

**3.11 Deputy G.P. Southern of the Minister for Economic Development, Tourism, Sport and Culture regarding the measures in place, or under consideration, to halt the decline in productivity: [1(452)]**

What measures, if any, does the Minister either have in place or under consideration to halt the decline in productivity, as defined by G.V.A. (Gross Value Added) per full-time employee, which he and his predecessors have witnessed over the past 2 decades?

**The Bailiff:**

Minister. Yes, you, Minister. [Laughter]

[11:15]

**Senator L.J. Farnham (The Minister for Economic Development, Tourism, Sport and Culture):**

That would be me then. Senator Ferguson was keeping me occupied there for a second. [Laughter] The decline in productivity over this period has been the result of a fall in productivity in financial services. This is largely due to the low interest rate environment which has significantly reduced the profitability of the banking sector which has also been significantly restructured in recent years. Productivity in the non-finance sector has remained more stable over a longer term and in 2015, with 3 per cent higher than in 1998. Nonetheless, the Council of Ministers identified the need to raise our underlying productivity performance in the Strategic Plan for 2015 to 2018 which sets out policies which have identified as crucial to improving our productivity performance. This includes enhancing our financial services framework, an increased focus on high potential growth sectors and promoting higher productivity across all sectors of the economy, including the tourism strategy and the rural economy strategy. Both of those strategies are pointing very firmly towards increased productivity. My department is also working with other areas of commerce, including the retail sector with that aim in mind.

**3.11.1 Deputy G.P. Southern:**

I was hoping that the Minister might mention what is otherwise known colloquially as the E.P.G.D.P. (Economic Productivity Growth Drawdown Provision) - what a wonderful acronym that is - which is designed to specifically improve productivity in particular sectors and has spent £3.4 million so far out of a total budget of around £20 million. Can he, from his experience of what those proposals were, tell us how increasing productivity (a) can be arranged, (b) can be supported and at what cost and (c) evaluated in terms of having some real end point? Can he perhaps examine his own department's use of this fund ...

**The Bailiff:**

There are too many questions coming, Deputy.

**Deputy G.P. Southern:**

... and say how it has succeeded?

**Senator L.J. Farnham:**

Funnily enough, the final sentence of my answer, which I thought I would save, said that in addition we have put in place the Economic Productivity Growth Drawdown Provision Fund. My department is in the process of applying to that now for some of the initiative that I mentioned earlier, including the Rural Initiative Scheme and top-up funding for the Tourism Development Fund. Just this morning my department announced the launch of probably the biggest ever event for Jersey happening at the end of September which will attract potentially

thousands of visitors and sports fans to our shores and go out to a world-wide audience of over 400 million people. That will bring a significant boost to the visitor economy at a time when there is capacity in the sector at the end of September and that is what we are trying to do with our traditional industries. We are trying to create more business and make them more productive in the quieter times of year. The Deputy will know that G.V.A. is measured in a number of different ways but predominantly in income which is a sum of profits and earnings, and an output which is the difference between output and intermediate purchases or inputs as we like to refer to them. One of the problems we have got in productivity is we are being very successful in growing our economy and growing our G.V.A. but at the same time we are also increasing the number of jobs available which ...

**The Bailiff:**

Can you keep your replies crisp, please, Minister? You are breaching the ...

**Senator L.J. Farnham:**

Thank you, I was just following the example of the questioner. [Members: Oh!]

**3.11.2 Senator S.C. Ferguson:**

What steps does the Minister intend to take to reduce the imposition of red tape and regulation on businesses, measures which have made a significant contribution to the reduction in productivity? Every single additional compliance officer is a cost centre and reduces productivity. When will the department start cutting unnecessary regulation?

**Senator L.J. Farnham:**

I am not going to comment on the financial services sector because that does not fall under my remit. But let us turn to the traditional industries again where we are looking to reduce red tape; in fact, we are reducing red tape. The new rural economy strategy reduces red tape in certain areas but encourages farmers to be more environmentally friendly with L.E.A.F. (Linking Environment and Farming) accreditation. We are currently re-writing the Tourism Law which is decades old and we are going to reduce that law and make it as easy as possible for the industry to follow, so we are making progress on those fronts. I do agree with the Senator, it is important that we reduce our red tape wherever possible and make it easier for businesses to provide jobs for Islanders.

**Senator S.C. Ferguson:**

Would the Minister care to ...

**The Bailiff:**

I am sorry, Senator, we are running up against a time problem. Senator Ozouf.

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

Would the Minister agree that one way of increasing productivity in the tourism sector would be to put in place arrangements for Airbnb-type letting arrangements for homes in Jersey and could he say that he will prioritise that? Because I know it has been discussed for more than 4 years and not in place yet.

**Senator L.J. Farnham:**

Yes, in actual fact that is going to play a key part in the revision of the Tourism Law and we are going to deal with it there. Yes, Airbnb, while it has been controversial in some countries, we see as being an opportunity to bring in a new category of visitor to the Island and we will be supporting it.

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

When is it going to happen?

**Senator L.J. Farnham:**

It is happening now and I would hope a new Tourism Law could be in place sometime in 2018.

**3.11.4 Deputy G.P. Southern:**

Will the Minister state who signs-off these grants to various departments and will he outline what measures are in place to test for evidence of success in these particular initiatives?

**Senator L.J. Farnham:**

I presume the Deputy is referring to the Economic Productivity Growth Drawdown Provision Fund. The process is the applications are produced and go to an officer group which then goes to the political oversight group. But ultimately the final sign-off is with the Minister for Treasury and Resources who will, I am sure, be pleased to answer a future question on the latter part of the question.

**The Bailiff:**

We come to question 12 which Deputy Martin ... sorry?

**Deputy G.P. Southern:**

The Minister failed to address the second part of the question which was how is success measured because that is essential, I think.

**The Bailiff:**

He did but time is marching.