

**WRITTEN QUESTION TO THE MINISTER FOR ECONOMIC DEVELOPMENT, TOURISM,
SPORT AND CULTURE**

**BY DEPUTY S.Y. MÉZEC OF ST. HELIER
ANSWER TO BE TABLED ON TUESDAY 22nd MARCH 2016**

Question

Can the Minister advise whether there is a correlation between economic growth forecasts, which indicate that economic growth in Jersey will slow down each year over the next 3 years, and the government's plan to take £145 million out of the economy in the form of tax rises and redundancies?

Answer

The latest economic assumptions provided by the FPP in their letter to the Treasury and Resources Minister on 11 March 2016 do show economic growth slowing in 2015 and 2016 but this reflects a number of factors. Firstly, the fact that the finance sector grew much more sharply than expected in 2014 as factors that were previously holding profits down were reversed. Secondly, the FPP highlight the risks to the global economy and that they have increased since their last report.

In terms of what their latest analysis means for the approach to the MTFP the FPP stated that:

In the light of this updated analysis of trend growth and the economic outlook, the FPP reiterate their previous advice that the focus of the MTFP should be to address any structural imbalance in States finances by 2018/2019 whilst ensuring that the range and timing of the measures minimises the risk to the economic recovery.

The FPP have previously confirmed that the approach set out in the MTFP is in line with their advice to support the economy in the short-term and address the structural position at the right time. This is because the significant investment that is being made in health, education and infrastructure supports the economy in the short-term. In the medium-term addressing the structural position is necessary to provide Islanders and businesses with the stability and confidence conducive to future economic growth.