

**WRITTEN QUESTION TO THE
MINISTER FOR ECONOMIC DEVELOPMENT, TOURISM, SPORT AND CULTURE
BY DEPUTY G.P. SOUTHERN OF ST. HELIER
ANSWER TO BE TABLED ON TUESDAY 22nd OCTOBER 2019**

Question

Will the Minister –

- (a) explain to members why a productivity plan to assist those employers in low-wage sectors to improve their productivity in the face of rising costs was not delivered in 2018, when it was first promised, nor in 2019 in order that it might contribute to the review of the minimum wage for 2020 which has just been published; and
- (b) state why a Productivity Support Scheme will not be delivered until 2021, as set out in further information to the Government Plan (R.91/2019, reference CSP3-2-06)?

Answer

- (a) The initial responsibility for investigating and proposing the programme and detailed plan to deliver productivity improvements in low paid sectors following the adoption of P.121/2017, fell to the Chief Minister's Department. In April 2018, the Head of Service for (the then) Economic Development, Tourism, Sport and Culture department (EDTSC) was requested to take over the project. States elections, purdah and the subsequent formation of the new Council of Ministers meant that the deadlines requested by the Proposition were unachievable.

EDTSC appointed a specialist consultancy firm, Metro-Dynamics to produce two reports on:

- Key elements of a programme to improve productivity in the agriculture, hospitality and retail sectors
- The implications of timings for delivering productivity improvements and possible transitional arrangements / matters Government may wish to consider in respect to their intent to increase minimum wage to 45% of average earnings by the end of 2020

Draft reports were delivered by the end of 2018, these were finalised in mid-April following feedback from both EDTSC and the States Economics Unit.

I agreed, having met and discussed the reports with colleagues and officers in late June, to await the outcome of the Employment Forum's recommendation before determining how to take these reports and the options outlined therein forward.

Overarching this was the election of a new Assembly and Council of Ministers, who subsequently published their new Common Strategic Policy 2018-2022. These included creating a sustainable, vibrant economy and skilled local workforce for the future... by delivering an economic framework to improve productivity. The resultant Future Economy Programme will deliver on this, including developing the options and recommendations outlined in the Metro-Dynamics reports.

Increasing productivity requires significant and sustained investment, knowledge and time. Increasing productivity in businesses is a difficult task. It requires considerable expert knowledge and levels of investment, and it takes time for implemented measures to have an impact in the field. The specific limitations of Jersey's economy and geography increase this challenge.

- (b) During a prioritisation exercise carried out by the Council of Ministers before the Government Plan was lodged with the States Assembly, many difficult decisions were made.

It was decided by the Council of Ministers that the Productivity Support Scheme should not be funded until 2021 until the Research phase of the Future Economy Programme has progressed further. This should enable more effective allocation of funds to promote productivity across our economy from 2021.

However, that does not mean that productivity initiatives, across Government, will not be pursued in 2020. Government already supports multiple productivity and business support initiatives across the Agriculture, Hospitality and Retail sectors as well as the wider economy.