

**WRITTEN QUESTION TO THE MINISTER FOR TREASURY AND RESOURCES
BY DEPUTY G.P. SOUTHERN OF ST. HELIER
ANSWER TO BE TABLED ON TUESDAY 12th JUNE 2012**

Question

Will the Minister advise members whether he has any plans for further economic stimulus spending from additional tax revenues or departmental underspends to create and maintain employment other than within the construction industry and, if so, give details?

Answer

There is little doubt that conditions in the local economy have deteriorated further this year as a result of the fallout from the global recession and the ongoing Eurozone crisis. The Fiscal Policy Panel has been clear that under the current circumstances we are right to support £27m of additional housing capital expenditure. It is important to remember that this is not all we are doing - there are a further £27m of capital projects already planned for this year and £56m in 2013. These sums fund a number of large projects such as St Martin's school and the new Police HQ which will be brought forward in the next 12-18 months.

We are actively looking at what else we can do in this area to provide further support for local people and businesses and following the advice from the FPP that "*it will be important to include sufficient flexibility in States' finances to undertake additional fiscal stimulus this year and next if necessary*". Although in many cases we have supported the construction sector it is because the projects have met the 3 Ts (timely, targeted and temporary), have value in their own right, can achieve better value for money and indirectly help other sectors such as retail.

This is not all we are doing and on 1 June the Council of Ministers launched the new Economic Growth and Diversification Strategy which includes a £10m Innovation Fund and a growth bid of £3.5m for Economic Development which will be used to the benefit of all sectors and the economy as a whole.

In support of these strategic initiatives additional guidance has been prepared (currently in final draft) for those departments procuring goods and services that will allow the use of community benefits, for example targeted recruitment and training, to be included as part of the tender evaluation process and taken into account when awarding contracts.

In addition and in order to directly address the need to provide sustainable work opportunities for all Islanders, the Employment Grant Scheme was launched in late May. The scheme is the latest initiative from the cross-departmental Back to Work team and has been designed to encourage and support employers in recruiting those long term unemployed who need the most help to get back into the labour market. £2.5 million of the £7.4 million Back to Work funding has been allocated to the scheme for 2012. The Employment Grant Scheme offers employers £7,200 for each long-term unemployed individual who is employed on a long-term or permanent contract of at least 18 months. A number of employers have already contacted Back to Work to apply for the scheme.