, like a child that is learning to walk, do we take away its support at this precise moment? No. I do not think the Deputy would do such a thing to a child and I do not think it is right that we should. We are in a position where we are moving now to independence for the agricultural industry, where we are removing grants over a period. We have consistently done so and will continue to do so, but it has to be a phased approach.

2.8.4 The Deputy of St. John:

Given the Minister's reply, would the Minister look closely at what is happening in New Zealand, where, in fact, grants were removed some years ago and the agricultural and horticultural industry is on a high, unlike other parts of the world, and

particularly in Europe where they are heavily grant-aided and they are having difficulties. Would the Minister and his team look at that with some urgency please?

Senator A.J.H. Maclean:

Yes indeed, and I can confirm to the Deputy that we do indeed look at what other parts of the world are doing in this regard. It is important to have such information when considering how we deal with grants. Because, as I have said several times already this afternoon, we have already reduced grants considerably, by almost £2 million; there is a further £1 million reduction due over the next few years. He is absolutely right to be concerned, but it is being attended to, and I hope that he can rest a bit more assured, based on the comments that I have made.

The Deputy Bailiff:

You were not proposing a site visit, were you? **[Laughter]**

2.8.5 The Deputy of St. John:

It would be a good idea. But could I just ask if the Minister could declare an interest, being that, because, out of what has been said, I am given to understand that he would probably receive money indirectly from the E.U. for agricultural purposes on some of his property. Thank you.

The Deputy Bailiff:

There is no interest to declare, because we do not receive money from the E.U.

The Deputy of St. John:

On a point of order, Sir, the Minister did inform me that he got money from the E.U. for land he has off-Island.

The Deputy Bailiff:

The Minister personally? I understood the question was from the ... Minister, would you like to answer the question? Do you have land off-Island for which you receive money?

Senator A.J.H. Maclean:

Yes, Sir, which is declared within the Members' interests. I do not see the relevance of it to the point that the Deputy is trying to allude to.