

**STATEMENT TO BE MADE BY THE MINISTER FOR TREASURY AND RESOURCES
ON WEDNESDAY 16th FEBRUARY 2011**

Fiscal Stimulus – Skills and Training

The purpose of this statement is to notify Members that I intend to vary the timeframe for Fiscal Stimulus allocations that were set-out in P55/2009 and to extend the funding of the Skills and Training programmes for the period October 2011 to August 2012 and, after consulting the Corporate Affairs Scrutiny Panel grant £2.2 million for this purpose.

Members will recall, that in 2009, following advice from the Fiscal Policy Panel (FPP), the States voted in P55/2009 Economic Stimulus Plan to allocate £44m from the Stabilisation fund to the Consolidated Fund, to provide funding for the proposed discretionary economic stimulus programme.

Since that time, the Fiscal Stimulus Steering Group have overseen the Programme and have ensured that the Fiscal Stimulus criteria, namely the 3T's, Temporary, Targeted and Timely have been met.

Whilst the recovery particularly in Financial Services is becoming evident, we need to continue our action to do everything that we can to support all job seekers, but especially young people in the job market.

The Fiscal Stimulus Programme is now nearing conclusion, with the vast majority of spend occurring before September 2011. Final work on costings is still underway to establish a definitive figure for the unallocated balance of the States approved funding. Indications are that this will be in the region of £5m.

The Programme has been very successful, with a package of initiatives which have provided an extra stimulus to the economy and supported individuals, employment and businesses in Jersey through the downturn.

One area that has been particularly successful is the support for individuals through Skills and Training. An Advance to Work scheme for 16-19 year olds, has provided training in key skills while gaining work experience, while Advance to Work Plus focuses on people 20 years and older, helping them to retrain, and build both skills and confidence while also gaining work experience.

Careers Strengthening has focused redirected and retrained participants in careers where job opportunities are known to exist. Fiscal Stimulus has also funded in excess of 100 extra spaces at Highlands College in the last two academic years.

The Advance to Work Scheme has been recognised recently at the National Career Awards, as one of only 2 projects to win a 'highly commended' in the category for working with employees and trainees in the workplace.

Such is the benefit of these schemes that I intend to allocate a proportion of Fiscal Stimulus under-spend for additional Skills and Training.

| Scheme | Sept 2011-Aug 2012 |
|---------------------------------------|---------------------------|
| Advance to Work (16-19 yr old) | 732,000 |
| Advance Plus (20+ yr old) | 420,100 |
| Careers Strengthening | 108,100 |
| Highlands College (additional spaces) | 975,000 |
| TOTAL | 2,235,200 |

The funding of this time period would have fallen outside the criteria for approval of funding by the Steering Group who advises me. However, I hope the Members agree this is a wise and effective use of resources, which will help continue to drive down unemployment.

After this approval, a figure of around £3m, of the original £44m Fiscal Stimulus programme, will remain as not earmarked for use.

I propose to return to the Assembly in the next few weeks to formally close the Fiscal Stimulus Programme to new applications. I have made this decision, on request from the Ministers of Education, Sport and Culture, Social Security and Economic Development and will consult with Corporate Affairs before extracting the drawdown.

11. Statement by the Minister for Treasury and Resources regarding fiscal stimulus allocations.

11 Senator P.F.C. Ozouf (The Minister for Treasury and Resources):

The purpose of this amendment is to notify Members that I intend to vary the timeframe for fiscal stimulus allocations that were set out in P.55/2009 and to extend the funding of the skills and training programmes for the period October 2011 to August 2012 and after consulting Corporate Affairs Scrutiny Panel grant £2.2 million for this purpose. Members will recall that in 2009, following advice from the Fiscal Policy Panel, the States voted in favour of P.55/2009: Economic Stimulus Plan to allocate £44 million from the stabilisation fund to the consolidated fund to provide funding for the proposed discretionary Economic Stimulus Programme. Since that time the Fiscal Stimulus Steering Group has overseen the programme and ensured that the fiscal stimulus criteria, namely the 3 Ts - temporary, targeted and timely - have been met. While the recovery, particularly in financial services, is becoming evident, we need to continue our action to do everything that we can to support all job seekers, but especially young people in the job market. The Fiscal Stimulus Programme is now nearing conclusion with the vast majority of spend occurring before September 2011. Final work on costings is still underway to establish a definitive figure for the unallocated balance of the States approved funding. Indications are that this will be in the region of £5 million. The programme has been very successful with a package of initiatives, which have provided an extra stimulus to the economy and supported individuals, employment and businesses in Jersey through the downturn. One area that has been particularly successful is the support for individuals through skills and training. An Advance to Work Scheme for 16-19 year olds has provided training in skilled areas while gaining work experience, while Advance to Work Plus focuses on people 20 years and older, helping them to retrain and build both skills and confidence while also gaining work experience. Career Strengthening has focused, redirected and retrained participants in careers where job opportunities are known to exist. Fiscal stimulus has also funded in excess of an extra 100 places at Highlands College in the last 2 academic years. The Advance to Work Scheme has been recognised recently at the National Careers Awards as one of only 2 projects to win a highly commended in the category for working with employees and training in the workplace. Such is the benefit of these schemes that I intend to allocate a proportion of the fiscal stimulus underspend for additional skills and training. Advance to Work, 16-19 year olds for the period September 2011 to August 2012, £732,000; Advance Plus for the 20-plus year-group, £420,100; Career Strengthening, £108,100; and Highlands College additional spaces, £975,000, bringing the total to £2,235,200. The funding of this timeframe period would have fallen outside the criteria for approval of funding by the steering group who advises me. However, I hope Members agree that this is a wise and effective use of these resources, which will continue to drive down unemployment. After this approval a figure of £3 million of the original £44 million Fiscal Stimulus Programme will remain not earmarked for use. I propose to return to the Assembly in the next few weeks to formally close the Fiscal Stimulus Programme to new applications. I have made this decision on the request of the Ministers for Education, Sport and Culture, Social Security and Economic Development and will consult Corporate Affairs before the drawdown is made. **[Approbation]**

The Bailiff:

Now, Members have 10 minutes for questioning. Deputy Higgins.

11.1.1 Deputy M.R. Higgins:

Could the Minister inform the Assembly whether he has secured the funds for the refurbishment of the Pomme D'Or Farm Estate this year, which I believe was going to be funded partly out of Fiscal Stimulus Programme and also to aid the construction industry?

Senator P.F.C. Ozouf:

I have got a proposal for dealing with Pomme D'Or Farm, but in view of the appointment of a new Minister for Housing and obviously the new Minister for Housing is conflicted in the extent to which this is in his constituency, I want to discuss with both him and his new Assistant Minister the process of approval for Pomme D'Or Farm before making any final decisions.

11.1.2 Deputy M.R. Higgins:

A supplementary. Can the Minister give me an indication of when we will hear from him after he has had these meetings?

Senator P.F.C. Ozouf:

I am going to hopefully discuss it with the Council of Ministers tomorrow and certainly by the next States sitting I hope to have concluded the matter.

11.1.3 The Deputy of St. John:

Given that we have still got an underspend ... and I did request the Minister on a number of occasions over the last year/18 months that some of that money should go on main drains extensions [**Members: Oh!**]. We have many areas in the countryside which are still not connected to main drains. Also, we have a number of roads that are in a very sorry state of repair with many potholes. Money needs to be found and if you have got the odd spare million or 2, another X number of miles of resurfacing - and it does not have to be Rolls Royce resurfacing or re-engineering like we had at Victoria Avenue - would he look at resurfacing a number of roads in the Island. Thank you.

Senator P.F.C. Ozouf:

The fiscal stimulus underspend is not a self-service buffet for individual pet projects. I would remind the Deputy that there has been a very substantial investment of £6 million in the Island's infrastructure, which I know that he welcomes. There are issues in relation to the Liquid Waste Strategy, which the Minister for Transport and Technical Services and his Assistant Minister and Treasury are going to be working on. We need sustainable, annual, repetitive funding for his issues in relation to liquid waste and I look forward to dealing with those later on in the year.

11.1.4 The Deputy of St. John:

A supplementary. The Minister may have mentioned the £6 million spent on road improvements, but the bulk of that was on Victoria Avenue and re-engineering it. There are many roads around this Island that are highly dangerous. Would he please take note and find funding for that, if not in the stimulus, in the budget later this year.

Senator P.F.C. Ozouf:

I note the comments of the Deputy. I know that he cares about infrastructure, roads and drains. I would just remind him that Victoria Avenue, while there is a curve and a kink, which I am not sure I understand, the main substance of the money went to rebuilding Victoria Avenue, which was in a dangerous state and needed urgent repair. I congratulate T.T.S. on having achieved that under budget and getting excellent value for money for that necessary work.

11.1.5 Senator B.E. Shenton:

I have no problem with how this money is being spent, but I would have thought that the Advance to Work Scheme and Advance Plus Career Strengthening and the additional Highlands College places was part of general government expenditure rather than a one-off fiscal stimulus. Can he tell the Assembly what will happen to these causes when funding runs out in August 2012?

Senator P.F.C. Ozouf:

I think that that is a very good question. There was not base funding for any programmes such as Advance to Work and Career Strengthening. Such is the success of what is happening in relation

to Advance to Work, getting people - young people, in this case - that would otherwise not be in work into work, raising their skills, raising their motivation levels, raising their own self esteem in many ways in terms of getting into the workplace, I think that this has got a long-term repetitive spend in order to reduce unemployment and keep people otherwise that would not be in the workplace. There is a challenge for the Council of Ministers in relation to that which is going to need to be reallocated spending and I agree absolutely with the Minister for Social Security, there needs to be a thought about how we get people off benefits and into work and a repetitive amount of spending is going to be required and we have got work to do.

11.1.6 Deputy R.G. Le Hérisier:

Partly on that theme and congratulating the Minister and his team on what, to many people, has been an excellent programme, but can he assure us that these programmes will lead to a permanent up-skilling within the Jersey economy and that they are not make-work? Are there measures in place to ensure that they will stick rather than just be temporary?

Senator P.F.C. Ozouf:

I think that the Ministers for Education, Social Security and Economic Development would agree that when I met them a couple of weeks ago with both my Assistant Ministers, we gave them quite a grilling in their offices. We really wanted to know the effectiveness of these schemes and I think that we were all extremely impressed. I do congratulate Education and the other departments on what they are doing and the Skills Board. This is real long-term up-skilling. This is not just keeping people in courses because there is no work. I have been really impressed by these schemes and I think that we need to find investment for more such schemes in the future.

[17:15]

11.1.7 Deputy T.A. Vallois of St. Saviour:

I am just going to echo the words of the Minister for Treasury himself that the monies for this were never meant for a self-service buffet. Although I agree with the scheme that was put forward I understand all along that it was improving upon time and I am surprised that the Skills Board have not come forward with a long-term plan as yet. So, what I would like to ask the Minister is whether the £3 million that will be left over will be returned back to the stabilisation fund, whether he has consulted F.P.P. (Fiscal Policy Panel) with regards to this, and also the advice that he has received from the steering group, whether the Corporate Services Panel, seeming as he will be consulting with us, could see that advice as soon as possible?

Senator P.F.C. Ozouf:

I have not consulted the F.P.P. I would not consult the F.P.P. for an amount of money of £3 million or £5 million, to be perfectly honest with the Deputy. Their advice has been clear and we are following it through. I am more than happy to share the advice of the Fiscal Panel that advised me. They pointed out, they had criteria to advise me in relation to the timeliness and the temporary nature of it and they were uncomfortable that this extended the period that was originally envisaged. That is why I am making this statement today and I am telling Members, I am informing Members, of my plan to extend the timeframe. We have been extremely successful in delivering fiscal stimulus projects under budget and achieving all the targets that we set. This is money over and above that we thought we would have and we are now directing this in the particular sensitive areas of unemployed young people in the 19 to 20-plus area. Whereas, if Members look at the unemployment figures they will see that there is a particular issue and we can make a real difference. I am going to look forward to talking to Corporate Affairs on this and I hope they are going to agree with the drawdown.

11.1.8 Deputy M. Tadier:

Clearly, this funding is welcome. I think there is a question to be asked whether this is genuinely fiscal stimulus, whether it will create any economic growth. Of course, investing in people is to

be welcomed rather than simply investing in tarmac and sewage systems. **[Laughter]** My question is, however, if the jobs are not there at the end of it and if we are not creating new jobs ... we know as a government we are cutting posts in our department, many of us are not convinced that the private sector is going to be picking up those jobs. In fact, the trend seems to suggest otherwise. Can the Minister assure us that this is not simply a delaying measure, albeit training people up, but potentially for jobs that are not going to be there at the end of it?

Senator P.F.C. Ozouf:

Sometimes Deputy Tadier is so depressing. I am confident about Jersey's future. I want this Assembly to make decisions that will create jobs. Yes, we have some difficult decisions in terms of spending reductions, but we can create new jobs in the private sector. I am afraid to say that I think we have made a bad decision today to put off the regulations of the new gaming industry that we can create. If we put in place policies that will create jobs we will find jobs for the people that are unemployed and we will get people off benefits and we can do a better service for all of our community on that. The purpose of the additional money is to match people's skills with the job opportunities that are there. That is what this additional money is going to be spent on. It has already worked and it will continue to work throughout the period of time that I have set out in my statement.

11.1.9 Deputy M. Tadier:

Can I ask a supplementary? I think that the Minister has confirmed that this money is not going towards the creation of new jobs; it is there to educate individuals. That is not depressing; I am in favour of education for education's sake. So whether there are jobs there or not, it is good for the individual. My point is that this is not fiscal stimulus; it is being sold incorrectly. Will the Minister not accept that?

Senator P.F.C. Ozouf:

No, I think the Deputy needs another tutorial. I ask him to read P.55, look at the purpose of fiscal stimulus. It was to keep people in work and in other areas to create new jobs; a whole range of investments that are designed to keep people in work, creating new jobs, skilling people up to match those new jobs. If the Deputy reads P.55 he will see that this is entirely compliant and we have done a good job.

The Bailiff:

I know there are a number of other Members who indicated they wanted to ask questions, but that is the end of questions to the Minister. Then there is also a statement to be made by the Minister for Housing.