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Economic and International Affairs Panel

Public Hearing

Witness: Minister for Sustainable Economic Development

Monday, 20th October 2025

Panel:
Deputy M. Tadier of St. Brelade (Chair)
Deputy K.M. Wilson of St. Clement (Vice-Chair)
Deputy M.B. Andrews of St. Helier North

Witnesses:
Deputy K.F. Morel of St. John, St. Lawrence and Trinity, The Minister for Sustainable Economic Development
Mr. R. Corrigan, Chief Officer, Department for the Economy
Ms. C. Howe, Sector Lead for Arts, Culture and Heritage

[13:04]

Deputy M. Tadier of St. Brelade (Chair):
Minister, thank you for attending today's special hearing, it is a budget hearing with my Panel, the Economic and International Affairs Scrutiny Panel. I will introduce myself. I am Deputy Tadier, the Chair of the Panel.

Deputy K.M. Wilson of St. Clement (Vice-Chair):
Deputy Karen Wilson, Vice-Chair.

Deputy M.B. Andrews of St. Helier North:
Deputy Max Andrews.

Deputy M. Tadier:

Thank you. Over to you.

The Minister for Sustainable Economic Development:

Deputy Kirsten Morel, Minister for Sustainable Economic Development.

Chief Officer, Department for the Economy:

Richard Corrigan, Chief Officer, Department for the Economy.

Sector Lead for Arts, Culture and Heritage:

Charlotte Howe, Sector Lead for Arts, Culture and Heritage.

Deputy M. Tadier:

Thank you. We will dive straight in. Minister, can I ask you for an overview of the budget, what kind of budget would you say this is, broadly?

The Minister for Sustainable Economic Development:

From a Department of the Local Economy perspective, it is a status quo budget, I would say. This year's funding, the overall big global number for the Department of the Local Economy, not the Department for the Economy, because it does not include Financial Services, which is Deputy Gorst, is £37,16,000 for this year and £38,560,000 for next year.

Deputy M. Tadier:

That is a slight decrease in what was projected in the previous budget; is that correct?

The Minister for Sustainable Economic Development:

Yes, quite possibly. There has no growth from any growth bids, so any growth had come through normal R.P.I. (Retail Price Index) factoring.

Deputy M. Tadier:

I am not sure if that was correct, what I said; I am dealing with some very small writing here.

The Minister for Sustainable Economic Development:

It will probably be what is predicted under R.P.I. R.P.I was slightly less, so you get less than was predicted, I imagine.

Deputy M. Tadier:

Yes. Can you talk to us about the general purpose of the overall budget? Is this a savings budget? We know that there is a prioritisation of funding towards Health, for example; is that …?

The Minister for Sustainable Economic Development:
For me, the big headline is the funding for health. That is where most of the growth in this budget is. Certainly for other departments, such as the Economy, Environment or elsewhere, it has been a case of making savings and sticking to previous budgets.

Deputy M. Tadier:
What savings have you been expected to make? What is the headline?

The Minister for Sustainable Economic Development:
This year was £1,047,000 and 2026 £384,000. I am pleased with the work of the director, Richard Corrigan, and his team, people like Charlotte, because we are able to do the 2026 savings without any further changes to headcount or anything like this. From our perspective, we are well set in 2026.

Deputy M. Tadier:
What kind of percentage cut is that?

The Minister for Sustainable Economic Development:
£384,000 would be about one per cent.

Chief Officer, Department for the Economy:
Yes, £384,000 is about one per cent; specifically on the staff-cost side. What we did is recognise savings targets for 2025 and 2026 and we acted early upon those to establish ourselves on the right trajectory. So we have already taken steps there in terms of the structure of the department and in not replacing certain roles as they have come up or as fixed-term contracts ended, to make sure that we have delivered in 2025. We are on the right trajectory for 2026 already, so there is no further impact on the staffing side.

Deputy M. Tadier:
We may look into this in more detail later or subsequently, but do you feel that you have sufficient staffing levels to be able to do your job correctly and to serve the local economy?

The Minister for Sustainable Economic Development:
In many ways that is more a question for Richard, because regardless of what initiatives I throw his way, he is the person to get them delivered.

Chief Officer, Department for the Economy:

Yes. Fundamentally, from our perspective, if you have more you can do more. If you have less, you make do and you do less. In terms of the staffing we have, we are the right size. We are pretty much at the same headcount across the whole of the department, as we were in 2020. The narrative of growth of headcount in the public sector does not apply to us. We have been flat out, we are lean and we are focused on sectors in roles such as Charlotte's. We are not the engine for growth, either in, what people perceive to be the civil service, or overall public-sector headcount. We have to remain focused and disciplined around the Minister's priorities, to ensure that we are delivering in that prioritised order, rather than trying to boil the ocean in a way that would be uncoordinated and unproductive.

Deputy M.B. Andrews:

Minister, what is your ambition for 2026?

The Minister for Sustainable Economic Development:

To make sure I am still Minister for Sustainable Economic Development when purdah starts.

Deputy M.B. Andrews:

From a departmental perspective, what do you want to achieve.

The Minister for Sustainable Economic Development:

From a departmental perspective, I want to hand over to whoever the next Minister is a department which is, as Richard said, lean and focused, and is very much able to communicate and interact with the business sector in a good and meaningful way. Our department does that, as it should, better than any other department in the Government. We are a department that also works a lot with other departments to help them come around to understanding the economic priorities around things. We have seen this around planning, et cetera. From my perspective, that with the resources of the department we are in the right place, which as Richard says, we are. From the perspective of handing over to a new Minister, it is a department which is still very focused on making sure that Jersey's economy is going to be able to sustain it into the long-term and, therefore, is able to speak to businesses, encourage businesses to move here, encourage businesses to invest and act in a timely fashion that businesses can understand.

Deputy M.B. Andrews:

Thank you.

Deputy M. Tadier:

Minister, it is difficult to analyse counter-factuals in a budget, but are there any areas that you would have like to have seen more investment in if this had not been a budget where you were expected to deliver savings?

The Minister for Sustainable Economic Development:

There is one area that is not just about financial investment; Jersey still needs to put more of a focus on to our relations with Europe, particularly France. That is from an economic perspective as much as it is a political perspective. It is not just about money, but is about the Government itself thinking about that side. I have said before, it strikes me that we have not had a debate about Europe since the T.C.A. (Trade and Cooperation Agreement) in 2020.

Deputy M. Tadier:

In terms of the Economic Department, what is the focus and the benefit to the economy that we would see from focusing more on Europe?

The Minister for Sustainable Economic Development:

A lot of this comes around supply chains, which we have talked about many times, and having a diversified and, therefore, more resilient supply chain. Equally from the Arts, Culture and Heritage perspective, Jersey's unique selling point, in many ways, is our relationship to Europe, the French history that we have, the Jèrriais that we have. That speaks to tourism as much as it speaks to any other part of the economy as well. From an environment perspective, produce grown on Jersey and also in Brittany and in Normandy is effectively local produce, as opposed to flying it in from New Zealand or Columbia and so on and so forth. There are huge environmental gains to be taken as well. The main one, I would say, is the supply chain. It still strikes me as slightly absurd that we bring our food in from 100 miles away, across choppy seas - very choppy seas on a day like today - when a large part of that food could be coming from 30 miles away via much calmer seas. We have a supply chain which is highly stressed because of the choices we have made to send it solely to the north.

Deputy M. Tadier:

Can I change the subject slightly towards Digital Jersey? We were both at the Tech Awards and I was certainly quite impressed by what is going on in the industry, I am sure you were. Is your department investing enough in Digital Jersey in the next four years?

The Minister for Sustainable Economic Development:

At the moment, we are. It is not a question of investment in Digital Jersey, it is more a question of … so this then comes the arm's length organisations as a whole: how do we want them to be structured? I do see them, and I make an assumption that a future Minister would see them, as the delivery partners of Government. You then have to ask yourself: do we need so many delivery partners? There is enormous value in having delivery partners. As I said earlier, Government does not always speak the same language or work on the same timescales as organisations outside of Government, particularly businesses. You do need delivery partners, but it is worth having a look at the structure we have across all of them, Jersey Finance, Visit Jersey, Digital Jersey, Jersey Business, Jersey Heritage and others. Do we have the right structure for those? Most of them have been around for 10 years, is it time to have a look and see if there could be any other structures?

Deputy M. Tadier:
I am trying to be topical as well. There was a headline today about Digital Jersey saying they have to cut back on the digital academy work that they are doing. There is an issue around where the funding comes from in terms of what your department provides and what education might provide. Do you have any thoughts about the digital academy and where they need more funding?

The Minister for Sustainable Economic Development:
It has been a story from the C.Y.P.E.S. (Children, Young People, Education and Skills) Department. I am not particularly cited(?) 1:13:56 on that. I have had a very brief and very informal conversation with the Minister for Education. Equally I have a very brief and informal conversation with the C.E.O (Chief Executive Officer) of Digital Jersey and the Chair of Digital Jersey, not enough for me to really understand the nuts and bolts of it all. There will almost certainly be arguments for and against. It is important that people in Jersey need to be able to access the right training. Does a Government entity have to delivery that training? Not necessarily. Through the Better Business Support Scheme we have £1.5 million of grant money available to businesses, so if you are a business today and you want to send one of your staff or 10 of your staff on training around A.I. (artificial intelligence) there is a grant that you can access today to help pay for that. One of the more negative sides of the Better Business Support Scheme over its first year was that the Skills grants have not been taken up in the amount that they could have been and we were able to reallocate another £500,000, so that £1.5 million became £1 million in the end this year, because the £500,000 went into the main Better Business Support Package.

[13:15]

I would encourage businesses to use those grants. In that sense, there is funding for A.I. training or any other I.T. (information technology) training. The advantage then is businesses can choose their provider. I do worry a little bit about Government bodies competing with the private sector, because you can blow holes in perfectly good private sector businesses by taking the market away from them in that respect. I am not suggesting that is what is happening. I do not know if that is what is happening, but that is something that is in the back of my mind when I am thinking about

Government funding a public body to do something which often the private sector does. It is quite possible in Jersey that there is no one to do A.I. training.

Deputy M. Tadier:
Okay, thank you. Deputy Wilson?

Deputy K. Wilson:
Thank you. I wanted to build on that. Do you foresee any risks in the budget to the economy at all, as it is presented?

The Minister for Sustainable Economic Development:
The big risk, I would say I have, is about a States' decision which is the Rural and Marine budget, which we voted through. The States said it had to be £7 million and going up by R.P.I. from now on. One reading of that is seen as that coming to an end in 2027. It cannot come to an end in 2027. That has to be on-going funding into the future. Whoever is in the States, and none of us may be or all of us may be, whoever, is in the States following the elections, I urge them to make sure that that budget is protected, because Jersey's agriculture and fisheries industries cannot cope without it. It does not need to grow. The £7 million plus R.P.I. going forward is absolutely sufficient, but it cannot come to an end.

Deputy K. Wilson:
On the issue of sufficiency, do you believe that this budget could withstand any further inflationary pressures at all in terms of delivery?

The Minister for Sustainable Economic Development:
There is no capital spend in our budget, so in that respect of building inflation and things like that are not a big problem. From a wage perspective, there is an R.P.I. plus one settlement for public sector workers. That is managed by Treasury rather than by the Department itself, so that is not a risk. I cannot think of any other inflationary pressures.

Chief Officer, Department for the Economy:
The only real risk we see is if you take away the staff part of the department's budget the most significant spend item is grants that we give to third-party organisations. That comes out of the non-pay element. Non-pay inflation in the budget is 2.3 per cent, somewhere in that order. If there are higher levels of pay expectation in arm's length organisations then that becomes quite difficult. Over the years, we have tended to look at the grants through the lens of the non-pay inflation figure. Clearly some of these organisations employ people, in particular from the era of very high inflation that we have just come off the back of, we have not always been able to provide the level of grant

that is going to help them meet that level of staff demand. That embeds a pressure then in those organisations which we simply cannot fulfil as a department. That then creates tension. It creates tension in the public sector as well. Therefore, in the same way that we have had to find efficiencies in other areas to afford things like public sector pay settlements, so we are asking that those States' established delivery bodies are having to try and do the same thing. It is challenging. We know that. We are not seeing any particular challenges in terms of the inflationary outlook, in terms of getting back to the 8 or 9 per cent. They should be something that is manageable if, indeed, we get a bit of upward pressure. It should be manageable within the department's budget.

Deputy K. Wilson:
Thank you, Richard.

The Minister for Sustainable Economic Development:
If I could add one bit to it, Richard is absolutely right about the arm's length organisations and there are many colours of arm's length organisation. However, as they perhaps have not had increased funding over the past few years to match increases in wages, one thing I would say is that is the sort of gentle constraint which would, for many of them, enable them to look at commercial opportunities and other ways of raising money for themselves. Not all of them, but they are in the main standalone companies with shareholders who are not necessarily Government. Some of them have shareholders outside of Government as well. It is often quite a good pressure which then says: "You are not getting all the money from Government, you do need to go out and look at other ways of raising revenue or cutting costs." That is appropriate.

Deputy M. Tadier:
Can you give us an example of those business that might have shareholders outside that you fund?

The Minister for Sustainable Economic Development:
Shareholders might be the wrong word.

Chief Officer, Department for the Economy:
Stakeholders.

The Minister for Sustainable Economic Development:
Yes, stakeholders might be better. Also you have trustees. Jersey Sport has trustees. Digital Jersey has trustees as well. They are not directly wholly owned by Government in the way that, for instance, Jersey Telecom is. Jersey Telecom is quite simply owned by Government through shares. These are further separated by a layer of trustees and others.

Chief Officer, Department for the Economy:

The critical aspect is that in terms of the department's relationships with organisations like Digital Jersey, Visit Jersey, Jersey Business, Jersey Sport, those are States established delivery entities. They have been set up for the purpose of delivering something on behalf of Government, where it has been felt at a point in time that that is better delivered slightly outside the perimeter of the public sector. That can change and we have to recognise similarly that if there is a pressure, because we cannot grant as much money to certain of those organisations in any given financial period, the amount that they can deliver for us may naturally be impaired by the amount of money that is available. It is important that we look then through the right end of the telescope, not that these are independent commercial bodies that are going out and fundraising all by themselves. Some of them do have capacity to do that. Digital Jersey runs membership. Other do not have that membership-driven revenue and, therefore, cannot resort to other means to maybe close that financial gap that they envisage.

The Minister for Sustainable Economic Development:

A good example there might be Visit Jersey. It does not have so many obvious commercial opportunities, because they are a marketing organisation, but even they have, in the past, not necessarily now, have managed to raise some funding with sponsorships or selling advertising on their website, et cetera. Even less obviously opportunities are available to some.

Deputy K. Wilson:

There has been a slight increase in the proposed head of expenditure for Economic Development and Tourism, Sport and Culture in the 2026 - 2028 budget. Can you confirm if this is inflationary or for other reasons?

The Minister for Sustainable Economic Development:

It is mainly inflationary.

Chief Officer, Department for the Economy:

Yes, it is inflationary. There would be an uplift in non-pay inflation. The staff cost element is neutral, because whatever the additional staff pay settlement is is regularised by Treasury to the equivalent amount. Inflationary less any saving is typically the year on year settlement.

The Minister for Sustainable Economic Development:

I was trying to think if there was something in the cyber security side, but there is not.

Deputy K. Wilson:

No, okay.

Deputy M. Tadier:

Just to clarify, when you say it is inflationary, it is still not keeping up with inflation, is it?

Chief Officer, Department for the Economy:

The saving nets off. The £384,000 of savings that the minister spoke of nets off, so we will have inflation in some parts of the budget and we can have savings that we deliver in another part of the budget.

Deputy M. Tadier:

Thank you.

Deputy K. Wilson:

Did you set yourselves any internal targets around that?

Chief Officer, Department for the Economy:

Those are set for us. In terms of efficiency in the department, it is generally looking at what we can deliver. We want to deliver as much of the Minister's agenda, including the Assistant Minister's agenda, as we can in any given year. Inevitably, you will find there is more aspiration to do things that there is resource to deliver it. It is a constant process, in year, of prioritisation with the Ministerial team to ensure that we have the biggest items consistently in focus and if time or budget allows then other things may come on to the radar as we go through the year.

Deputy K. Wilson:

We have talked about any unforeseen increases in revenue demand, as you have already alluded to. Could you tell us, Minister, in the Statement of Comprehensive Net Expenditure, what is included under Other Operating Expenses?

The Minister for Sustainable Economic Development:

Yes, the £4.62 million?

Deputy K. Wilson:

Yes.

The Minister for Sustainable Economic Development:

Yes, I will pass over to Richard to cover that. It is below the staff costs.

Chief Officer, Department for the Economy:

Yes. Other operating expenses would be other non-staff related aspects, in terms of I.T. and equipment and so on. There is other day to day expenditure that we may spend going out, in terms of contracts for services, as opposed to the actual money that goes out of the door in grants. We could revert with a slightly more detailed breakdown of that if it is helpful to you.

Deputy K. Wilson:

Yes, thank you. The grants and subsidies payments have increased by around £1.5 million on what was anticipated in the last budget. Could you explain why this is the case?

The Minister for Sustainable Economic Development:

My thinking about that, because I was not aware that it had exceeded it by £1.5 million, would be around the Better Business Support Package, particularly around money for agriculture and fisheries, where there is a £1.1 million subsidy to offset the rise in minimum wage. That would be my thinking on it. I do not know. What I do notice with grants and subsidies is over the next 4 years, 2026 - 2029, it basically remains flat, so there is no extra there. I do not know if you can shine any extra light, Richard?

Chief Officer, Department for the Economy:

Where we have had inflation in the Arts, Culture and Heritage one per cent, much of that money is then being granted onwards outside of the department, so that would lead to grants obviously going up at a total level as well. As the Minister has said, on the Better Business Support Package, there was additional money granted out to Visit Jersey, funded Bergerac, and there has been additional money granted out to businesses in terms of the Business Support Scheme, they are together with Jersey Business.

The Minister for Sustainable Economic Development:

Another thing that happens with the Arts, Culture and Heritage one per cent is at the 6-month point. In year there is a recalculation, because the one per cent is based on Government expenditure. The one per cent is one per cent off Government expenditure, so if 6 months in, Government expenditure is higher or lower than expected that one per cent needs to be recalculated, so it is quite possible there is there as well.

Deputy M. Tadier:

Will that still happen now, because the Government has basically said we have exceeded the one per cent? We are at 1.2 per cent, is the official Government line, because they have included lots of other stuff.

The Minister for Sustainable Economic Development:

Like the library.

Deputy M. Tadier:
Do you still need to recalculate that, if you are exceeding it anyway?

The Minister for Sustainable Economic Development:
I have not asked that question. I doubt we would, given the circumstances you have outlined. I can see why you would not then necessarily recalculate it, which, to be honest, is a better thing, it is not appropriate to recalculate. Like you said, you get a spiral of spending; another department overspends so we have to give more money to Arts, Culture and Heritage. I do not think it is the right thing to do, but it is good for the sector; there is no question.

Deputy K. Wilson:
It is recalculating down, rather than recalculating up.

The Minister for Sustainable Economic Development:
Usually it is being recalculated up. That is the thing, because Government expenditure in other areas tends to be higher than expected. In all the years I have been involved, it has been recalculated up.

Deputy K. Wilson:
Okay, thank you. There have been further alterations in the service level analysis estimate for 2026, could you talk us through these in terms of helping our understanding around this.

The Minister for Sustainable Economic Development:
Starting from the top, Local and Digital Economy, yes, that is us, there is no particular increase in spending. That is the main core of our work. Those are the departments: Arts, Culture and Heritage; Visitor Economy; Agriculture and Rural; and so on. That is our basic departmental work going on there. The Future Economy Programme is specific to the Future Economy Programme. It is delivered by the Economy Team, led by Tom Holvey. Economics, again, is part of the work they do. In this case it is a lot to do with the analysis they undertake, which is across Governmental resource. Management and Governance is a sad fact of life. Intellectual Property is a specific project. That is being run out of the External Relations Department with my Assistant Minister, Deputy Scott, who is also Assistant Minister in External Relations … in order to do that work. That is work about developing Jersey in a properly legislative system. Then, similarly with Deputy Scott, is the Cyber Security work, which you will also note has some income against it, which is quite unusual for my department. That is because the hope is that they enter into a contract with Guernsey to provide

cyber security services to Guernsey. That is through a standard tender process, rather than a joint Government agreement.

Chief Officer, Department for the Economy:
We are in contract with the States of Guernsey where their cert capability … we have the Cyber Security Centre. Guernsey decided at a later stage that they wished to create something similar. They went out to tender and the Jersey Cyber Security Centre has won that tender. They will provide a shared level of service, as well as the States of Guernsey employing some staff in Guernsey. The £500,000 you see is the recharge of the shared resource from the Jersey Centre to support Guernsey as well.

Deputy K. Wilson:
It is just a scaling up really to deliver that contract.

Chief Officer, Department for the Economy:
Yes.

[13:30]

The Minister for Sustainable Economic Development:
Yes, and like we say: a contract rather than an M.O.U. (Memorandum of Understanding) between Governments or anything like that. It is purely contractual.

Deputy K. Wilson:
Okay, thank you. We notice that there was one left F.T.E. (full-time equivalent) employee in the Future Economy Team, if you could give us some idea of how this will impact the Future Economy Programme?

The Minister for Sustainable Economic Development:
That is one of the areas of headcount that, over the past year or so, where we have lost a full-time equivalent.

Chief Officer, Department for the Economy:
Yes, we had someone in 2024 and early 2025 on a fixed-term contract. That contract expired and we recognised there was no need to take that work any further forward, so we were not replacing that role. There is a general pressure on headcount anyway in terms of no new positions being created or no replacements being created in departments such as ours. That is where the one headcount is reduced.

Deputy K. Wilson:

You do not think it will have any impact? You think that with your redesign or reallocation or work you will be able to absorb that?

Chief Officer, Department for the Economy:

Yes, we are happy with that.

The Minister for Sustainable Economic Development:

They were in on that fixed-term contract. It was to do a specific piece of work. Analysis in this case, but there was a particular thing they were doing.

Chief Officer, Department for the Economy:

Generally what we have tried to do over time in the department is where we have work that we think has a shelf-life attached to it and it has been beyond the core department headcount, is to employ somebody on a fixed-term contract commensurate with when we expect that work to finish, rather than adding to the permanent headcount in the public sector.

Deputy K. Wilson:

Okay, thank you. The Management and Governance cost estimates have increased by £1.2 million. Could you give us an indication of what that is?

The Minister for Sustainable Economic Development:

As I said, that is a sad factor of life, but I will hand over to Richard for this one.

Chief Officer, Department for the Economy:

All we do is we hold money in the Management and Governance line, so that it is available for the Minister to spend through the year and on other issues that may come up in year. It is not an additional cost for management and governance, it happens to be the savings pot, so to speak, that the department can use over the course of the year to drip feed in, based on other unexpected things that invariably come up through the year.

Deputy K. Wilson:

Okay, thank you.

Deputy M. Tadier:

Sorry, Deputy. Can I just go back, there are other reductions in headcount, are there not? Looking at the projected reductions, it goes from 26 F.T.E.s in Local and Digital to 23, so you will be losing

3 full-time employees in to 2027. There is also one more reduction in Economics. Can you talk to us about those?

Chief Officer, Department for the Economy:

Yes, those are headcount numbers. The financial aspect of that has already gone. We are on the right cost trajectory. Separately there is the number of posts, so the posts will be removed. We have already taken the jobs out and we have made the resultant savings. For the purposes of calculating overall public sector headcount, the posts will be removed, so there is nobody in those posts today.

Deputy M. Tadier:

Those are vacant at the moment then?

Chief Officer, Department for the Economy:

Yes.

Deputy M. Tadier:

Not recreating, okay, that makes sense. Thank you.

Minister for Education and Lifelong Learning:

In terms of the Management and Governance budget, could you give us an indication of what kind of extra expenditure you will incur during 2026?

Chief Officer, Department for the Economy:

It is not so much extra expenditure. It is used there as a shock absorber for things across the department. We set the budget principally around grants and then we hold the balance of the money back for requests that come in through the year, for example, we may get additional requests for the air display or the battle flowers. We try and hold that money centrally, rather than allocate it out, as a better budgeting mechanism. We then say to each of the directorates, you need to come in with a request for any additional money over and above what was intended. Then the Minister ultimately will determine whether that is a priority he wishes to fund or whether he wishes to hold the money back for something else.

Deputy K. Wilson:

It gives you some flexibility.

Chief Officer, Department for the Economy:

Yes.

The Minister for Sustainable Economic Development:
Every department needs some flexibility somewhere.

Deputy K. Wilson:
Yes, agreed. We have already talked about the issue in relation to the cyber security and the £500,000. Thank you for that. In terms of last year's review, you identified that £847,000 within the Economics and Future Economy budget that relates to the Jersey Competition Regulation Authority. Can you confirm if this expenditure continues, noting a slight increase in the economic line this year?

The Minister for Sustainable Economic Development:
I believe it does continue.

Chief Officer, Department for the Economy:
Yes, the J.C.R.A. (Jersey Competition Regulation Authority) derives its total budget as an organisation from a couple of things. One of them is the grant for competition related work. Separately it charges those that it economically regulates, such as Telecoms companies and also Ports of Jersey and Jersey Post for the parts that they do there. There is a grant from the department. That grant will always be something, because the J.C.R.A. does not have additional revenue-raising opportunities in the field of competition regulation, so that has to be granted by Government. The Minister has not yet made a decision on grants that will be made for 2026. As a process, we are working through with the Minister at the moment, around the level of grant that we provided to each of the organisations. Those grants are based on needs for the year ahead, rather than previous years' levels of funding. We have to be forwards looking and base it on the needs of the organisation and the level of reserves that that organisation might be holding, where the work could perhaps be funded a little bit more from within, rather than just receiving the same grant as it did in the prior year.

Deputy K. Wilson:
Do you expect the same amount, given that what you have just said in line with revenue raising, will be similar to that figure or do you think there will be some additional ...?

Chief Officer, Department for the Economy:
Ultimately it will be down to the Minister.

The Minister for Sustainable Economic Development:
It tends to be. As a department, we are always keen to be the department that does not overspend on things like this. It does tend to match. What would not happen is that we go beyond it.

Deputy K. Wilson:

Okay, thank you. Thank you, Chair.

Deputy M. Tadier:

Thank you. We are going to move on to some questions about the Better Business Support Package, which I will ask Deputy Andrews to lead on.

Deputy M.B. Andrews:

Thank you, Chair. Minister, obviously it is coming to the end of our first year since the Better Business Support Package came to fruition. I would like to hear from you how successful you think the scheme has been and what the main implications of such a scheme have been for you?

The Minister for Sustainable Economic Development:

It has been successful. As with anything, only time will tell as to the overall economic impact, but the main part of the Better Business Support Package, in terms of the Productivity grants, that was going to be £2.3 million. It was oversubscribed, but because the Skills was under-subscribed we were able to move £500,000 from Skills to there to make it £2.8 million. We have seen businesses engage with it well. It was meant to be a matched-funding situation with 50 per cent from Government and 50 per cent from the business, but we have seen a lot more than 50 per cent coming in from the businesses. For every £100 the Government has put in, the private sector has put in £190. From that perspective, we have clearly triggered a level of investment in businesses. I say businesses, but it is all organisations that employ people, so it is charities and other organisations. When I say businesses, think of it in those terms, it is any employing organisation. The fact that we have triggered that investment is important, because, again, the Chief Economic Adviser had told us all a year or so ago that Jersey has weak level of business reinvestment and so to be able to kick that off and trigger that is the greatest success of this so far.

Deputy M.B. Andrews:

Overall of the £10 million has there been a good uptake across all the different areas or has it been may be in some …?

The Minister for Sustainable Economic Development:

Skills, not so, sadly. Things like destination marketing, that was going to be led by Visit Jersey, so that was going to happen. The route development, Ports of Jersey are still working on that. Obviously you are trying to align with the commercial intentions of airlines, so they have to want to fly to Jersey, they have to want to put Jersey in. I know that the C.E.O. of the Ports of Jersey is still working on that, but there are some good signs coming out of it. The Rural and Marine grant, like I said, that is a straight though subsidy. Employee Support is for the Minister for Social Security. The main headline part of this, the Productivity grant, was a huge success. I hope we get the Skills grant used much more next year. That is important. We all know the importance of Jersey having a skills base and also lifelong learning. Again, the Skills grant is not just for 20 year-olds leaving college, it is for anyone at any age to be invested in by their employers. That is the thing I would like to see change.

Deputy M.B. Andrews:
Are you aware of how much has been expended to date and how much is available still?

The Minister for Sustainable Economic Development:
From the Skills grant specifically?

Deputy M.B. Andrews:
No, altogether from the £10 million.

The Minister for Sustainable Economic Development:
You can take it as most of the £10 million.

Deputy M.B. Andrews:
Okay. Going into 2026, in terms of this Government budget, what changes could there potentially be in terms of how the funding is managed or do you believe that things will remain as is?

The Minister for Sustainable Economic Development:
They will mostly remain as they are. We might choose to take that £500,000 that we ended up taking from the Skills and putting it into the Productivity grants, rather than halfway through the year. On the Visit Jersey, we know there is a need for marketing, so that is absolutely fine. On the Ports of Jersey side is important. The Agricultural side cannot change, that needs to be there. I do not see it changing very much.

Deputy M.B. Andrews:
Yes. In terms of what you spoke about previously about the Skills grant, why do you think there was a low uptake?

The Minister for Sustainable Economic Development:
I genuinely do not know. It is probably a lesser known part of the package. I must say, Jersey Business did a good job of advertising it and then managing it as well. The actual grant application and payment system was smooth and good. Maybe there is a role for us or Jersey Business to

promote the Skills side a bit more, help people understand that it is for anyone in their organisation not just young people, it could be anyone of any age. Also try to make employees understand that this money is there for them, so they can approach their bosses and say: "Look, this money is available, I would like to do this course. Shall we see if we can use that money from Government to do that course?" I will ask Jersey Business to see if they have any other insights and whether they think promoting it more may help a bit more.

Deputy M.B. Andrews:

You also mentioned that Rural and Marine industries in particular have been struggling of late. I wanted to ask you a question about the funding increase. That has obviously been proposed within this Government budget. How important is the additional funding to those particular industries?

The Minister for Sustainable Economic Development:

It is absolutely vital. One thing I would say is with Rural, the agricultural side, the struggles are now behind us. There was a media report a couple of months ago which suggested otherwise, but I learned that that media report was taken from a 2022 article, so it was completely out of date. If you speak to the farming sector, whether it is growers or dairy, they are in a much better place than they were 3 years ago when I took over. Fishing and Aquaculture, are different, they are in a difficult place. We are trying to sit down with them and say: "What is the future for the industry?" We want there to be a future for the industry, but there are so many headwinds for that sector right now, everything from climate change to Brexit to change in tastes, with species moving in that were not in before. It is really hard. Minimum wage puts pressure on.

Deputy K. Wilson:

Can I just ask you, given what you have just said, do you think that it is the right model to support them?

The Minister for Sustainable Economic Development:

For the fishing sector?

Deputy K. Wilson:

Yes.

The Minister for Sustainable Economic Development:

This is the first time it has ever happened. I speak to people in that sector and they are proud of the fact that they have never before asked for a Government subsidy. They are proud of that and I am grateful to them for that. Many of them do not like having a Government subsidy, which shows their independence and I am appreciative of that. At the moment, it is, in many places, the only thing that is keeping some of them fishing. It would be difficult to withdraw that money. The exercise I would like to do, speaking to the Chair's earlier question about the future, the next 6 or 7 months, fishing sector and agriculture sector are slap bang in the middle of my priorities or top of my priorities, because we need to get direction. We will need outside views. We will have to beat the consultants ban to get somebody in to help us, because we do not have the expertise in-house to be able to do that work. We need to sit down with the industry and with experts and work out the best way to get a direction for that industry.

Deputy M. Tadier:
Can I just in and ask: even if the marine sector are being productive, is it not an issue if they cannot export some of their products to France, because we are told they are getting spurious rejections?

The Minister for Sustainable Economic Development:
That is one of the many headwinds. That is exactly right, the difficulty in crossing the border. Their market is Europe.

Deputy M. Tadier:
Where does the support for breaking down those barriers come? Is it your department or is it External Relations?

The Minister for Sustainable Economic Development:
It is the Environment Department, it is the External Relations Department and it is our department. I was in France last week for the Breton Summit. On the evening I arrived I sat down with Breton fishermen and the vice-president from the region, talking about fishing. We talked about difficulties crossing the border, things like this. The support trying to get rid of that obstacle comes in all sorts of different ways from official communications through to unofficial and informal communications. The most important thing was the desire to keep talking. The thing I was pleased with on the Breton side was they want Jersey's fishing sector to succeed as well. It is vital to the ports and harbour.

Deputy M. Tadier:
Yes. Thank you.

Deputy M.B. Andrews:
Minister, obviously it is the Government Plan, it is the last year in office for this Council of Ministers, but thinking beyond this term of office, do you think the Better Business Support Package will need to continue to support those particular industries that we have just mentioned?

The Minister for Sustainable Economic Development:

Yes. If we are talking about rural and marine industries then the £1.1 million we have in there for subsidising the increase in the minimum wage, yes, it needs to stay there. If you take that £1.1 million away, they have a massive problem paying wages. It is that simple, so that has to stay.

Deputy M.B. Andrews:
In essence, Government financial support will be needed to cover those baseline wage workers in those particular industries?

The Minister for Sustainable Economic Development:
Yes, it will need to continue. As I said at the beginning, Deputy Luce's proposition where the States agreed to provide greater levels of support to the sector is vital to the sector. You must remember this is not a sector that can stand on its own feet commercially. We have quality in Jersey, but we have no scale. You are competing against entirely subsidised European and U.K. (United Kingdom) industries. Our industry back in 2018 had £800,000 of support from Government. That is it; effectively no support from Government. It could not continue on those lines with no scale and it is competing against massively subsidised sectors. The £8 million that we give, we get superb value for money out of. Not only do we get a countryside which looks superb, but we export. Our milk is now going to South Korea and Hong Kong. Our potatoes are now going into Europe and as far away as Dubai. We are getting Jersey produce out there in all sorts of different ways, as a quality product. That is the key for everything and it will be the same for fishing. This is one of the things we have to try to understand: how do you make Jersey's fishing sector a quality fishing sector in people's minds? A bass caught here looks very much like a bass caught off the Netherlands, for instance. How do we differentiate those in order to get that sense of Jersey being a quality product able to command higher prices in the market? The market price we are currently getting does not support the cost base that Jersey has, because the market price is set in Saint-Malo, it is not set here, so it does not represent the cost base that Jersey has.

Chief Officer, Department for the Economy:
If you look across the Better Business Support Package in its entirety, the first worse thing you can do is not funding and the second worse is a cliff edge being attached to that funding. The fact that this is a support package for 2025 and 2026, if you run off the cliff edge at 2026, you have a big problem in terms of destination marketing and what you do around route development as well as, what the Minister has said, around fisheries, for example. A decision for next year is going to be the continuity that goes behind some of these support measures. It is important because as we move towards that living wage that is a challenge for businesses to be able to digest. They will not overcome that indigestion in 24 months, in terms of maybe pivoting the business and becoming more productive. There needs to be some thought given to that longer term.

Deputy K. Wilson:

Thank you. In terms of the Better Business Support Package, could I flip to the Agricultural Loans position, Minister, if I could? Can you confirm if there are any transfers from the Consolidated Fund to the Agricultural Loans in 2025 and are these still planned for 2026?

The Minister for Sustainable Economic Development:

Have we made any loans? Yes. So far the capitalisation for this year was £5 million. We have delivered 8 loans to date, £1,853,000. Approved loans, of which 2 are not drawn down, were £493,463. There is £2 million worth of loans awaiting sign off. That adds up to the £5 million. You have £1.8 million delivered; £493,000 approved, not drawn down; and then £2,025,000 million currently recommended and awaiting sign off.

Deputy K. Wilson:

Okay. Are there any reasons for the delay in those funds?

Chief Officer, Department for the Economy:

Yes, the principle reason for delay is these are first time round loans. If you go back to the Agricultural Loans Fund of many years ago, documentation requirements and internal governance requirements now are much more stringent. We have to develop a whole suite of documentation for the loan agreements, for the application process, and for security that is taken to support those loans. We give huge credit to sector lead and colleagues for Rural and Marine and also to the colleagues in the Treasury for working through that. The first loan was going to be the hardest one to do for exactly those reasons. We now have more of a cookie-cutter template that can follow through and we see these are the ones drawn much more quickly.

Deputy K. Wilson:

Does that mean every year the £5 million will be spent? Will it stay at £5 million or do you envisage money being drawn down and then having to follow over into the following year?

The Minister for Sustainable Economic Development:

That is a good question, I do not know exactly. What I would is that the money can be recycled as payments come in. Similar to the overall package, through the grants for Agricultural and Rural and Marine we cannot lose that, equally we cannot lose the Agricultural Loan Scheme. One way of enabling its sustainability is obviously money that is paid back should stay within the fund to help future loans. It is clear, it is such a highly capital intensive sector, both Rural and Marine, that you cannot rely on the commercial sector to support that, it is just not there.

Deputy K. Wilson:

We are trying to understand the impact if there is any delay to the economy on that basis.

The Minister for Sustainable Economic Development:
The impact would be significant on that part of the economy. It has been difficult on some businesses, because it has taken time to get the system set up, particularly around the governance and the requirements from Treasury. That has taken time and more time than we expected and that has put pressure on the businesses themselves where they would often make commitments and were relying on these loans. However, that is, as Richard said, now all in place. That situation where it is taking time for things to get all the governance sorted out should not be there in the future. It should mean it should be a much speedier process.

Deputy K. Wilson:
Do you have any other comment on the progress of the loans at all? People coming forward, are they interested to access this kind of support?

The Minister for Sustainable Economic Development:
People have been. It is all scales. I visited a farm in St. Saviour where they have a new milking parlour. It is absolutely outstanding. Having been in there before a couple of years ago, it gives a whole new lease of life. For the farm I am thinking of in particular, it enables family members to think about succession and taking on the farm. Without the new milking parlour, family members would have been less interested in taking on that farm. By getting that capital commitment in place it enables that succession, which is vital for Jersey. There is also the smallholder side or start-up farms, for want of a better word, that need to grow and need to invest capital. That enables succession in the industry as well, which is important.

Deputy K. Wilson:
Yes, sounds more sustainable as well.

The Minister for Sustainable Economic Development:
Yes.

Deputy K. Wilson:
I want to move to nursery provision, if I might. With regards to the Island's workforce, what are the expected long-term economic benefits should the 15 hours free nursery provision be approved, particularly in terms of workforce participation and productivity? Have you got any targets or measures around how you see the economy benefitting in terms of improved productivity should this be introduced?

The Minister for Sustainable Economic Development:

It is sad, but we do not have any targets. The fact that you are asking makes me think that this is something we should look at. One of the main benefits is enabling parents to get back into the workplace for some time. One of the downsides is that the 15 hours does not match, even a part-time working week. Most part-time working weeks are 20 hours. This is something we have across the school system and the working system, hours often do not match what parents would be better for parents. There could be a good realignment between school hours and working hours, which would make the economy work more smoothly and relieves pressure on parents from having to leave work early, feeling bad about that often, or having to race across from their workplace across the Island to pick up children on time. There could be a whole balancing around that, full stop.

Deputy K. Wilson:

How do you think the value in the productivity will be realised if it is introduced? What would you wish to see?

The Minister for Sustainable Economic Development:

I would wish to see people being in a workplace longer and being able to stay in a workplace longer. Let us be frank here, most of these people are women, because while many men do take on caring responsibilities, I was one of them, they still are the minority in that area. Most of this would enable women to get back into the workplace, which in itself will mean they will maintain the confidence that many people do lose when they take time off for parenting. It will also mean that they will stay on top of what is happening in their sector, which means in itself they will be more productive in themselves, because they are not having to start after a 10-year gap and pick up what has happened in the last 10 years. It enables parents to stay in the workplace for longer, which enables them to be better at their jobs than if they have a 10-year gap.

Deputy K. Wilson:

Do you see any particular sector where this should have more direct targeting in terms of supporting productivity?

The Minister for Sustainable Economic Development:

If I am understanding the question, I do not think they a particular sector, but I might not understand the question.

Deputy K. Wilson:

Is there any particular sector in the economy where you think this will be particularly beneficial than in other areas?

The Minister for Sustainable Economic Development:
I do not think there is any one sector. The financial services and legal services institutes will benefit hugely. Education and nursery will benefit as well, because they rely a lot on teaching assistants who are often parents working part-time. As will the health sector, because people will be able to work in that sector who are not able to take time off. There will not be any one winner.

Deputy K. Wilson:
No winner, okay, that is all right.

The Minister for Sustainable Economic Development:
I was trying to think if you had a sector in your head and I am trying to work out which one it is.

Deputy K. Wilson:
I was thinking that given some of the difficulties around the scale of migration in terms of people picking up some of the lower paid work and whether or not this might have an impact on that.

The Minister for Sustainable Economic Development:
It would be nice. The problem there are the words "lower paid work", which are probably the reasons people do not work in it more than time. I would love to think that we are wrong and it would be a sector that could benefit from the time that is made available. I completely agree, but whether the lower pay element of it means that it does not. Of course the minimum wage is rising so that makes it easier in itself.

Deputy M. Tadier:
Is it all right if I bring us on to a different subject? We may need to come back to some of these. For the last 5 minutes, Minister, can we turn to Arts, Culture and Heritage?

The Minister for Sustainable Economic Development:
Yes, please. We brought Charlotte here for that reason.

Deputy M. Tadier:
The first question is for you, Minister.

The Minister for Sustainable Economic Development:
Of course.

Deputy M. Tadier:

Are you happy with the inclusion of new expenditure such as the Community Compass, Public Libraries, Jersey Music Service being lumped in now with what was the one per cent for Arts?

The Minister for Sustainable Economic Development:
I will be frank, not entirely, no. At the moment it is fine. The money that we have, the £12 million that we have, is not being touched. My concern is that in the future, the inclusion of those will be used as a reason to reduce that £12 million. That is my concern. It is not a concern I have as Minister today for today, it is a concern for the future.

Deputy M. Tadier:
The original vision that I certainly had for the one per cent and what many expected, perhaps yourself, you were a Back-Bencher at the time, the idea was that the 4 arm's length organisations as were would not receive a cut in their funding, but they would get some protection. There was a letter that went out. Already at that point, we had the inclusion of Jèrriais and Liberation Day events, which were included in that, which is not money that your department ever gets, but it is money that is included in the one per cent. Is there an issue here that what we are seeing is creative accountancy from the Minister for Treasury and Resources?

The Minister for Sustainable Economic Development:
I do not know. I am not going to use those slightly more provocative words when it comes to accountants, but it is a way that could be used for reducing the cash that gets spent.

Deputy M. Tadier:
Is it right to include teachers' salaries in Arts funding? We have Jersey Music Service teachers. Most of the Jèrriais, in fact, is teachers' wages.

The Minister for Sustainable Economic Development:
It is interesting. I appreciate I am going a bit out on a limb here, but I do not think it is entirely right. However, from the Jèrriais perspective, I have always felt very comfortable with it. partly because I am a huge supporter of Jèrriais. There is still, as you are aware, a conversation going on within Jèrriais and the Education Department as to where it best sits. There is a good argument to potentially take it away from Education so that we can fund it all entirely through the department.

Deputy M. Tadier:
Let us look at the old spending that they have now lumped in. Jersey Libraries, should that be coming out of the one per cent?

The Minister for Sustainable Economic Development:

I do not believe it should. I agree, the spirit of your proposition at the time was very much around these grant-funded organisations, rather than overall spending. Art and Music need to be taught in school regardless, in my view, they are not added extras. I am not an expert on the curriculum and maybe music is optional in a curriculum, I do not know, but for me, as an Islander, I expect children to be taught Art and Music in schools.

[14:00]

Deputy M. Tadier:
Feel free to bring in your sector lead, in terms of the allocations that would go to the 4 … let us include Ballet d'Jèrri in that, so those 5 arm's length organisations. At what would point will we be able to scrutinise the budgets that they will be allocated? Will it be before the budget is finalised or is it going to be afterwards?

The Minister for Sustainable Economic Development:
We have had some draft business plans and we are working with those that have provided draft business plans to see if all or some or however much of those business plans can be funded. I would expect it to be done before the budget debate itself. You are in conversation at the moment with those organisations and their draft business plans. We have not had draft business plans from all of them.

Sector Lead for Arts, Culture and Heritage:
Yes, October is normally the month where we are going back and forth with them and looking at their business plans together. By the end of October, we would expect to have finalised plans.

Deputy M. Tadier:
We would welcome any sight of those, even if it is initially confidential, so we can see who the, I do not want to talk in these terms, but who the winners and losers are.

The Minister for Sustainable Economic Development:
From the graph I have in front of me, which is from the Arts and Culture Report released the other day, is not going to change that much. At the end of the day, Jersey Heritage takes half of the money of the Arts, Culture and Heritage grant. They are still going to be taking half of the money.

Deputy M. Tadier:
The big concern I have is that when we get to 2028 / 2029 and we are seeing the flat-lining already that the Government budgets £1.5 billion, which some will think is eye-watering, but we know there is increase in health spending, yet the core grant to those organisations is going to be £11 million.

So we are seeing a vast undoing. It is dipping well below the one per cent and what the intention was by that stage.

The Minister for Sustainable Economic Development:
That depends on Government expenditure though. The only way you can flatten those last couple of years, in theory, is because Government expenditure will not be going up between 2028 and 2029. I would love to think that is likely. I cannot think of a time when Government expenditure has not risen year on year, so I think it is unlikely that …

Deputy M. Tadier:
I am worried that what has been lumped in here … if we are going to start to see this methodology, why not include art teachers in there? Why not include design tech?

The Minister for Sustainable Economic Development:
I am as uncomfortable as you are.

Deputy M. Tadier:
Yes, okay.

The Minister for Sustainable Economic Development:
This is relatively brutal, but is frank and true: this budget, while it has a 4-year outlook, none of us know what the next Government or who the next Government will be. In my mind, when I look at 2027, 2028 and 2029, that is entirely up for grabs. We just do not know. If it is the same Government as today, then maybe those figures will hold, but, for instance, we have talked about the need for Better Business Support to continue in some ways, et cetera. I know we would love to see some more money going in Visit Jersey. These are all arguments that the Minister for Economic Development needs to be making in 2026, because without any knowledge of the Government for next year everything from 2027 onwards is indicative only.

Chief Officer, Department for the Economy:
It is a difference between one per cent was intended or hoped to include versus trying to find a definition that you are from an accounting perspective you can say: "Well, that holds water". Where we have got to is in 2026 the allocation is 1.2 per cent. That is a push down of that in 2026 to 2029 to be the 1.1 per cent figure. That is something for the Minister and the Assembly to debate as to what that allocation should be. Now that a definition has been arrived at, what is the right allocation going forwards? Indeed, is a percentage allocation the right way forwards or is there some other mechanism that would better do the job?

The Minister for Sustainable Economic Development:
The last budget, I was comfortable with the idea that it goes up by R.P.I., in essence, because it strips out what is happening in those last 3 lines of the Community Compass, et cetera, and I knew that that would not then happen. Also because one per cent off expenditure is not right, that if another department overspends, more money goes to Arts, Culture and Heritage. You could argue that it is a disciplinary tool for departments that overspend and encourages them not to. Outside of that …

Deputy M. Tadier:
Be careful or you will get more art.

The Minister for Sustainable Economic Development:
Exactly, we will get the finger paints out. I did see merit in the R.P.I., because I thought it would put all of this to bed and we would have constant growth along the R.P.I. framework.

Deputy M. Tadier:
We will leave the questioning there, but if there are any final thoughts from my side of the table … no. Do you have any …

The Minister for Sustainable Economic Development:
Thank you very much.

Deputy M. Tadier:
Thank you for coming. There will no doubt be some written questions to follow up on, but we wish you all the best with the budget and look forward to seeing you tomorrow.

[14:05]