



# STATES OF JERSEY

## Corporate Services Scrutiny Panel Economic Stimulus Package

**TUESDAY, 13th OCTOBER 2009**

**Panel:**

Senator S.C. Ferguson (Chairman)  
Deputy C.H. Egré of St. Peter (Vice Chairman)  
Connétable D.J. Murphy of Grouville  
Deputy T.A. Vallois of St. Saviour  
Professor M. Oliver (Panel Adviser)

**Witnesses:**

Senator A.J.H. Maclean (Minister for Economic Development)  
Mr. M. King (Chief Officer Economic Development)  
Mr. A. Sugden (Enterprise and Business Development)

**In attendance:**

Mr. W. Millow (Scrutiny Officer)  
Mr. M. Robbins (Scrutiny Officer)

**Senator S.C. Ferguson (Chairman):**

Good morning, gentlemen. Welcome to this meeting of the Corporate Services Scrutiny Panel on the Economic Stimulus project. For the purposes of the lady with the recording machine I wonder, Minister, if you could say who you are and your particular role?

**Senator A.J.H. Maclean (Minister for Economic Development):**

Yes, Senator Alan Maclean, Minister for Economic Development.

**Mr. M. King (Chief Officer Economic Development):**

Mike King, Chief Executive, Economic Development.

**Mr. A. Sugden (Enterprise and Business Development):**

Andrew Sugden, Deputy Chief Executive, Economic Development.

**Deputy C.H. Egré of St. Peter (Vice Chairman):**

Deputy Collin Egré, Deputy of St. Peter and Vice Chairman.

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

Tracy Vallois, Deputy of St. Saviour.

**Senator S.C. Ferguson:**

Sarah Ferguson, Chairman of the Panel.

**Professor M. Oliver (Panel Adviser):**

Michael Oliver, the Adviser to the Panel.

**Mr. M. Robbins (Scrutiny Officer):**

Mick Robbins, Scrutiny Officer.

**Senator S.C. Ferguson:**

Super, all right, well we thought it was time. As you are aware, we have in effect started a second review to see how the whole stimulus project is moving. Whether it is getting to where it should. Whether it is doing what it says on the tin. Obviously E.D.D. (Economic Development Department) is one of the sort of pivotal departments in this so we wondered if we could particularly ask you - when we saw you before you were just submitting bids and so on - what is the progress of your bids? How are they all going?

**Senator A.J.H. Maclean:**

The progress is good. I think probably the most notable point to make is that at the beginning of the year there was a clear crisis and it was important that we and The States as a whole moved quickly to prepare ourselves, to put ourselves into a position to be able to respond appropriately. I think that was achieved. The States worked together in a very co-ordinated fashion to allow that particular position to be achieved. I think what we have noticed sitting as we are in a position at the coalface of the economy we can see what is going on. What has become more noticeable in the intervening period is the fact that the onset and severity of the downturn has not been as severe as we had anticipated initially, so the net result of that is we have had our first tranche of economic stimulus funding. We have rolled out a relatively small amount of that so far because clearly what we do not want to do is to be spending it where and when it is not appropriate to do so. So far we have spent just under £11,000 of stimulus funding but we are in a position to roll out the rest as and when it becomes appropriate to do so.

**Senator S.C. Ferguson:**

On what sort of evidence are you basing your premise that the downturn is not as bad as everybody thought it would be?

**Senator A.J.H. Maclean:**

It is a very good point, a very interesting point that you have raised, because historically the data available to the States generally has been backward looking. I think the level of information that comes from the Statistics Unit is very good but always in arrears as opposed to forward looking. We, in particular, have made an effort to gather information at the front, at the coalface that I was referring to earlier on, both through trade bodies like the Chamber of Commerce, Institute of Directors, Jersey Hospitality Association, a whole raft of different organisations. We speak regularly to them. The Jersey Enterprise Team, who are dealing with several

thousand businesses, speak regularly to the contacts they have to try and get feedback from what experiences businesses themselves have. We include of course connections we have with the banks where we are running schemes like the Small Loans Guarantee Scheme. We speak to banks who are dealing with businesses to get feedback from them as to the levels of distress, concern and so on. Coming very shortly from the Statistics Unit will be a very new and useful piece of data which is the Business Tendency Survey which is going to be a quarterly survey modelled on the U.K. (United Kingdom) one which the M.P.C. (Monetary Policy Committee) use for their interest rate determinations. All this information does give us a fairly good feeling of what is currently going on in the economy at the moment.

**The Deputy of St. Peter:**

Talking to some people in service industries, as I have been doing recently, they are not as optimistic as you would appear to be. How do you feel the statistics that you anticipate getting, how robust are they going to be?

**Senator A.J.H. Maclean:**

First of all please do not read me as being optimistic. I would like to think that the comments I have made have been realistic as opposed to optimistic or reflecting any form of optimism. All I have tried to articulate is that certainly the severity and onset has not been as quick as we expected. Our reading now is that the winter is going to be challenging for businesses, bearing in mind there are all sorts of different sectors who get affected in different ways and at different times, and indeed certainly in the feedback we are getting ... one of the other tests that I do personally is I go out there and I talk to quite a lot of businesses because I think it is important to get a sense as to what business owners ... particularly small and medium sized businesses but I speak to all sectors and all people personally to get some feedback. That is also useful information I think, Collin, that is probably what you are referring to. I can give you plenty of examples of businesses in the same sector. For example a training organisation, I spoke to one particular training organisation were on their knees, having a terrible time. The following day I spoke to somebody else who did exactly the same thing and they were having a very good year so far because they said a lot of businesses are getting rid of their in-house training facilities and she is finding that she is able to capitalise on that business. Very patchy, very mixed message, but overall nothing like as severe as we expected it to be at this stage.

**Senator S.C. Ferguson:**

Yes, although quite a lot of people are expecting profits to be lower and as we saw the other week, or last week, I would have thought 60 per cent to 70 per cent of the people at the Chamber of Commerce meeting had either had pay cuts or pay freezes. So it is not optimistic out there, is it?

**Senator A.J.H. Maclean:**

No, you would expect ... businesses realise what we are facing and certainly what we were facing at the beginning of the year was an economic position that was probably more severe than occurred in the 1990s, certainly in the 1970s, probably for several decades, and there is a requirement and a realisation by businesses of all sizes that they needed to ensure that they were fit to perform in much more challenging conditions. That mean cutting their costs down and doing all the things you would expect a smaller organisation or smaller organisations, private sector organisations, to

do. They have reacted quickly, they have cut their costs down, they have got them in a position where they could survive in the new environment with less activity.

**Senator S.C. Ferguson:**

Are they using the particular situation we are in at the moment as an excuse to trim their labour forces?

**Senator A.J.H. Maclean:**

I think it is quite interesting. My read on this is that smaller businesses, small and perhaps medium-sized organisations but particularly small, have gone through the process, and other ones, of voluntary redundancies and those types of activities. There has not been the rise in unemployment that perhaps one might have expected when you looked at the potential severity of what was unfolding. The read that we are getting from businesses on that particular position is that it is much more cost effective and to trim down where they necessarily have to but not to cut back any further than necessary because of course to re-hire is expensive, to re-train is expensive. It is better to see, as they have done, get themselves in a position to survive through the lower activity levels but hold on to staff. If the position does not improve in the early part of next year there is the significant potential of further job losses and that will be the outcome. At the moment they are just hoping there is going to be an upturn.

**Senator S.C. Ferguson:**

Yes, because we have had anecdotal comments that for instance there were 2 gardening apprenticeships offered and there were 44 applicants. It seems as if the unemployment figures that we get are perhaps not fully representative of the situation in the Island.

**Senator A.J.H. Maclean:**

I think you would need to obviously speak, which I am sure you will, to the Social Security Minister on his data collection. The figures are round about the same level as they reached at the peak of the 1990s at the moment. Obviously the way in which they have collated and assessed those is slightly different now. Mike, do you want to ...?

**Mr. M. King:**

Well, I think it is just we have to be a little bit careful in stating the plain fact that 44 people applied. The assumption that those 44 people are not in employment is I think a little bit ... we need to be careful with making that assumption. It may very well be that they are in the private sector and they have an opportunity to come and work within the public sector. That is quite an attractive option at the moment in terms of sustainability so I think we need to be a little bit careful.

**The Deputy of St. Peter:**

Having said that, Mike, we are not looking at a top-grade job here. We are looking at someone applying for a gardening apprenticeship. Now if 44 people apply for a gardening apprenticeship they are limited in what they can achieve in employment and we have to be guarded as well in the response we have just given ...

**Mr. M. King:**

Again, with respect, I would not wish to consider those 44 people as limited in what they can achieve. There are a significant number of people who have made a very good business and a very good living out of gardening in this Island, and I think that one of the advantages of an apprenticeship scheme is to start people on that path with the appropriate levels of support throughout their career to see how far they can go.

**The Deputy of St. Peter:**

I am not going to use the words that you used, however there are a huge number of gardeners who are a service industry and when there is an economic downturn it tends to be those service industries that are dampened.

**Mr. M. King:**

Again I can only speak from personal experience but we are having a little bit of work done at the moment in the garden and the contractor working for us tells me that they are busier than ever, and that is an element of the service. That is not atypical. It is not universal but it is not atypical of the feedback that we get from quite a few of the small businesses working in that type of manual service sector. I think when you go into the broader service sector then there are some issues.

**Senator A.J.H. Maclean:**

Mike has highlighted a very interesting point and again it is the feedback that I am seeing as well. You have, and I used the training example a moment ago, you have businesses within the same sector, some that are doing very well some that are not, and a lot of it comes down to the fact that where activity levels drop and trading conditions become more challenging the good businesses still prosper and do reasonably well but the weak ones are found out and those are the businesses that we, through Jersey Enterprise, are trying to help to raise their game to ensure that they survive and can maintain employment and so on. That is an important point and an outcome of the current more challenging climate that we are seeing.

**The Deputy of St. Peter:**

When I was referring very early on in our discussions about speaking to people within other industries, I was talking to someone in the printing industry and he was somebody at top managerial level and he was saying to be very, very cautious because at the moment it would appear that there is an over-optimistic view, and that is the words he used, over-optimistic view about where we are but: "Be reassured, Collin, that we are about to enter some serious problems." The confidence in us as the States Members appears to be diminishing because we appear to be putting a far more optimistic perspective on things than reality would suggest.

**Senator A.J.H. Maclean:**

I think it is important to be balanced in what you say publicly. As I said a moment ago I am certainly not optimistic. In fact I am of the view that what we are facing is more of a W-style or U-shaped recession than we are in a genuine recovery phase at the moment. I was in London yesterday and very much the impression we were getting there was exactly the same. Yes, there are signs of recovery, we have seen stock markets up and all the rest of it, but the reality is if this is a recovery it is a jobless recovery and it is the first time I think that I have seen a jobless recovery being a genuine recovery, and there are clear obstacles.

**Mr. M. King:**

Again, with respect, we tend to look at businesses in quite a specific way and the printing industry at the moment, their customers ... what is happening at the moment is probably causing their customers to turn to alternative ways of communicating other than printing and they are starting to use electronic media, things like that. There is an issue about the long-term sustainability of printing companies because the whole nature of communication is changing. Has that been accelerated by the current downturn? Yes, it has, because as Alan has said it causes companies to look at their costs base and if printing is a high element of their costs base and they can do it electronically and they can do that cheaper, then that is what they do. One of the frank discussions we may very well have with that company when they come to talk to us is to look at whether their current business model is sustainable even post recession and into recovery because of the changes in market conditions that ...

**The Deputy of St. Peter:**

Just be reassured the person I was talking to was not just a mere printer.

**Mr. M. King:**

No, I am sure.

**The Deputy of St. Peter:**

He had a far broader view of what is going on now than just in his own industry.

**Mr. M. King:**

I think you are correct. Can I just say one other thing on the statistics, just briefly? One of the things that we are now seeing, and one of the reasons we want to pull together is this economic intelligence digest where all of the statistics will be published, which has never really been brought together and interpreted, was that we are also getting a lot of contra-indicators in there. R.U.D. (Regulation of Undertakings and Development) applications, both in terms of job licences and undertakings, are at the same level if not higher levels than they were this time last year or the year before. Levels of planning applications are at similar levels or higher levels than they were this time last year or the year before. That means there is some market behaviour in there which is potentially contra-indicatory of some of the issues that we are seeing in the service industry and elsewhere. So it is a very complex picture and we feel it is a very dangerous thing to do and we are trying to avoid doing it, taking one particular instance or one particular set of statistics and using that and effectively extrapolating a view purely from that.

**Senator A.J.H. Maclean**

One of the points that I made when you asked earlier on: "What have we done?" and we have only deployed £10,000 of actual stimulus funding, we have deployed some of our existing budget that was not utilised this year into some of the pre-work stimulus but from the F.P.P.'s (Fiscal Policy Panel) point of view and obviously we have worked very closely to that advice and 3Ts (timely, targeted and temporary) but the most important T in that lot at the moment is that of timing. I think probably what we are trying to get across and emphasise more than anything else today is that there is no point in putting in stimulus funding where it is not needed. I accept your view, Collin, that there is concern out there. We do not want to be too negative in what we are saying publicly because confidence in business is absolutely key and the service

sector you were referring to is an excellent example of that. Both Mike's gardener and the chap who cuts my hair, they all say similar things **[Laughter]** but, joking apart, the message I get from people like this that I talk to is that he is saying that the ladies that he deals with and he cuts hair for, what they are doing now where confidence is low, instead of coming to have their hair done once a week they are coming once a fortnight. Instead of once a fortnight they are coming once a month. So everybody just pulling back a bit. So if we are too negative you just get consumers doing even less, so it is about getting balance. It does not mean we are not aware of what is going on out there. What we say publicly we try and balance to have a degree of optimism in it but, I hope, realism as well. I hope that answers some of your concerns in that area.

**Deputy T.A. Vallois:**

Just getting on to the actual case of the stimulus funding, you said at the moment only £11,000, can you explain the structure you have within your department for using these funds?

**Mr. A. Sugden:**

We have a fortnightly meeting with the team within Jersey Enterprise to discuss the stimulus funding, the need for stimulus funding, and they obviously feedback from Jersey Enterprise and their face-to-face meetings with companies is fed back into that so we can look at what we are doing and how we are rolling the programme out. We then have a monthly meeting with the project manager. The project manager in turn feeds back to the monthly meetings of the Fiscal Stimulus Steering Group so we are in touch with the overall package. For the first time last week we got details of the project that has been rolled out by Housing and Property Holdings. They have been very distant. We have not had access to that information. Now we know what is happening, we know when it is happening. We can get into that and roll out some of the things in our own programme about tying up the States' procurement with the companies.

**Deputy T.A. Vallois:**

How is this process affecting your normal workload within the time?

**Mr. A. Sugden:**

In terms of the fortnightly meetings, the directors of Jersey Enterprise we meet weekly anyway. We have a communications meeting, we chat about general trends, what is going on in Jersey Enterprise, so it is a bit more of that. Yes, it is a little bit onerous but I can see the need for it. If you have £500,000 in extra States funding there has to be transparency about how that money it is being used. The monthly meetings are much wider than that. We have people from States Procurement there, the Project Manager there, we have various different representatives from other departments there as well so it is about joined-up thinking and it is about the rigour, if you like, that goes behind the access to the funding.

**Deputy T.A. Vallois:**

If the situation does worsen and you need to take the funds on and look at it a bit more strongly, can you perceive yourselves requiring extra help?

**Mr. A. Sugden:**

In the stimulus sphere we have one extra post which is the project manager for the communications and that person is in-post and at the moment she is being funded by a post within the business plan which is currently vacant which we are looking to fill at the moment. So when we say we are not spending money we are finding resources from within the existing cash limit to fund a lot of the set-up activity. So I would hate you to have the impression because we spent £10,000 that nothing is happening. We have seen the Business Angels in high profile recently, that is happening. We are at a stage where if you like we are at pre-implementation. Most of the groundwork has been done, we are ready to roll it out in much more depth once we feel that the need is there. I think as the Minister said we are now beginning to see indications that things are taking a downward turn and I think we need then to step up the pace and the pressure in terms of delivery.

**Senator S.C. Ferguson:**

A lot of the work that you are describing is stuff that you would be doing normally.

**Senator A.J.H. Maclean:**

Absolutely.

**Senator S.C. Ferguson:**

So why do you need the stimulus money?

**Senator A.J.H. Maclean:**

Because you can do more of it, there is going to be a greater requirement of more businesses that need the sort of support. Jersey Enterprise typically is there to support businesses. When the economy is performing reasonably well the emphasis is more on new start-ups and developing a certain sector of businesses that are perhaps not performing as well as they could do, looking at other opportunities for perhaps export or whatever it happens to be. When the economic climate is more difficult, more challenging, you are going to get a greater number of businesses that are seeing different levels of distress and need more assistance so you are putting additional funding into being able to help them. You have, on top of that, functions that ... one of the key areas I guess in an economic downturn, and particularly a finance-led one as this one has been, has been access to finance and that is where we see the biggest pressure emerging over the coming quarter or 2. We expected perhaps that it would have done to date but it has not and I think it is interesting talking of statistics, not even our statistics but the Chamber of Commerce for example have done their recent business survey which showed I think it was in February 41 per cent of businesses, local small businesses, did not have overdrafts, which is a staggering statistic when you think about it. What is more amazing their latest survey which came out in September showed that that 40 per cent is now 50 per cent of local businesses do not have overdraft facilities, small businesses.

**Senator S.C. Ferguson:**

Is that because they cannot get them or they do not want them?

**Senator A.J.H. Maclean:**

That is a very good question. It is indicative probably of a bit of both but it does show a high percentage of the local business community is not operating on an overdraft facility at the moment. That does not mean that requirement will not exist and that is

why business angels looking for additional investment outside of tradition routes of the banks, the major clearing banks in particular, is important, which is why we have launched the business angels network. The enterprise grants, where we have £200,000, which again has not been deployed. We have had 4 applications. That is £5,000 a time to support businesses and encourage employment and so on. These sort of areas are going to become more and more relevant as we move forward to the next phase of the downturn and there is another more difficult and challenging phase coming.

**Senator S.C. Ferguson:**

If you could run through the various ...

**Deputy T.A. Vallois:**

Just before you do that, can I just ask, you are saying about half of the businesses and whether they can get overdrafts or loans and things from banks. What are you doing that the banks are not? Because I have spoken to some banks, people I know, they said at the beginning when all the news came out, the downturn and things, they had a lot of the small and medium businesses going in just literally asking for advice and speaking to them more than they did before. But there were none that were falling off the books as such and it is pretty much the case that it is starting to steady out at the moment. That is the news I am hearing from one particular bank. So if they are going out there helping the small and medium businesses, which I know few of them do because I used to work in that area, what is it that you are doing in addition to that?

**Senator A.J.H. Maclean:**

Where we see government's role is not to step into the position of a bank. It is to bridge the gap if there is a gap between what the bank can and is prepared to do. What banks have done as a result of this crisis if you like is to tighten their criteria, the controls under which they will lend. Government's role is to bridge that particular gap and products like, for example, the Small Loans Guarantee Scheme is aimed to do exactly that where we step in and provide a guarantee up to ... the maximum loan is £250,000 but we will act as guarantor. So the bank effectively says: "We like your proposition, Mr. Businessman, we would like to lend you money but there is no guarantee there" and we step in to do that. Banks' criteria are much stronger.

**Deputy T.A. Vallois:**

That has been going for 2 years?

**Senator A.J.H. Maclean:**

It started at the beginning of 2007.

**Deputy T.A. Vallois:**

How many do you have on the books for the Small Loans Guarantee?

**Senator A.J.H. Maclean:**

Six.

**Deputy T.A. Vallois:**

Would you say it is working well?

**Mr. M. King:**

No, it is not doing as well as it should be and we are amending it. Mainly because of the changing climate. Andrew, do you want to talk about the premium in particular?

**Mr. A. Sugden:**

To say it is not working is incorrect. The take-up level is very poor, it is a lot poorer than we anticipated. I think there are a number of factors behind that one of which is they have to pay a 2 per cent premium for each year of the loan and that can be quite a significant sum of money. So at the moment we have put a paper together which is going to the Fiscal Stimulus Steering Group this week which will look at whether we can change some of the criteria. But not change it and put the States at any greater risk in addition to changing some of the criteria to improve access. We are then putting in a much more rigorous risk assessment regime which will not just look at the loan before it is made but we will then look at it on a monthly using Jersey Enterprise account managers, so we have an early warning system if any of these loans do start to go wrong. I think between the 2 initiatives we can make that scheme more accessible to companies.

**Mr. M. King:**

I think the other thing it is fair to say, and this is more than anecdotal, it is consistent anecdotal feedback we are getting, you are absolutely right when you talk to the 4 major lending banks in the Island they will say: "We are lending money." If you talk to businesses across all sectors that is not the picture that is coming forward and I think in answer to Senator Ferguson's question one of the reasons that the overdraft level has gone down from 41 per cent to 51 per cent is the fact that ... well, 2 factors. (a) people are paying down their overdrafts, (b) the other is simply the inability to get an overdraft facility. That is very, very prevalent. I can understand where the banks say they are still lending but their criteria and the amount of security they require is far greater than it was in the early part of this year, let alone what it was in 2008. I think when the Small Firms' Loan Guarantee was operating in 2008 it was a very different marketplace from the marketplace that we are operating in today. If we are able to change the criteria, and I hope we are, I think you will see that the whole way of attacking access to finance, access to working capital with cash flow management as much as investment will be utilised, that product will be utilised. I think that is the way we see it going.

**The Deputy of St. Peter:**

This is going to be appear to be a very strange question. What do you see as the main aim of this whole fiscal stimulation package from your department's perspective?

**Senator A.J.H. Maclean:**

The main aim is to, during the unfolding of the downturn that we are seeing, to ensure that businesses remain in business so that they can continue to employ their present complement of people so we keep people in jobs and we keep the tax revenues up.

**The Deputy of St. Peter:**

So the emphasis there is on people and jobs at the end of the day?

**Senator A.J.H. Maclean:**

Absolutely it is about people and jobs.

**Mr. A. Sugden:**

I think it is also worth noting we have 2 schemes. We also run the States Apprenticeship Scheme as well, although that is probably a side issue.

**Senator A.J.H. Maclean:**

I was talking about the entire package of what we do and what our emphasis is to ensure it is all about businesses; keeping businesses functioning, keeping people in jobs.

**The Deputy of St. Peter:**

Because one of the concerns as we all know the easiest way to reduce your overhead is to reduce your workforce.

**Senator A.J.H. Maclean:**

Absolutely.

**The Deputy of St. Peter:**

That is my concern at the moment. Because if we are going to start experiencing a slightly bigger downturn that is where people are going to be falling off the bottom of the list.

**Senator A.J.H. Maclean:**

I think Sarah made the comment earlier on about profitability, that profitability is down and profitability will be down. Businesses are and have responded to what has happened at lower levels of activity. They have pared back with voluntary redundancies to a degree but a lot of them are toughing it out at the moment. If we do not see an upturn in activity the next phase of this the real risk, which is why what we are doing is so important, is that businesses will take the next step which is letting people go and then you will see unemployment rising. That is what we are doing our best to try and avoid by supporting businesses at this stage.

**Senator S.C. Ferguson:**

But you have only spent £11,000 so far?

**Senator A.J.H. Maclean:**

Yes, you have to get the timing right and it is ensuring that you spend in a timely fashion in the right places and identifying where the problems are.

**Senator S.C. Ferguson:**

I wonder if you could whip through ... we have a list here of various things for which you have bid and some of them we are not quite sure of how they fit into the general scheme of things. Have you got the same list that we have?

**Mr. M. King:**

That list?

**Senator S.C. Ferguson:**

We have got: “Fiscal stimulus, communications, business support, business engagement, exploit procurement.” I wonder if you could just quickly whip through those and tell us where the projects are and what they are?

**Mr. M. King:**

Could I just say one thing before Andrew answers that question. The one thing about the point he made that we had already spent £11,000 more; economic development Jersey Enterprise is demand led. So, we do not go out writing cheques and giving them to people in the street. We have a facility which we are working with. It is very much demand led. If we are not seeing the demand which is interesting where the indicators that we are using to say that perhaps it is not manifesting itself to the same extent that we thought it may be, then it would be inappropriate for us to spend money that is there to address the additional impact. Now, the other thing that is important to say is that this is not going to be linear. So, we did not get all of this money in August and there is going to be a steady trickle up until when it runs out at the end of 2010. We are expecting to see a significant upturn; hopefully it is a spike, but it may be an upturn that stays there towards the end of year into the early part of next year. Difficult to predict, but part of the present performance should not be an indicator of future performance and I think you would probably be critical of us if we were using stimulus money and not using existing budget which is effectively being used to deliver all of these products and services anyway.

**Senator S.C. Ferguson:**

Yes, and I think we said in our last report that we did hope that there was not a rush to spend everything immediately.

**Senator A.J.H. Maclean:**

You can see that clearly there is not.

**Senator S.C. Ferguson:**

You must have read it.

**Deputy T.A. Vallois:**

With your department you are saying it is pretty much demand led. Would you say that your department at the moment is pretty much in a data accumulator to identify what is happening out there in the businesses and then to act as, I suppose, a “pick me up” for the businesses to help in that respect when there are times which are further down the scale than should be?

**Mr. M. King:**

There is an element of that, but I do not think we should lose sight - and I think Andrew has probably got this; I have not got it off the top of my head, but Andrew has probably got the statistic - you need to look at the number of businesses that we currently support anyway. I mean, it runs into thousands and that did not happen 2 or 3 years ago prior to the emergence of Jersey Enterprise. So, there is a lot of business and enterprise support happening anyway. Yes, we are also gathering a lot of information to make sure that we have got the right products and services and the timing is right if the level of demand for services driven by greater levels of distress than we are currently seeing come into play. But we are doing an awful lot anyway, so it is working with existing businesses and new start ups and with investment, there

is a lot of it going on and it is fairly labour intensive. So, no, we are not sitting around twiddling our thumbs, I think.

**Deputy T.A. Vallois:**

I am not saying that you had.

**Senator A.J.H. Maclean:**

Do not have the impression that nothing is going on. The rough numbers this year, 2009, something like 1,200 or 1,300 businesses have been supported in different ways. There have been about 450, 480 new start up businesses this year.

**Deputy T.A. Vallois:**

But that is something that your department would be doing normally.

**Senator A.J.H. Maclean:**

Absolutely.

**Deputy T.A. Vallois:**

This is what I mean, the difference with the fiscal stimulus funding and your normal part. I am not saying your department do not do anything; that is not what I am saying at all.

**Mr. M. King:**

If you look at the structure of our bid, quite a lot of the stimulus funding individual lines are about increasing the capacity to allow us to deliver more of what we are currently delivering based on the fact we believe we are going to see higher levels of demand.

**The Deputy of St. Peter:**

Yes, I mean looking at the way this is displayed in front of me here we have a green light perspective on £500,000.

**Mr. M. King:**

That is right.

**The Deputy of St. Peter:**

Where is that being pointed from the green light perspective? Which particular of your bids are green lighted?

**Mr. M. King:**

Andrew, do you want to just give a summary of that?

**Mr. A. Sugden:**

Yes, well, the £500,000 that has been green lighted at the moment, represents half of the £980,000 for business support. The £500,000 for small loan guarantee has not yet received the green light. There is a meeting this week where hopefully that will be achieved. The other £500,000 is half of the other elements that you see in front of you there. Now obviously there will be differences in terms of timing when some of those will come on board, but broadly speaking it covers most of the measures included in the package. Can I just correct one thing before I go through them line by

line and that is we spent £11,000 as stimulus funding. We have spent £30,000-plus of E.D.D. (Economic Development Department) funding so far. So, we have not just spent £11,000. We have spent nearer £41,000, but as I say most of that is on the pre-implementation. It is developing schemes, developing initiatives to the stage where they are ready to roll out. So, I will move on quickly and, as Mike promised, go through them. Business support is primarily the salary for somebody who will be working on a 2 year fixed term contract and her role will be to communicate and integrate with the business organisations and the business community. So, for example, at the moment she has worked up the *Amberlight* Enterprise online newsletter which in itself flagged up to over 3,000 businesses the type of business support that will be available under the E.D.D. programme, but also began to communicate the fact that support in other areas like construction, like property maintenance, like in the skills areas will also be available as part of that programme. The business communication budget, the stimulus communication ties in with that. If we are going to communicate we need to communicate effectively with the various different business communities and I think it is important to recognise that that communication will not just be the E.D.D. programme. It is about communicating all of the stimulus programme and the opportunities for local businesses from the complete programme. So, I think there is about £60,000 worth of funding available for that. Business engagement is about building the links and working with the business organisations. So, already this year we have done joint “Meet the Buyer” events with various different organisations. We have done one with the Chamber; we have done events with the I.O.D. (Institute of Directors); we have done events with the Construction Council; we did the big event “Meet the States Buyer” earlier this year and the intention is to do a lot more of that activity. That again is about communicating the opportunities from the stimulus programme and also to try and get local companies trading among each other, so it is mutual support. If we can get a company here locally to trade with another local company they might not be aware of, that might stop some of the business going off the Island. The third area is looking at offshore networks. That is about examining what networks Jersey P.L.C. (Private Limited Company) has with overseas markets. So, there are a lot of international businesses on the Island who have networks in place. How can Jersey best exploit those networks in terms of business opportunities? It might be overseas investments; it might be overseas trade; it might be mutual support and 2-way trading between organisations. So, I think there is about £10,000 been allocated for there. We had a graduate internee during the summer and she spent 6 weeks trying to map out what those networks are, so we have that information. Now we can begin to turn it around and see how we can exploit those networks for Jersey’s advantage.

**Senator S.C. Ferguson:**

Is this mainly finance industry?

**Mr. A. Sugden:**

I think probably 75 per cent of the linkages were primarily finance related, so again we need to work with Jersey Finance and other organisations in exploiting that. There are some other bigger companies like Foreshore who have overseas links that we can tap into as well.

**Mr. M. King:**

I think it is fair to say that having the finance industry as an “in” to a particular market is not necessarily a bad thing as I think we have seen with India where we have that link and then we are able to build other things around that and local companies start to benefit from that. Getting the “in” is really quite important in new markets.

**Mr. A. Sugden:**

The next one I have on my list here is to exploit procurement and capital investment and that again is about publicising the opportunities around the wider stimulus package. It is about making people aware of the opportunities, carrying out “Meet the Buyer” type events to promote the stimulus funded activities. The next one is inward investment promotion. That is about promoting Jersey to try and stimulate inward investment into the Island. So, our role in addition to supporting local businesses has to be looking at putting the economy in a position that when there is a recovery that we can take advantage of that recovery.

**Senator S.C. Ferguson:**

What sort of inward investment?

**Mr. A. Sugden:**

Probably looking at high value, low footprint activity; some of that may well be financial orientated, so there may be opportunities for other finance companies to consolidate into Jersey from other overseas or offshore locations. So, again working with finance to try and get those companies to look at Jersey and try and make some investment here, so rather than losing jobs here to other destinations, trying to get the consolidation to happen in Jersey.

**Senator A.J.H. Maclean:**

A good example of that is hedge funds. There has been the recent announcement of the opening of global advisers and there is an exodus of hedge funds out of the city of London at the moment. A lot of them seem to be looking, for example, at Geneva. We want to try and win some of that business. It is a perfect model for Jersey; low footprint, high value. We have already got several of them and we want to get more.

**Mr. M. King:**

I think one other example of that is that you will be aware that we are doing quite a lot of work on a new intellectual property legislation at the moment. One of the companies that we have been talking to is a company called Richemont who own Cartier and Mont Blanc; a lot of the very high value brands. As a result of their association with us through intellectual property, Richemont Group - which is a very large group - have established their treasury function in Jersey now and all of that is local employment which would not have been here had it not been for the fact that we had that relationship with them through a different route. What that is doing is it is diversifying the employment base and diversifying the tax base which I think is one of the things that when we are in a risky environment like we are at the moment, is quite valuable.

**Senator A.J.H. Maclean:**

It demonstrates that we are doing quite a lot and do focus on the fact that diversification is important in all areas genuinely.

**Mr. A. Sugden:**

The next item I have on my list is export development. There are 2 aspects to this one. The first one is to top up the J.E.D.I. (Jersey Export Development Initiative) Scheme. What that does is supports companies to go overseas and attend exhibitions, fairs and present themselves to markets. So, we have spent a lot of the money supporting companies and things like the Real Food Fair this year where we took a lot of Jersey companies with us. They can then go to trade fairs on their own and it tends to work on a commission scale, so the first one they get is 50 per cent and then it goes down 40 per cent the second time, then 30 per cent. The J.E.D.I. fund was exhausted in September, so now we are beginning to eat into the stimulus funding, so I think there is about £60,000 of stimulus funding set aside for J.E.D.I. this year and next year.

**Senator A.J.H. Maclean:**

Sorry, Andrew, could I just stop you. There are some good examples in that sort of initiative just by way of a point. Jersey Pottery who were not previously doing it, joined in on the scheme, went along and won a major contract for Harrods, I think, all led by that scheme. There is another small company doing a thing called “fizz bags” which again ...

**Senator S.C. Ferguson:**

An excellent company.

**Senator A.J.H. Maclean:**

An excellent company, but again through this initiative they benefited and they have moved on to the next level. So it is not just a question of an initiative that is leading to no output at the end of the day. There are some very good examples of genuine output that would not have happened without it and that is a measure that you have got to keep your eye on all the time. They have got to have some form of outturn and they have, which is good and we are continually trying to measure the success of the initiatives that we launch.

**Senator S.C. Ferguson:**

Yes, so you keep records of how they are ...?

**Senator A.J.H. Maclean:**

Absolutely.

**Senator S.C. Ferguson:**

So far can you estimate how much the Island is getting back on the basis of what you put into it?

**Mr. A. Sugden:**

It is not an exercise I have been through recently, but it is possible. We have a C.R.M. (Customer Relationship Management) system where all of the ones that are tracked ...

**Senator S.C. Ferguson:**

But the measurement is, I think ...

**Mr. A. Sugden:**

It is possible.

**Mr. M. King:**

The answer to your question is one of the things that we do in evaluating whether or not a company should have a J.E.D.I. grant is that they are asked to make an estimate of what it will lead to in terms of incremental increases in trade and then they are asked to report on whether that has been realised. That is captured in the C.R.M. system which allows us to monitor how effective that investment has been.

**Mr. A. Sugden:**

The C.R.M. system is the source of much of the data that will be fed back to the stimulus group in terms of performance of all of these schemes. The next one on my list is the business incubator. That one at the moment we are in a situation where a project plan has gone to Property Holdings. It involves taking on an additional lease on an office in St. Helier at a time when the States are trying to get to shared office accommodation. We spent 2 years trying to identify an appropriate property for the incubator. We finally found one and now we are in the process of putting the business case to Property Holdings and the Treasury Minister to sign off the lease. We are hoping that the lease will be signed in the next few weeks and that the incubator will open next year.

**Senator S.C. Ferguson:**

Have you got a sort of list of people clamoring for it?

**Mr. A. Sugden:**

We have carried out an exercise recently; we have got 25 companies currently who are looking for such a facility and the facility will provide a range of different entry levels from virtual to hot desking through having a dedicated desk and in some cases to having a small office - 2 to 3 people office. There will also be a touchdown zone which will be for overseas companies who want to come into Jersey and look at the Jersey and the European market. So, they can come and base themselves there for 3 months and the concept is it is "easy in, easy out" property, no long term leases and at fairly beneficial rates. The good news there is we have already got 3 private sector sponsors signed up, with each committed to putting in £12,000 a year for 4 years to support the initiative and we are talking to others at the moment to see whether we can get more of that. So, by the end of the first 4 years it should be self-financing. Small Firm Loans Guarantee I think we have mentioned and we are still working on that one. Enterprise grants; these are small grants for primarily start up and new early stage companies which will provide finance on a 50/50 basis for vital pieces of capital equipment. In addition to that they will have to show that they are creating at least one new job within the business.

**The Deputy of St. Peter:**

But there has not been a big take up on that as yet?

**Mr. A. Sugden:**

Well, at the moment we have not done a lot of publicity on that, but the intention is to do some more publicity towards the end of this month. So, we have 4 applications so far, none of which have been successful because they did not meet the criteria.

Business angels we have mentioned. After a transparent tender exercise we appointed a company called Investors LLP who have a track record in both the U.K. and the Middle East of running business angel networks and they will be running their first event on 3rd November for companies on the Island looking for finance. The intention being then they will take them through a series of workshops and training exercises so that by early next year - probably January or February next year - they are in a position to sit in front of some of the business angels and look for investment. Again, on that process we are looking for that to be self-financing within 2 years, so stimulus funding, seedcorn funding and eventually fee income and memberships will pay for most of the cost of that particular initiative. The next one is investor relations. Within the investment community typically two-thirds of England investment now comes from existing investors. So, when you have got large financial companies here already it is important that you are talking to the head office of these companies to see what else they might be willing to bring to Jersey and that is what that money is for. So, we have talked about the offshore networks and the business engagement. This is another part of that overall picture. It is about getting more diversifying, bringing in new areas of activity from existing investors.

**Senator S.C. Ferguson:**

Is Jersey Finance not doing that?

**Mr. A. Sugden:**

It is not really doing it to the standard that we would like it to be done. I think it is important that we are having these high level discussions not just with the key people here, but within the head office of the functions as well.

**Senator A.J.H. Maclean:**

To answer your question, Sarah, yes, Jersey Finance does do some of that. In fact I was at an event at the City of London yesterday doing exactly that, presenting what Jersey is all about to the City of London because if we have got close relationships with them then we need to continue to maintain it, but also to develop it. What is striking is the lack of understanding of the Jersey proposition in the U.K. and elsewhere. You can never do enough of this. It is hard to cover all the ground necessary and this is what this is intending to do just to broaden the net. There is no better way of selling the Jersey message than to do it to businesses that already have some experience here and to try and leverage that with additional opportunities.

**Mr. A. Sugden:**

I have just got 2 more left on my list; one is the tourism initiative. That is to help young people on the Island who are currently not working to try and find them positions within the hospitality sector. So, that is putting them through a scheme similar to Beyond the Wall(?), which hopefully will then allow them to work within the hospitality sector and hopefully then avoid having to bring people to the Island every summer to work in the hospitality sector. So, it is about growing our own here in Jersey and creating opportunities for young people.

**Senator S.C. Ferguson:**

Yes, that is a problem there because we have got so much that is just seasonal.

**Mr. A. Sugden:**

There is a large amount still seasonal, but now increasingly the season is getting longer and some of the hotels and things are staying open in the winter. So, yes, it is seasonal but it is still creating an opportunity that they can then hopefully, if they want to, use the skills that they had acquired in Jersey to go and work in hospitality in other areas when it is low season here.

**Mr. M. King:**

But there is still a fair proportion - and the hospitality industry includes hotels, restaurants and bars in our world - where there is quite a lot, certainly in the restaurants and bar areas, where it is not as seasonal. There is quite a large component which is year round now and that is what this is aimed at very much and one of the things I will say - and we have said it so many times - is that the one sector that has been very reluctant to come forward for whatever reason and use the services of Jersey Enterprise and the products and services is the tourism sector. Businesses in the tourism sector have the lowest take up of any sector. Now, we have actively encouraged them and we continue to actively encourage them to use us because they are businesses and we can help them as businesses both from an employment perspective but also from a broader business perspective, and they have been very poor at taking up our services.

**The Deputy of St. Peter:**

Is there any reason for that? Have they offered any reason for it?

**Mr. M. King:**

No, is the answer. They have not and I think part of it is that they see government's role as marketing and promotion. The tourism sector has traditionally seen us as a marketing and promotion organisation and not seen themselves as businesses that perhaps require the type of assistance that we can give, but we continue to promote it as do the J.H.A. (Jersey Hospitality Association), but still the uptake has been a lot lower than we would have expected or indeed wished.

**Senator A.J.H. Maclean:**

This is probably one of my biggest disappointments and it is something I bang on about continuously to the industry. In fact I have got a meeting later this morning, again, and we will continue to try and offer support to the industry because a lot of these initiatives will help them. There may be a reduced number of tourists visiting the Island, but the businesses that are here you have got again a very big split in the sector between those that are doing pretty well on the reduced numbers - they are capturing consistently high numbers of tourists and they are getting repeat business - and others which are not and they can benefit from the support that is offered in terms of the way in which they market themselves all aspects of making their business more productive.

**Mr. A. Sugden:**

I think on that we are about to run out a new initiative with the Tourism Department where we are looking for 4 or 5 leading hospitality companies where we can offer them a programme of intensive support just to prove the concept that we can help in terms of improving their businesses and hopefully if we are successful then the word of mouth will encourage more tourism businesses to come forward for similar schemes.

**Senator A.J.H. Maclean:**

There is nothing like a downturn to exploit fundamentally weak businesses and that is what our job is to make sure that we help and assist them.

**The Deputy of St. Peter:**

But you say the fundamentally strong businesses are not normally there because their management structures are such that they do not need the support because they have already established it themselves, because they are shrewd business people.

**Senator A.J.H. Maclean:**

They are in a better position.

**Mr. M. King:**

But there are good businesses in that sector or good product in that sector that could be much more productive and much more profitable with a little bit of help.

**Mr. A. Sugden:**

The final scheme that I have on my list is the rural economy initiatives and that really is about trying to help local producers gain access to the retail markets here on the Island; so it is about import substitution. So, now we have hopefully sorted out the abattoir scenario. Hopefully now we can work with producers.

**Senator S.C. Ferguson:**

You mean you are going to pay for it?

**Mr. A. Sugden:**

That is why I used the word “hopefully”. So, it is all about helping them to develop their businesses and hopefully then selling through the local supermarkets, so we have got increased supply chain over the years.

**The Deputy of St. Peter:**

That appears to be developing reasonably well at the moment?

**Mr. A. Sugden:**

I think it is something that probably still needs some more investment and I think the rural economy budget is not that great and I think this might just provide a short term stimulus and might bring a few more producers back into the market. There have been some pig producers who have dropped out over the last few years. Some of those might be encouraged to come back in. So, hopefully that is the long trawl through the long list. I hope I have not missed anything.

**Deputy T.A. Vallois:**

With the list I am just looking at the dates that were put alongside them and we mentioned about how the economy is not in as much of a downturn as we were first expecting at this point. There are a few here that we are saying, economic stimulus communication, business incubator, small firm loans guarantee, all in quarter 3 of 2009 and we have heard that your own budget has gone on to some initiatives and £11,000 taken out, but obviously because of the way things are going where do you foresee that time limit moving to from now?

**Senator A.J.H. Maclean:**

Well, to date we have spent £30,000 of our own budget deployed in progressing some of these measures; £10,000, as I have said, of actual stimulus funding. We will continue to monitor what is happening in the economy. I think the point I made right at the beginning is probably the most salient one and that is that a lot of the statistics and information that we had on what was happening in the economy has typically been backward looking. What we have got now, we have developed a whole raft of information on the economy which is looking at the here and now and also has an element of a predictive nature to it, based on what expectations business have of future employment; what their order books are looking like and so on across a whole range of sectors. That is going to be further supplemented. We do that ourselves at E.D. - we are putting all that together - but we have also got the Stats Unit that are putting together the business tendency survey, which I mentioned, which is going to be invaluable. That is worked on the same model as the U.K. and is exactly the same model that the M.P.C. uses when they are setting interest rates and again it is looking at what business expectations are over the coming 3 months and so on. That will inform the debate about how we roll out some of these other initiatives that Andrew has just been going through.

**Mr. A. Sugden:**

Well, I think in terms of timing, now we know when the Property Holdings and the housing contracts are available, hopefully we will be rolling out some “meet the buyer” type activity there over the next couple of months. We already mentioned the business angels event in November and January. Enterprise grants, we have already said we are going to be doing some high profile P.R. (Public Relations) activity around that very shortly. Incubator; as and when we sign off the lease then we will look at fitting out the property and making sure everything is in place. Export development we are already doing. We are dipping into the J.E.D.I. grants. The inward investment promotion; there is a delegation going to India in November, so some of the activity there will be funded by the stimulus programme and wrapped around all of that will be an increased level of communication. We did an initial newsletter in July. We have not done a lot of activity since then and now it is probably more appropriate that we go back to that and talk about some of these things that we are going to be rolling out in the next 2 to 3 months.

**Deputy T.A. Vallois:**

It is very difficult to put a timeline on any of it at all really.

**Senator A.J.H. Maclean:**

It is very difficult in business because things change rapidly. The picture today is very different to what it was back in February and it changes in a matter of months. We have got to be in a position to be able to react.

**Deputy T.A. Vallois:**

How much is the delay a difference between the actual difference in the economy and the bureaucracy that goes with getting all this through? For example, the lease for the business incubator, has that caused problems? Has it delayed it further than what you would like it to be delayed?

**Senator A.J.H. Maclean:**

My reading - and I will ask Mike to come in afterwards - is that because of the way that this particular downturn has evolved it has not caused significant problems from our perspective. I think the States reaction generally in getting into a position to be able to respond in the ways that we have identified and which I think all Members have agreed is appropriate and indeed you have been scrutinising. I think all that has worked quite well. If it had all been a lot faster and more severe - there is a bit of a delay with the incubator - it would have been possibly more problematic, I do not know. Mike, do you want to add anything on that?

**Mr. M. King:**

I do not think this is bureaucracy. I think this is making sure we are quantifying and managing the risks of an operation like the incubator which is not a traditional property type operation. You are talking about “easy in, easy out” and we are providing a particular service in the incubator and where we have taken a little bit of time is explaining the fundamentals of that model to Property Holdings who are now content with it, and making sure that everybody is happy. I think the same is true with the Small Firm Loans Guarantee Scheme. Again, this is something which is not in the course of normal business for the way that the States has operated in the past and the Treasury need to make sure that we are not taking on greater levels of risk than they or we should or are comfortable with and we are going on, I think it is, Thursday or Friday to talk to the Treasury and the rest of the evaluation team on the revised criteria for that and I hope on the basis of that they will sign off on it and we can re-launch it. But it is not bureaucracy. This is making sure that ...

**Deputy T.A. Vallois:**

No, it is fairly interesting what you are saying though because you are saying that we have to have a risk analysis of the projects so we are not just throwing money into it, but then the Minister right at the beginning says this is all about timing. If it had been much faster and much more aggressive how much risk analysis would have been done and how would that have been factored into the timing?

**Mr. M. King:**

Well, as accounting officer I think it is fair to say that I believe that we have assessed the risk appropriately. I would not have been comfortable rushing into some of these significant investment decisions without having gone through the level of risk analysis that we have and you do run the risk if you go into these things quickly of taking money and really not getting any value off the end of it, and I think that it is appropriate that we do that. So, I would not describe it as a bureaucratic process. I think it is an appropriate process and I think that what we will have when both of these 2 pieces of the package are in place is something that is fit for purpose and ready and over which we have a pretty good idea of what we are going to get for the investment which I think is very important.

**Senator A.J.H. Maclean:**

It is a lot about balance really - risk and reward being properly assessed - but if you go back to the core of the question: “Has it caused problems?” the point I was trying to make was that as this downturn has evolved from a timing point of view, no, it has not caused us any particular problems. In terms of delivery and support to the business community I think what we have rolled out a lot of it is “business as usual” - as I

think Sarah was talking about - but we are in a position now and we are where we should be, I believe, in this current cycle. So, I do not think there are any great concerns.

**Senator S.C. Ferguson:**

Yes, on the basis that I think - I do not know whether you could call him a business angel - an investor ... I remember saying once that out of every 10 projects there is probably only one that is a real winner. What sort of standards will you be using to assess the performance of all these incentive measures?

**Senator A.J.H. Maclean:**

Sarah, again you raise a really good point because what you have described there is what the business angels network and what particularly private equity investors tend to do. They tend to invest in a package of usually 10 projects; they expect 60 or 70 per cent of those to fail, but they make their money on the balance. So, you are right in terms of private equity investment. That is exactly the model that tends to work. You are going to get failures. We are not at that end.

**Mr. M. King:**

We are in the business of “kissing a lot of frogs” and “finding princes” every now and then. But what we do measure is business creation - number of businesses created - but more importantly business survival rate. If they are still surviving one, 2, 3 years, if they are registered for G.S.T. (Goods and Services Tax) which means their turnover is greater than whatever, that is an indication that you are creating businesses that are going to have sustained employment and profitability which is what we are seeking to do. So, that is what we measure and all this is measured within the C.R.M. system so that the statistics that the Minister quoted about the number of start ups we generated, they will then be tracked through and will be supported to ensure that the level of survivability is as high as it possibly can be. But I would hope we are nowhere near 60 or 70 per cent failure rate because business angels and venture capitalists do operate on the model that, as Alan has said, government does not, I do not think if it can possibly avoid it.

**Senator A.J.H. Maclean:**

Two hundred of the 460-odd start ups have been one man start ups, so what you have seen is a move from people - either voluntarily redundancy or lost their jobs - they have moved into starting businesses, so that is a good progression. So, you have seen people moving from unemployment back into starting their own businesses and hopefully we can help those businesses to survive and grow and create further employment opportunities.

**Mr. M. King:**

We had an instance last week where I think a fairly senior person in one of the 4 big accountancy companies for whatever reason left that company and came and approached us about starting up business and that person will never appear, hopefully, on the unemployment statistics. They will appear on our statistics as a business starter which is good and we can give them advice and make sure our network hooks them up with, to the extent that we can, people who can provide contract value to them.

**The Deputy of St. Peter:**

Well, I just have this picture in my mind of the Director of the E.D.D. kissing frogs and I cannot ... [Laughter]

**Senator A.J.H. Maclean:**

It is a dirty business.

**Senator S.C. Ferguson:**

Is there anything else you think we ought to know?

**Senator A.J.H. Maclean:**

Do you mean anything else you should have asked us, but have not? [Laughter]

**Mr. A. Sugden:**

I will just give you some statistics on the States Apprenticeship Scheme.

**Senator S.C. Ferguson:**

That would be useful, yes, please.

**Mr. A. Sugden:**

We now have a scheme manager in place. We have now recruited all of the trades. So, we have got 2 chefs working at Health and Social Security; we have got 2 in parks and gardens and I have got 19 applications here - I do not know whether it is the same job - they are starting in October; we have got 3 electrical apprenticeships; 2 mechanical engineers and 3 doing vehicle maintenance and between them they have 70 applications; and in business administration there are 12 posts, 6 starting in November, 6 starting early next year and we have had 51 applications and we will be interviewing those next week. So, we are making quite significant progress on that particular scheme.

**Senator A.J.H. Maclean:**

There is perhaps one other thing that it would be useful, Andrew, to mention and I hope I am not putting you on the spot here, but we do, like any business, continue to look closely at how we are performing as an organisation and particularly we are talking here about business of Jersey Enterprise and recently we did a survey of all those who we provided some assistance to and others and the feedback has been quite positive. Andrew, do you want to just give a quick summary of that?

**Mr. A. Sugden:**

Yes, we sent a survey to 2,500 companies and we had an 11 per cent response rate. Certainly the awareness levels were at 98 per cent; so 98 per cent of those companies responding knew about Jersey Enterprise and the products and services and about 26 per cent of them were benefiting from the support of Jersey Enterprise already. There is still some more work to be done in terms of awareness of products and services themselves, rather than Jersey Enterprise and then in terms of the increasing the take up, particularly in areas like hospitality and some of the construction sectors. So, I think it is a good news story. Those figures are well up on last year when we did a similar exercise, but we have still got a lot of work to do in terms of getting the products and services into the hands of the companies and making them benefit from the kind of support that is available.

**Senator S.C. Ferguson:**

Yes, because if the companies are I.T. (Information Technology) literate in fact surveys are a great deal easier to answer online rather than sending a paper one out.

**Mr. A. Sugden:**

We used a survey tool called SurveyMonkey, which you can download, and it was very good; a very efficient way of getting the response you are looking for. I think we can do a lot more of that work and maybe even apply it to the stimulus somewhere down the line next year to help you as a tool in monitoring how successful it has been.

**Senator A.J.H. Maclean:**

But it does demonstrate that it is essential that we as an organisation and Jersey Enterprise in particular continues to look at our business model and the level of services and product range that we are delivering to the business community and continue to challenge ourselves because it is important particularly at the moment that we get all those right. There is always room for improvement and that is really what we are trying to do. We are not getting everything right at the moment; we recognise that. We are probably - Mike will not be very happy with this - C+, heading into B.

**Mr. A. Sugden:**

I think that one statistic in there was the question ...

**Senator A.J.H. Maclean:**

But then again I am never satisfied and I know Mike is never satisfied, or Andrew.

**Mr. A. Sugden:**

One salient point did come out and when we did the survey last year we asked the question: "Does government value business?" and the response was 5 per cent positive. This year it was 23 per cent, so hopefully between stimulus and Jersey Enterprise ...

**Senator S.C. Ferguson:**

But that is 23 per cent of 11 per cent?

**Mr. A. Sugden:**

Yes.

**Senator S.C. Ferguson:**

The big success is when you get a 40 or 50 per cent response; is it not?

**Mr. A. Sugden:**

We will get there in time.

**Senator A.J.H. Maclean:**

I might say that it is always a good litmus test; we had the pleasure of sitting on the panel at the Chamber of Commerce and I remember doing that 2 or 3 years ago and the atmosphere and reaction and questions were very different to when you and I sat there the other day. The mood has changed and I think generally the feedback we are getting is that is slightly more possible.

**Senator S.C. Ferguson:**

Do you not think it might have been the panel?

**Senator A.J.H. Maclean:**

Sorry?

**Senator S.C. Ferguson:**

Do you not think it might have been the panel?

**Senator A.J.H. Maclean:**

It what?

**Senator S.C. Ferguson:**

Might have been the panel?

**Senator A.J.H. Maclean:**

I am sure it was, absolutely.

**The Deputy of St. Peter:**

Far too slow, Minister. **[Laughter]**

**Senator S.C. Ferguson:**

Thank you very much indeed, gentlemen.