

Deputy Chief Minister |
Minister for Economic Development,
Tourism, Sport and Culture

19-21 Broad Street | St Helier
Jersey | JE2 4WE



By email

28th July 2023

Dear Chair,

Thank you for your letter of 21st July, in which you provide a number of questions with regards to Jersey's Construction Industry. As discussed at the Economic and International Affairs Scrutiny Panel, Officials are undertaking some work to better understand the size and structure of the construction sector and the risks and opportunities it faces. This work will be completed by the Autumn. Answers to the specific questions you have raised are set out below:

1. *Could you highlight progress made in ascertaining the industry's needs, for example in support or government interaction?*

Part of the work commissioned included interviews (by PWC staff) with representatives of all parts of the construction sector. These interviews have been held and we're expecting a draft report within the next month. Interim findings have not indicated any need for additional Government intervention or support.

- a. *Could you further outline the impact the position taken by States Owned Entities operating within the construction industry with respect to rising construction costs in the context of fixed rate construction contracts have had on the construction industry?*

The work underway is quite broad-ranging but didn't include anything specific on the role or impact of the States Owned Entities on the construction sector. That said, it may have come up in the interviews that PWC conducted with representatives of the sector but until we get the draft report (referred to above) we won't know.

- b. *Will the Barriers to Business work being undertaken by Jersey Business look to ascertain the views of the construction industry?*

All businesses and sectors of Jersey's economy are invited to engage with the Barriers to Business work that is being undertaken by Jersey Business.

2. *The Panel notes that a number of States Owned Entities operate within the construction industry. Can you detail the impact their existence and manner of operation have or may have upon the wider construction industry?*

This specific question wasn't asked, but it may have come up in the interviews that PWC held with the sector.

3. *Noting the liquidation of a number of construction companies earlier this year, could you indicate if you have considered requesting the Jersey Competition Regulatory Authority to undertake a market study, or similar review, of the health of the sector and identify any unfair competition issues and anomalies in the operations of construction companies, including with respect to States Owned Entities?*

Officials have discussed with JCRA officers the work they have underway on the construction sector and have agreed to share the near-final report with the JCRA. Should the work raise, or allude to, any competition concerns, officials will, of course discuss with JCRA whether a market study, to be undertaken independently by the Authority, could be a useful exercise to gain an in-depth understanding of any competition problems in the market.

I hope the above provides clarity to the areas you have raised.

Yours sincerely,



Deputy Kirsten Morel
Deputy Chief Minister
Minister for Economic Development, Tourism, Sport and Culture
E k.morel2@gov.je