

States 
of Jersey

JERSEY - A NEW ECONOMIC GROWTH STRATEGY

Quality of Life Through
Economic Success



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FOREWORD BY THE MINISTER FOR ECONOMIC DEVELOPMENT

The 2011 Economic Growth Strategy will build upon Jersey's strengths, identify and overcome any shortcomings and allow the Island to exploit the global economic recovery. In doing so, we will grow more businesses, create more job opportunities and maintain the public services important to sustaining Jersey's quality of life.

Jersey is emerging from the worst recession in living memory. We must now position our economy to exploit the opportunities provided by the gradual return of global economic growth.

Jersey's high-productivity financial services industry employs over 12,000 residents. A sustainable future for the sector will be driven by Government, the financial services sector and the regulator aligning their work to allow the sector to develop new products, to deliver value from existing markets and capture new business from emerging economies such as Israel, China and India, whilst maintaining our global reputation as a jurisdiction with the highest standards of regulation.

Diversification and the delivery of a balanced Jersey economy enjoying diminished States bureaucracy and an increasingly business friendly approach, will stimulate quality jobs for Island residents.

Jersey is well-placed to exploit the growth in global E-Commerce. A new E-Commerce Strategy will capture the potential of the sector, leverage Jersey's communications infrastructure and commercialise our new gambling and intellectual property legislation, facilitated by the creation of a private sector led E-Commerce Commission to promote the Island's E-Commerce capabilities across global international markets.

Jersey has natural resources in abundance. Investigating the future potential of using the Island's natural resources, in a sustainable, environmental and commercial manner, as a means of moving towards securing future energy supplies whilst reducing the reliance on energy imports, also provides the potential to develop a new environmentally aware sector of our economy.

The Economic Development Department (EDD) will be taking a radically different approach to the delivery of key functions such as tourism marketing and enterprise support. In doing so it will lead the charge to deliver smaller, more focused government.

Jersey's tourism industry is adapting to a radically different and more competitive market place. A new Tourism Strategy delivered by a new independent, private sector-led organisation to market and promote the Island, will maximise the value of the sector to the Island's economy and establish clear plans for future development.

Whilst retaining focus on the UK market, it will place far greater emphasis on the expansion of the continental European and wider international markets.

The Tourism Strategy will have a clear and unambiguous objective - a tourism sector whose market footprint is truly global and whose economic contribution is both growing and properly recognised.



The continued development of Jersey's small and medium enterprises (SMEs) across all sectors, including retail and construction, will deliver a diversified and balanced economy.

Following extensive consultation with the Jersey business community, a new Enterprise Strategy will be published in 2011. This strategy will define how public funds are best used to stimulate growth of existing businesses and increase the rate of business creation across all sectors.

A new organisation - formed through the integration of Jersey Business Venture and Jersey Enterprise - operating through a "first stop shop", will provide new products and services aligned with business needs including, but not limited to, providing Jersey SMEs with access to finance and financial support, to develop export markets in the UK, Europe and elsewhere.

The rural economy will continue to be supported through the delivery of the 2011-2015 Rural Economy Strategy by a fully integrated team based at Howard Davies Farm. Effective 1st January 2012, it is proposed EDD will transfer all rural economy budgets to the Environment Department to complete the integration process.

The further development of Jersey's economy must be supported by continued development of the skills of our residents. A new Skills Strategy developed by the Skills Executive and the Skills Jersey Board and based on two years of solid research evidence, will recognise changes likely to emerge from the Summer 2011 Discussion Paper on the future of Jersey Education. These are likely to explore to what extent vocational and applied learning is provided to meet individual learning styles and the future skills needs of employers.

As part of future efforts to ensure economic growth, appropriate opportunities will be evaluated and developed in conjunction with Guernsey, so as to maximise legislative, economic and social benefits that greater scale or market presence may provide.

Jersey has, by any measure, a successful economy but past success is no excuse for complacency. This strategy, which will move our economy to a new level, is grounded in the present and sets a clear framework for the future. It is a new strategy for a new global economy.

This strategy for economic growth is under-pinned by a more rigorous economic advice document prepared by the States Economics Unit, which should be read in conjunction with this paper.

The next key step in securing economic growth for Jersey is the publication of the specific strategies and the subsequent drafting of the economic objectives of the next States Strategic Plan to be published in early 2012.

As we continue to work with industry and regulators to develop and refine Jersey's economic policy and strategy framework I would welcome your input.

Further information can be obtained at www.economicdevelopment.je on which you will find details of how your input, can play a part in the development of Jersey's economic future.

SENATOR ALAN MACLEAN
Minister for Economic Development

SECTION

1

Executive Summary 

Jersey is in an enviable position. The Island has one of the highest levels of per capita income in the developed world, no public debt and substantial reserves.

Inflation has remained low and stable, which has kept the Island competitive and allowed average incomes to outstrip inflation by nearly 1% a year on average. This success has been achieved with limited inward migration and population growth.

The implementation of the 2005 Economic Growth Plan¹ has provided the foundation for sustained economic growth, and enabled the Island to position itself to emerge in a position of strength from the worst global economic recession since the 1930s.

Financial surpluses generated since 2005 allowed the funding of a £150 million fiscal stimulus package, including over £40 million of direct support for local businesses and individuals. (see Appendix 2).

¹ Prior to 2005 there was no Economic Development Department within the States of Jersey.

Since the Economic Development Department was formed in 2005:

– over £100 million has been invested by the States in securing sustainable economic development in Jersey.

– Jersey Enterprise has been established assisting over 2500 local companies.

– Skills Jersey has quickly established itself as a focal point for the development & delivery of skills, training and educational initiatives.

– £9 million has been invested through Jersey Finance Ltd, promoting Jersey overseas and assisting the development of new legislation.



WE ARE JUST GETTING STARTED.

As the global economy shows some signs of recovery, albeit fragile, Jersey must act to secure sustained economic growth to generate an even higher standard of living for all Islanders, provide better job opportunities, increased incomes, low taxes and improved public services.

THIS IS WHY WE ARE PUBLISHING THIS NEW ECONOMIC GROWTH STRATEGY FOR JERSEY.

Whilst the strategy is published by Government, it is intended to be a strategy for Government, business and Jersey's regulatory bodies that will allow all three to align their work to deliver economic prosperity - a strategy that highlights new policies and new delivery models independent of Government to build upon the success Jersey has enjoyed over many years.

The strategy is based on the fundamental premise that the States will use its capacity to intervene where need or opportunity exists and "get out of the way" by removing bureaucratic barriers to growth.

We all have a role to ensure that growth is achieved in a sustainable and fair manner. This will involve making better use of the people, land, knowledge and business expertise in Jersey to create a fairer society, in a beautiful island that takes a responsible approach to its impact on the environment.

This paper sets out how we can achieve this together, by focussing on productivity-led growth delivered through continued investment in the key building blocks of enterprise, skills, competition, infrastructure investment, macroeconomic policy and diversification.

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The building blocks of Jersey's success

ECONOMIC GROWTH IS FUNDAMENTAL.

In a small island with limited amount of land available and inward migration controls, the emphasis has to be on productivity-led growth.

There are no quick wins in delivering productivity improvements and instead there must be continuous policy development in each of the key building blocks outlined below, in Figure 1.

This paper outlines the key elements of the new strategy. In doing so it explores how, through closer alignment between Government, the private sector and regulators, we can ensure the "right work is done in the right places". When we do this we will, as an island, maximise our economic growth potential.

FIGURE 1: THE BUILDING BLOCKS FOR PRODUCTIVITY GROWTH



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What does economic growth mean?

For Islanders to enjoy a good quality of life and for that standard to continue to improve, there has to be sustainable growth in revenues generated by economic activity within the Island.

Quality of life means quality jobs appropriate to the skills of all residents; the delivery by Government of efficient, high quality public services; a secure and identifiable economic future for our young people and a pleasant environment in which we can all live.

It is not an option to stand still. There are many external factors affecting our quality of life over which we have little or no control. It is therefore critical that, to improve the lives of all Islanders we must devote our energy to maintaining existing sources of income while developing new revenue streams that will deliver real economic growth.

ECONOMIC GROWTH AND DIVERSIFICATION WILL GO HAND IN HAND IN JERSEY UNDERPINNED BY 3 CLEAR OBJECTIVES:

- **Developing a flourishing and diverse financial services sector**
- **Creating opportunities for new, high productivity sectors and markets**
- **Raising the productivity of existing sectors**

Achieving these objectives will involve decisive and timely action, by the States working ever more closely with business, to provide a platform that will allow the private sector to create commercial opportunities and stimulate economic growth.

4



New markets, new opportunities

Jersey has always proved both resilient to external threats and been innovative in developing new industries.

The strategy builds upon success AND details priority initiatives and delivery models that will ensure Jersey maintains its reputation for excellence and commercial enterprise. These key new initiatives include, but are not limited to:

EXPLOITING E-COMMERCE, E-GAMING AND INTELLECTUAL PROPERTY

Establishing Jersey as a global centre of excellence with a high standard of business-friendly regulation. The Jersey Gambling Commission, established in 2010 will be supported in the promotion of Jersey as an E-Gaming and E-Commerce jurisdiction by a newly created, private sector-led E-Commerce Commission;

PIONEERING ICT & BROADBAND TECHNOLOGY

An area where Jersey can differentiate itself from ALL other jurisdictions. The Island's dynamic telecommunications and ICT sector is in a position to promote Jersey as the international hub for visioning, testing and developing the next generation of global commercial technologies.

Such technologies need new broadband infrastructure that delivers ultra high broadband speeds. To deliver this, Jersey Telecom is investing c.£40million in "Gigabit Isles", a programme that will give over 95% of business and domestic customers broadband connectivity at a world leading 1 Gigabyte speed. This will allow the realisation of the "Jersey Lab" project which will bring international ICT and E-Commerce projects to Jersey, to be tested across an entire community;

ESTABLISHING A FRAMEWORK FOR SUSTAINABLY EXPLOITING RENEWABLE ENERGY

Working with global experts to identify & exploit the potential for generating power from the Island's natural resources - wind, tides and waves. Jersey's waters have one of the highest tidal ranges in the world. This makes our waters the ideal test bed for marine renewable technologies.

Excellent work done by the Renewable Energy Commission, led by Connetable Murphy will be supported by further government investment from EDD. In addition to the economic development potential of a renewable energy industry in Jersey, the emergence of commercially viable renewable technology will have the effect of reducing the Island's carbon footprint and reliance on importing energy.

EXPANDING TOURISM MARKETING TO ENCOMPASS GROWING EUROPEAN AND INTERNATIONAL MARKETS

Without detracting from the investment in the key UK market, growth and/or market entry strategies will be deployed in high value markets such as China. In 2010, c.1 million Chinese tourists visited the UK. This number is expected to triple in the next 5 years. Visitor statistics indicate that few if any Chinese tourists visited Jersey during their UK vacation. Building on recently developed relationships with Chinese authorities Jersey will aggressively market the Island in key cities such as Beijing, Hong Kong and Shanghai with the objective of attracting to Jersey 1% of Chinese visitors to the UK.



Growth - a new model of delivery – Smaller Government

The future holds many challenges for the Island and this strategy represents a significant initial step towards meeting these challenges head-on.

Our ageing population, securing a bright future for the next generation and provision of first class healthcare services will increasingly demand that above average economic growth will become imperative, if future quality of life is to be maintained and enhanced.

Government will continue to play a key role in achieving the objective of sustained growth for Jersey's financial services sector, which has been the cornerstone of our economic success over many decades. But Government is only one part of the model.

This strategy has at its core the alignment of the work of Government, the Jersey Financial Services Commission, Jersey Finance Limited and all elements of the Jersey financial services sector to secure Jersey's international reputation and deliver growth of both existing and new markets and products.



In addition

In addition, working within Government and across the private sector Jersey will see the Economic Development Department leading the charge to “small government” and fundamentally changing the way it works with business to deliver services through:

- 1** The creation, by January 2012, of a new enterprise and business support organisation “Business Jersey”, independent of Government, with its own Board, Chief Executive and staff structure. It will deliver a new enterprise strategy, improving upon achievements to date, becoming more targeted in its implementation and placing a greater emphasis on the development and growth of all businesses, particularly those in high productivity sectors with high profit and productivity growth potential.
- 2** The creation of a new tourism marketing organisation “Visit Jersey”, established outside and independent of Government to deliver a new tourism strategy that will be published in 2011.
- 3** The creation of a new E-Commerce Commission, based on the successful Jersey Finance Limited model, to promote the Island's E-Commerce sector capability in international markets.
- 4** The continued success of the Skills Executive and the Skills Jersey Board resulting in the publication and implementation of a new Skills Strategy, bringing together all the different aspects of skills development in Jersey ensuring that they are consistent, comprehensive and widely available.

In addition Jersey will see:

- Updated processes for licensing housing and work in the Island through the introduction of new legislation and associated policies to be overseen by the Population Office.
- New policy and strategy initiatives within the recently introduced Rural Economy Strategy allowing members of the Jersey agriculture and fisheries sectors to deliver sustainable future economic growth.
- Our domestic competition framework maintained in line with best practice.
- Continued investment in our infrastructure.
- Increased international competitiveness.
- Economic and fiscal stability.

Delivery in all these key areas AS AN ISLAND will provide the platform for business to deliver future economic success, that through the proceeds of success and growth, will preserve and enhance the quality of life of all Islanders.

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Fiscal stability, growth and genuine diversification

Fiscal stability, growth and diversification
OF EXISTING SECTORS and diversification INTO
NEW SECTORS will go hand in hand in Jersey.

As an international finance centre and a jurisdiction of choice for local and inward investment across all industry sectors Jersey must deliver the stability that provides local and international investors and businesses confidence to invest in the Island.

This will not be achieved in the absence of fiscal stability which is crucial therefore, to future economic growth. Delivering fiscal stability is the role of the Jersey Government. The Council of Ministers is committed to providing the fiscal stability the Island needs in the following ways.

- **Corporate tax stability:** the international businesses that the Island is dependent on for economic success need to be certain that the corporate tax regime will provide a competitive rate and tax neutrality. We remain fully committed to retaining both these elements as the bedrock of the Jersey corporate tax regime and that will be the case now and in the long-term.
- **Personal tax stability:** The 20% rate of income tax has been in place since the 1940s and is a pillar on which the success of the Jersey economy has been built. To undermine this pillar would undoubtedly create an incentive for key individuals and businesses to move elsewhere, taking with them the jobs and tax revenue they create in Jersey. This is particularly the case when our neighbour and competitor has a 20% rate of income tax.

In Budget 2011 the States committed to maintaining the current rate of income tax at 20%, removing any uncertainty.

This commitment remains firmly in place and is reiterated here – the Council of Ministers will not change the 20% rate of income tax.

- **Medium-term financial stability:** Political commitments on future personal and corporate tax structures while important are not enough by themselves to provide the certainty individuals and businesses need to plan for future growth and investment in Jersey.

They need to be able to see that finances are on a sound medium-term footing and that important investment in infrastructure can be funded without jeopardising these commitments.

Budget 2011 was a critical step in delivering this by demonstrating how the structural deficit should be closed by 2013 in both a fair way and one that does not damage competitiveness. More will need to be done to show how this stability can be maintained and the review of the existing fiscal framework will be another important step in demonstrating medium-term financial stability.

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Economic growth objectives

With fiscal stability Jersey's economy can grow and diversify, underpinned by 3 clear objectives:

OBJECTIVE 1 Developing a flourishing and diverse financial services sector

OBJECTIVE 2 Creating opportunities for new, high productivity sectors

OBJECTIVE 3 Raising the productivity of existing sectors

Achieving these objectives will involve decisive and timely action by the States, working ever more closely with business, to create an environment in which commercial opportunities can be realised and thus stimulate economic growth.



Objective 1

DEVELOPING A FLOURISHING AND DIVERSE FINANCIAL SERVICES SECTOR

The development and growth of Jersey's financial services sector is a function of the collective efforts of Government, the financial services industry and the Jersey Financial Services Commission (JFSC).

Promoting and Further Developing Jersey as an International Finance Centre

2011 marks the 50th anniversary of Jersey's high-productivity financial services industry, during which time expertise and intellectual capital has been exported to the world. The wealth of experience and expertise offered by the Island's highly skilled financial services providers creates an environment to attract business and investors alike. The highly developed financial services infrastructure has the capacity to fuel and support future diversification both within and outside the sector.

Since 2005, £9 million has been invested, through Jersey Finance Ltd (JFL), in promoting Jersey overseas as an international finance centre and assisting the development of new market-leading legislation. Islanders can be proud that, in JFL, we have one of the most highly regarded and professional bodies promoting our key industry, as evidenced by Jersey's position in the Global Finance Sector Index as the leading global offshore centre.

In 2008, the Economic Development Department funded a study commissioned by JFL to define the "Future of Finance" in Jersey. This work, undertaken by the London Business School (LBS) provided a framework for future growth.

One of the primary recommendations of the LBS review was to achieve greater alignment to the work of Government, the Regulator (JFSC) and industry. This led to the formation of the Financial Services Advisory Board (FSAB) consisting of the Chief Minister, Treasury Minister, Economic Development Minister, Director General of the JFSC, finance industry representatives and JFL.

Since its formation FSAB has overseen:

A major risk review of Jersey's finance sector;

Development of a comprehensive risk and performance framework;

Improved statistical reporting of the financial services sector;

Coordination of the vital "speed to market" review aimed at accelerating financial services product development.



By the end of 2011 a new Financial Services Policy will be published, setting out how we intend to achieve the following objectives:

OBJECTIVE 1.1

To maintain investor and market confidence in Jersey and further develop the standards of regulation which have established Jersey as a leading offshore finance centre maintaining a business-friendly regulatory regime that meets the requirements of international bodies such as Basel, IOSCO, IAIS and FATF.

OBJECTIVE 1.2

Increase levels of engagement and support for companies already based in Jersey, to encourage growth of operations in Jersey to establish the Island as the jurisdiction of choice for consolidation of offshore activity.

OBJECTIVE 1.3

Continue to diversify the current base of financial services business in Jersey by working with local and overseas companies to identify, develop and capitalise upon new markets, market sectors or parallel lines of business.

OBJECTIVE 1.4

Continue to secure financial services sector inward investment, capable of retaining and generating new high value activity and adding to the reputation of Jersey as an international finance centre.

In order to achieve these objectives, the States will invest in the following activities;



WHAT IS BEING DONE:

Coordinated by the Financial Services Advisory Board, ensure that Government, the JFSC and through Jersey Finance Limited, the financial services sector align their work to further enhance Jersey's international reputation and deliver growth in existing and new markets or products.

Properly resource the development of the financial services sector in Jersey by:

Creating a dedicated Financial Services function within Government led by a Director of International Finance with extensive direct financial services experience and knowledge.

Providing increased funding for Jersey Finance Limited (a public/private partnership) and its role as a leading proponent of the marketing and promotion of Jersey as an international finance centre.

Streamlining and properly resourcing the consultation and legislative process to increase the speed to market of new legislation to facilitate new products, which in turn will support a growing and more diverse financial services sector.

Further developing Government and JFL overseas representative offices based on a thorough analysis of market potential that will ensure return on investment.

Assessing Jersey's potential to develop capital market access and international pensions as additional elements of Jersey's Finance industry.



Objective 2

CREATING OPPORTUNITIES FOR NEW, HIGH PRODUCTIVITY SECTORS AND MARKETS

Section 4 of this strategy outlines new opportunities that will enhance the success of Jersey's economy.

Whilst primarily technology focussed these opportunities provide valuable opportunities for professional services organisations to further diversify their product offering and branch out into new areas of expertise and in doing so, open up new international markets for Jersey products and services

There will be an increased focus on securing high-value inward investment, from both financial and non-financial businesses, capable of fuelling growth in the Jersey economy. Such businesses not only create employment, boost States revenues and help diversify the local economy, but they also bring with them a global business perspective and export focus, useful in raising the Island's international profile and encouraging like-minded local companies to broaden their economic geographies.

Through interventions such as the Jersey Innovation Initiative and the Rural Initiative Scheme, local businesses will be encouraged to develop new products and services capable of capturing new markets and expanding the opportunity to drive future economic growth.

The Jersey economy is well placed to use technology and innovation as tools in driving the creation of future new sectors capable of delivering high levels of economic growth.



WHAT IS BEING DONE:

With a c.£40million investment by Jersey Telecom every home and business will enjoy connectivity to a world class high speed broadband network. The successful and competitive operation of this world-class infrastructure will drive the development of Jersey as the global hub for a vibrant and growing E-Commerce sector and transforming the way the Island works

Capitalising on the States recent investment in developing new IP and E-Gaming legislation and accessing appropriate global conventions to drive global investment and secure future economic growth

Establishing Jersey as a world renowned centre for the protection of intellectual property rights and a safe haven for global companies to protect the returns on their investment in new products or services

Securing significant levels of inward investment from global companies seeking to operate in a well regulated, highly connected and pro-business location, willing to partner with them in future development

Leveraging opportunities for Islanders and business from close integration with inward migrating technology, finance and E-Commerce companies

Evolving a framework with private sector operators and research organisations that will allow the future exploitation of Jersey's natural resources for sustainable and environmentally friendly delivery of renewable energy

Working with private investors and global corporates to secure future investment in developing new products, technologies or services by Jersey based businesses.



Objective 3

RAISING THE PRODUCTIVITY OF EXISTING SECTORS

Whilst Finance will remain Jersey's priority sector, we recognise that it is important that appropriate and targeted support for **ALL** businesses, particularly those in more traditional industries, is made available to drive productivity and secure economic growth.

This is recognised by the fact that by the end of 2011, specific strategy or policy documents will be brought forward in the following areas:

- OBJECTIVE 3.1** Increase the pace of skills and workforce development - a new Skills Strategy for Jersey
- OBJECTIVE 3.2** Jersey 'Open for Business' – a new Enterprise Strategy delivered by a new organisation
- OBJECTIVE 3.3** A flourishing and growing visitor economy – a new delivery organisation and a new Strategy for tourism
- OBJECTIVE 3.4** Sustaining and Growing the Rural economy – Rural Economy Strategy 2011-15

Initiatives will also be put in place to examine:
- OBJECTIVE 3.5** Private and Public sector investment in infrastructure to drive future economic growth
- OBJECTIVE 3.6** Making Government more business-friendly - aligning planning legislation and regulation with securing economic growth
- OBJECTIVE 3.7** A "best practice" competition & consumer protection framework
- OBJECTIVE 3.8** Maintaining Jersey's international competitiveness and economic stability



Objective 3.1

INCREASE THE PACE OF SKILLS AND WORKFORCE DEVELOPMENT

Skills and skills development lie at the heart of economic recovery from the impacts of a global recession that has produced record unemployment in Jersey.

It is the skills and abilities of our workforce that will deliver increased productivity, increased employment and increased prosperity for Jersey residents.

The private sector-led Skills Jersey Board working closely with the Skills Executive comprising the Ministers for Social Security, Economic Development and Education – collectively referred to as Skills Jersey – have achieved notable results in their first two years of operation including the Careers Jersey service and Advance to Work and Advance Plus programmes. This success provides a solid platform upon which to build but there is much more to be done. There are irrefutable arguments for greater, more targeted investment to help Islanders achieve their true potential, play a full part in driving the Island's future economic growth and, as a consequence, improve their own quality of life.

The increased levels of investment and the reforms required to target investment must be guided by a credible, clear and unambiguous strategy that encompasses better assessment of current and future demand AND provision of training and support from BOTH the public and private sectors.

To achieve this, Skills Jersey is bringing forward a Jersey Skills Strategy based on solid sectoral research evidence.



WHAT IS BEING DONE:

Introduction of a single integrated Skills, Careers and Employment Service providing greater client focus, an improved 'customer journey' and better value for money outputs, through streamlined use of, & access to, resources.

Development of an improved website for all skills, training or employment matters for use by employers, learners and training providers, delivering information regarding Skills Jersey and Careers Jersey plus their respective activities.

Extension of vocational learning to a larger cohort leading to a greater choice of recognised vocational qualifications, employment opportunities and/or future learning.

Continuation of initiatives to support skills development amongst job seekers by building upon the successful Advance to Work (for unemployed 16-19 year olds) and Advance+ (for older jobseekers) as a viable alternative entry point to the jobs market for young people not wishing to remain in full-time further education or those needing assistance in finding employment.

Introduction of an expanded Jersey Apprenticeship Scheme designed to better meet the needs of employers and individuals. It will aim to deliver the key competencies required for success in the workplace, including technical competence and key inter-personal skills.

Development of further Sector Skills Strategies working with industry partners, to present potential entrants a clearer picture of the 'state of the industry', outline 'difficult to fill' vacancies, skill requirements, training practices and future opportunities. Sector strategies will also send clear signals to Government, industry and training providers of future Island skills development needs and possible delivery routes.

Development of a coherent infrastructure to support special needs individuals into meaningful employment following a review of States partnership agreements to harmonise support for the vocational development of the vulnerable

Exploring best practice policies and strategies for succession planning amongst larger organisations - including the States - to reduce the need for off-island recruitment. Greater emphasis will be put on training/professional development – especially in key public sector areas such as teaching, nursing and senior officer roles & occupational areas where inward migration has historically been prevalent.

Identifying and removing the barriers facing older adults in the workplace that may prevent them from remaining economically active either in employment or self employment.

Extending higher education opportunities within the Island through the identification of degree or professional development programmes to be delivered by a broad range of providers.

Exploring the viability of an Enterprise Business Partnership to increase the benefits of interaction between industry, students and government, focussed on a collaborative approach to future skills development and investment.

Developing 'smarter' States procurement or investment strategies that help leverage increased and improved employment and training opportunities for local people, which fit with existing or future skills development programmes.

Assessing and reforming the benefits system to ensure that there are the right incentives for people to return to work.

Developing further active labour market policies for job seekers of all ages

The Employment Forum will review the trainee minimum wage.

Understanding the barriers to work for those currently not participating in employment – whether they are looking after relatives in the home, elderly or long-term sick – will also be critical if policies are to be implemented that improve on Jersey's already high rates of participation.



Objective 3.2

JERSEY 'OPEN FOR BUSINESS' – A NEW ENTERPRISE STRATEGY DELIVERED BY A NEW ORGANISATION

The launch of the first Enterprise and Business Development Strategy in 2006 signalled a step change in the Island's approach to developing and supporting local businesses.

In order to keep developments in business support current, a new Enterprise Strategy is about to be published.

This strategy has three simple objectives:

- **Removing barriers for start-up and established businesses**
- **Supporting Island businesses to reach their full potential in local & export markets**
- **Promoting Jersey internationally as a place to invest**

As a key part of the reform of EDD, the 2011-2016 Enterprise Strategy will focus upon the development of new and existing businesses in Jersey via a new "first stop shop", resulting from the integration of Jersey Enterprise and Jersey Business Venture, which will open for business in January 2012.

This new entity "Business Jersey" - independent, private sector-led and sitting outside Government - will increase the financial resources and focus applied to the development and growth of existing and new businesses in Jersey, particularly those with high growth potential.

Inward investment and elements of export trade development will remain within EDD as a function of Government, being delivered by a new part of EDD, - Jersey Enterprise International, - working across Government and with Jersey Finance Limited, the Jersey Gambling Commission, the new E-Commerce Commission and Jersey businesses to deliver a comprehensive inward investment and export trade service for Jersey.

Over the past five years, lessons have been learned about what works and what does not, along with indications of how best to deliver such support. Evidence has been collected from users of the existing service to identify where support could better improve the chances of success for enterprises, develop sectors with high growth potential and address market failures. This evidence will be used to increase the effectiveness of business support in Jersey through a more targeted approach addressing barriers to existing and new businesses achieving their full potential.

In order to achieve these objectives, the States will invest in the following activities;



WHAT IS BEING DONE:

Creating a new “first stop” business support organisation “Business Jersey” through the integration of Jersey Enterprise and Jersey Business Venture.

Placing increased focus on inward investment and trade development through the creation of Jersey Enterprise International. Working closely with all private and public sector bodies JEI will facilitate the delivery of further high value-added activities, economic growth, new and well-paid jobs plus diversification in the Island.

Further improving access to finance: it is vital that businesses have access to a range of debt and equity financing options.

Building upon the early success of the Jersey Business Angel Network and the initiative established by Envestors to greatly increase access to alternative private sources of potential investment for local businesses.

Reducing regulatory burden on businesses: Complete the ongoing independent review of business legislation involving the States, Jersey Hospitality Association, Chamber of Commerce and Institute of Directors to identify where legislation, policy or regulation is having a negative effect upon business performance and the future achievement of economic growth.

Encouraging innovation and the development and use of new technology: innovation & use of new technologies is key to achieving the productivity gains the Island needs and will require an expanded partnership between Government and the private sector.

Encouraging and supporting businesses to identify and grow domestic and international markets: Jersey by the nature of being an island, presents some interesting challenges and opportunities for local businesses. There may be significant potential in both the public and private sectors to take a more innovative approach to suppliers and supply chains.

Encouraging and creating an enterprise culture through knowledge, skills and recognising success: The long-term sustainability of the economy relies upon the Island’s ability to encourage, support and nurture tomorrow’s entrepreneurs.

Improving access to information advice and support for businesses: Prior to and after starting to trade, accessing good quality business advice both reduces the amount of business failures and encourages the growth of organisations with good business ideas.

Developing and supporting specific strategies for sectors with high growth potential to encourage growth and economic diversification: Finance will continue to be the main pillar in the Island’s economic model, supported by established sectors such as tourism, agriculture, construction and retail. However, the need to diversify means there is a need to create longer term economic stability and new growth opportunities.

Quantifying the economic value of Jersey start-up companies and the returns for the States of continuing to provide ongoing business advice and support

Reviewing Policies and Priorities on an annual basis: The continued evaluation of policy and priorities will be critical to maintaining and improving on the success of recent years



Objective 3.3

A FLOURISHING AND GROWING VISITOR ECONOMY – A NEW DELIVERY ORGANISATION AND A NEW STRATEGY FOR TOURISM

DELIVERY

Destination marketing is currently delivered by Government through Jersey Tourism which is part of the Economic Development Department. Whilst Jersey Tourism has performed well, the increasingly competitive market place means that the public and private sector MUST work more closely to deliver success. In this context, the Island must look at how we can deliver a "1+1=3" outcome by maximising programme spend, increasing private sector "ownership" of marketing and promotional activity leading to greater revenue contributions to the marketing budget and the most effective organisation, funding and delivery mechanisms to exploit the opportunities that the UK, European and international market place still presents. If we do not, we will, during a time of weak global economic conditions and intense competition from other visitor destinations, "miss the boat" and condemn Jersey to a future where the Island's visitor economy is in "managed decline".

In response to this threat and to capture the opportunities presented by the ever changing global tourism sector, By 1st January 2012 a new organisation, "Visit Jersey", will be formed. Based on the successful Jersey Conference Bureau model, Visit Jersey will be a grant funded body, independent of Government with its own Board, Chief Executive and staff structure.

STRATEGY

Jersey Tourism's strategic framework was last defined in 2004 since which time dramatic changes in all aspects of the tourism market place have taken place. These changes have led to a fundamental change in the competitive landscape and customer product expectations from both our key UK and other international markets.

In conjunction with the Jersey Hospitality Association, the Institute of Directors and the Chamber of Commerce, a new strategy for Jersey's tourism sector is being developed. This will seek to increase visitor arrivals and their spending in Jersey, deliver higher productivity and align the tourism product to current and future demand. The strategy will have separate UK and European Global focus:

- The UK remains the primary market for visitors to Jersey. The forward strategy will include a root and branch review of all elements of the UK marketing programme designed to ensure that both creative content and the mix of channels to market (TV, online, radio and printed media) in the programme deliver best results. Recent successful marketing programmes suggest that an increased emphasis will be placed on TV and online advertising.
- The new strategy will identify the likely need for a growth bid to fund a potential future commitment to a major expansion of our European and international marketing programme in emerging economies such as China whilst retaining UK programme spend at 2011 levels as a minimum.

The new tourism strategy will be informed by a detailed analysis and a better-developed view of the true economic contribution of the tourism sector to the Jersey economy, as well as the effectiveness of policies such as spending on destination marketing.

In order to achieve these objectives, the States will invest in the following activities;



WHAT IS BEING DONE:

Putting in place a revised Tourism delivery organisation with appropriate resources. By 1st January 2012 a new organisation "Visit Jersey" will be created to develop and promote Jersey's visitor economy. Visit Jersey will be a grant funded, private sector led body, independent of Government, based on the successful Jersey Conference Bureau model that will have responsibility for:

The marketing, promotion and public relations activity in existing markets such as the UK and France. This will include creative treatment and the mix of channels to market including Jersey.com.

The development of new European and international markets with particular focus on emerging economies such as China.

Delivery of first class visitor services which will include a critical appraisal of the location of the current visitor services centre in Liberation Place.

International conference and events delivery

Industry Liaison

Publishing a new Visitor Economy Strategy for Jersey that will provide a policy and strategy framework for the new Visit Jersey organisation.

Building a business case for increased government investment in Jersey's visitor economy based on an assessment of market potential.

Further developing air and sea transport links. By working with Jersey Airport, Jersey Harbour, airline and car/passenger ferry operators to, where appropriate, support and incentivise the growth of the Island's air and sea transport network.



Objective 3.4

SUSTAINING AND GROWING THE RURAL ECONOMY – RURAL ECONOMY STRATEGY 2011-15

In 2010, following extensive consultation between Government and industry that included an independent review by a Scrutiny Panel chaired by Deputy Labey, the Rural Economy Strategy 2011-15 was published.

This strategy set out how Government and industry could work together to ensure that the rural economy will continue to contribute to future economic growth, whilst safeguarding Jersey's character and environment. The strategy included a blueprint for the Island's agriculture and dairy sectors and put forward a series of policy priorities which are being implemented.

In order to achieve these priorities, industry and Government will invest in the following activities;



WHAT IS BEING DONE:

Reviewing the relevancy and function of ongoing States support for agriculture

Examining future support for the Dairy Industry

Continuing the early success of the Rural Initiative Scheme

Developing the local & export markets for Jersey produce

Protecting the Jersey Brand

Establishing 'user-pays' as a sector-accepted principle

Delivering appropriate sector research

Moving climate change remedial measures up the sector agenda



Objective 3.5

PRIVATE AND PUBLIC SECTOR INVESTMENT IN INFRASTRUCTURE TO DRIVE FUTURE ECONOMIC GROWTH

Economic prosperity is dependent upon availability of property, transport and other forms of infrastructure and it is the demand created by economic growth that justifies investment in new infrastructure.

As a result of recent developments in the Island and supported by a stable fiscal framework, Jersey is now positioned to "move up a gear" in the development of infrastructure.

Consideration will also be given to the appropriateness of joint public-private sector delivery vehicles, or procuring public services from private sector providers where a strong economic, social or environmental case can be made.

We will continually review our transport and communications policies to ensure they will deliver the investment required to enhance our competitive position.

This is particularly important in the area of sea transport policy where, working closely with Guernsey, the long term future of reliable year-round freight, car and passenger services MUST be delivered beyond 2013 when the current licence to operate comes to the end of its term.



WHAT IS BEING DONE:

The creation of the States of Jersey Development Company (SoJDC) and the Regeneration Task Force establishes a strategic and commercial evaluation and delivery vehicle for all States land assets in Jersey. Guided by the new Island Plan all States land assets will be considered at a strategic level by the Regeneration Task Force. Assets that deliver maximum strategic value will be prioritised by the Regeneration Task Force and evaluated by SoJDC who will complete commercial appraisal and recommend the approach to development and timing based on current or forecast demand. The activity of the Regeneration Task Force and SoJDC will be to realise commercial and community value through the accelerated development of dormant or under-utilised States assets and, in doing so, deliver significant contract value to the Jersey construction sector.

The integration of Jersey Harbours and Jersey Airport functions, restructuring the organisations and the move to incorporation. The appointment of a single Shadow Board and a Group Chief Executive signals a paradigm shift at the Island's two key transport infrastructure assets. Changes that are being implemented to the commercial operations at Jersey Harbours and Jersey Airport will reduce cost, increase efficiency, develop additional revenue streams and see the land and property assets of both ports developed. The integration of many functions in the two organisations is underway and the Shadow Board has been asked to advise the Minister for Economic Development on a timetable for incorporation in the next 2-3 years.

Evaluate the case for working with the private sector through appropriate structures to ascertain whether strong economic, social or environmental benefits can be derived from the delivery of high quality services



Objective 3.6

MAKE GOVERNMENT MORE BUSINESS-FRIENDLY - ALIGNING PLANNING LEGISLATION AND REGULATION WITH SECURING ECONOMIC GROWTH

Planning laws and regulations play an important role in ensuring the aesthetic appearance, durability and build quality of existing and new development. But they can also have a significant impact on the economy and productivity growth.

If Jersey is to be successful in either attracting appropriate high productivity businesses from elsewhere, or encouraging the development of existing and new local businesses, then Planning regulation & legislation must be applied in a supporting and flexible manner.

Under Jersey Law, it is also a requirement for every business to have a license issued under the Regulation of Undertakings and Development Law (RUDL), which acts both as a license to trade and establishes the numbers of locally qualified and non-locally qualified employees that the business is entitled to engage.

Since 2005, the States Population Office has been developing and consulting on a more business-friendly "Control of Housing and Work (Jersey) Law 201-" approved by the States in July 2011 which will replace the existing Housing (Jersey) Law 1949, and Regulations of Undertakings and Development (Jersey) Law 1974 in the Summer of 2012.

In order to achieve these priorities, the States will invest in the following activities;



WHAT IS BEING DONE:

The Environment Department will work closely with Economic Development and the Economics Unit to ensure that the implementation of the Island Plan does not unduly restrict enterprise and economic growth.

Following States Approval of the Control of Housing and Work (Jersey) Law, the Population Office will be adopting a new more efficient and less bureaucratic approach to the regulation of housing and work which, after initial capital investment, will run at a lower cost.

The new approach includes the following key elements:

No application will be needed to engage Entitled people, although companies will still be limited as to how many Licensed or Registered employees they can engage.

Exemptions in the licensing requirements (through Orders) will enable bureaucracy to be reduced and will provide clarity.

Business will incur less administration costs when recruiting Licensed employees.

A registry of undertakings will be open to public inspection, enhancing both transparency and compliance.

When deciding to grant a licence, wider criteria can be considered by the Population Office including the environment, the economy, the public interest, and other policies of the States.

Significant improvements in the ability to identify and address non-compliance are introduced, particularly where this could affect growth of businesses in the local economy.



Objective 3.7

A "BEST PRACTICE" COMPETITION & CONSUMER PROTECTION FRAMEWORK

The current competition and consumer policy framework is working well.

The Jersey Competition Regulatory Authority (JCRA) has played a key role in establishing competition policy and regulation in the Island with notable success in telecoms and postal services.

A recent independent review has been carried out of the Jersey Consumer Council (JCC) with the States adopting a Proposition to:

- Tighten up corporate governance and develop a new operating framework
- Introduce measures and a revised structure to give the newly restructured JCC a greater degree of independence from the States
- More clearly define the role and purpose of the JCC

In order to establish this level of protection for Islanders, the States will invest in the following activities;



WHAT IS BEING DONE:

Signing a new Service Level Agreement with the JCRA establishing regular consultation on the Jersey competition framework to ensure that it is in line with best practice including:

Further develop the relationship between the JCRA and Guernsey's Office of Utility Regulation to reduce the cost of regulation in both Islands and, where appropriate move towards regulation of a single Channel Islands market

Making the work of the JCRA more relevant to the local market by agreeing work programmes that are focussed on important local issues including road and domestic fuel and food supply chain and retail.

Evaluate the scope of future mergers and acquisitions review activity, making it more directly relevant to the local impact of such future investments.

Assess the potential effects on competition of States policies at key stages of policy development. This should ensure that other government policies do not unintentionally undermine the objective of a strong competitive environment

By the end of 2011, reforming the Jersey Consumer Council to better represent the interest of Islanders



Objective 3.8

MAINTAIN JERSEY'S INTERNATIONAL COMPETITIVENESS AND ECONOMIC STABILITY

Maintaining and improving competitiveness and macroeconomic stability are critical to future economic growth.

Macroeconomic stability is a function of Government and the Council of Ministers remain firmly committed to maintaining fiscal stability - corporate and personal tax stability and sound medium-term finances. Recent changes to direct and indirect taxation approved by the States have reinforced this commitment.

The independent Fiscal Policy Panel (FPP) provides regular advice to Ministers and the States based on a thorough appraisal of economic conditions in the Island. Advice provided by the FPP will continue successfully to inform Jersey's macroeconomic policy.



WHAT IS BEING DONE:

The Fiscal Framework will be reviewed and evaluated by the FPP and the States Economics Unit to examine how it can best support the States fiscal and economic objectives going forward.

Ensuring that low inflation will remain a key economic objective as high inflation can undermine competitiveness and economic growth. The focus of policy will continue to be on growth driven by productivity and supply side improvements, supported by counter-cyclical fiscal policy and a sound competition framework, which will be more conducive to low inflation.

Ensuring that Jersey's competitive position will continue to be monitored by the FPP and the States Economics Unit so that any changes in its overall position can be addressed if necessary.

Competitiveness will also be a primary consideration for all areas of Government policy.



What will success look like?

THIS STRATEGY AIMS TO:

- Lay the foundations for a secure and sustainable future for Jersey in which residents enjoy a good standard of living and quality of life.
- Build upon the achievements of the last five years, including the delivery of a fiscal policy that enabled Jersey to emerge in a strong position from the worst global recession in living memory.
- Ensure Jersey can benefit from the global economic recovery now underway.

FOR JERSEY, ITS GOVERNMENT, ITS BUSINESSES AND ITS COMMUNITY, THE SUCCESS OF THIS STRATEGY WILL BE DEFINED BY:

- Greater economic diversity without sacrificing productivity
- An employment market that is healthy and diverse, providing opportunity for everyone.
- A workforce with the skills necessary to embrace the opportunities that will arise as our economy grows, increasing employment opportunities for residents and reducing the number of people out of work.
- The proceeds of growth being used to return Jersey's public finances to surplus. This must be complimented by a relentless focus on cost reduction and efficiency increase in the public sector.
- Maintaining a fair and equitable personal and corporate tax system that generates the revenues necessary to deliver even higher standards of public services and infrastructure.

- Creation of an environment where investment, innovation and the natural entrepreneurial talent in the Island stimulates productivity-led growth. The reward will be increased opportunities for all through the creation of new industries, jobs and general revenue.
- Above all, success will be measured by the level of growth achieved in direct relation to the impact that growth has on our community and our natural environment.

Jersey and its people have demonstrated an amazing ability to survive and adapt whilst maintaining strong community values and without destroying what is one of the most unique and beautiful environments on the planet. This strategy will harness that characteristic by stimulating economic growth with a social conscience and without environmental impact.

Quality of life is many things to many people: self-respect through meaningful and gainful employment; a national pride gained through international recognition and acknowledgment of skills; peace of mind about the present and future; and an environment that affords a decent standard of living and an enjoyable place in which to live.

THIS STRATEGY ASPIRES TO ACHIEVE ALL OF THESE VALUES.

Putting Jersey's economic performance in perspective

STRENGTH OF THE ECONOMY

The development of the financial services sector in the second half of the 20th Century saw average income per person in Jersey rise substantially, to a point where today, Jersey has one of the highest levels of per capita income in the developed world.

Sound management of the public finances has meant that the Island has no public debt and substantial funds put aside for future rainy days. Inflation has remained low and stable, which has kept the Island competitive and allowed average incomes to outstrip inflation by nearly 1% a year over the last economic cycle (2000-2007).

This success has been achieved with limited inward migration and population growth. Over the same period inward migration has averaged about 300 people (approximately 140 heads of household) a year, while total population growth – including natural increases in the population – has been around 580 a year.

IMPORTANCE OF FINANCIAL SERVICES INDUSTRY

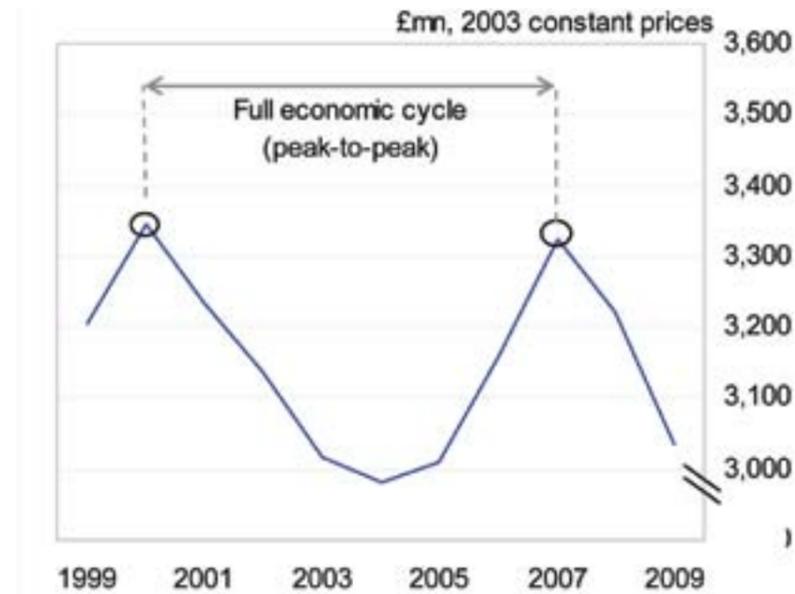
The finance sector is the bedrock of the Island's economy. Much of our prosperity and our ability to afford high-quality public services at relatively low levels of taxation is a result of the value created from this sector, which in turn derives from the depth and quality of its expertise. Jersey's finance industry, built on the Banking, Funds and Trusts sectors supported by the legal, accountancy and compliance professions, remains at the heart of the Island's future prosperity.

The sector directly employs over 12,000 people, approximately a quarter of the Island's workforce and generates over 40% of our economic activity. It has been estimated that the sector contributes around £160m a year in tax revenue – 30% of the total annual direct revenue of the States. Indirectly the sector creates significant additional demand for retail, hospitality, construction and a variety of support services, which in turn creates further jobs and even greater tax revenue.

JERSEY'S ECONOMIC SUCCESS - A BALANCED ASSESSMENT

Whilst the rest of the world experienced the worst post war global recession the Jersey economy performed remarkably well. Jersey's economic performance is best judged over a full economic cycle (in this case "peak to peak") and Figure 2, illustrates that the peak of the cycle that occurred in 2007 had a similar level of economic activity to the buoyant times of 2000. This means that Jersey continued to deliver one of the highest per capita incomes in the world, despite a global financial crisis of unprecedented scale.

FIGURE 2: REAL ECONOMIC ACTIVITY OVER THE CYCLE

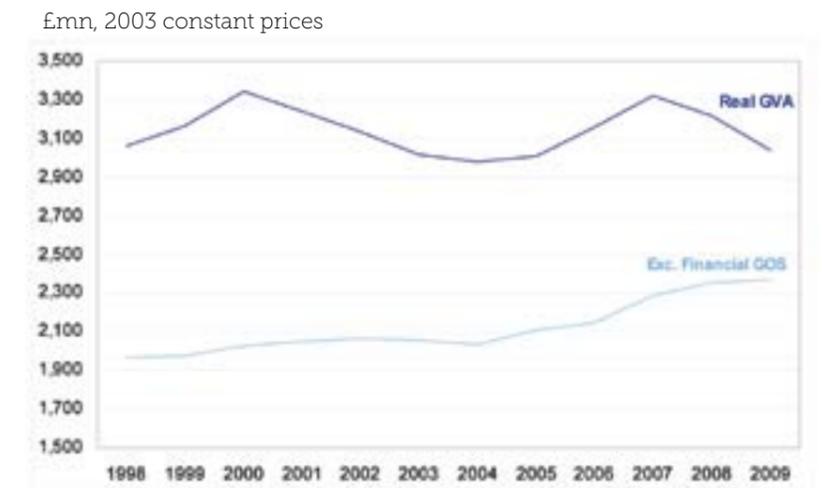


Source: States of Jersey Statistics Unit.

Of course economic activity can be affected by one-off factors relating to one or a few large institutions that bear little relation to the fortunes of the rest of the economy. As a result, a large component of economic activity – the profits of the finance sector – can fluctuate while not necessarily affecting other important factors such as employment, earnings, tax revenue and non-finance business activity, or certainly not to the same extent.

Excluding these factors we can examine the underlying trends in our economic activity. This is achieved by looking at the other elements of Jersey's GVA, excluding the contribution from financial services. This underlying measure of GVA actually grew at a very healthy rate of 1.5% per year on average in real terms over the cycle (Figure 3). That is, year in and year out during a very difficult period for the global economy we have seen real improvements in Islanders' incomes and the performance of many of our businesses, not just financial services.

FIGURE 3: REAL ECONOMIC ACTIVITY EXCLUDING FINANCIAL SERVICES PROFITS

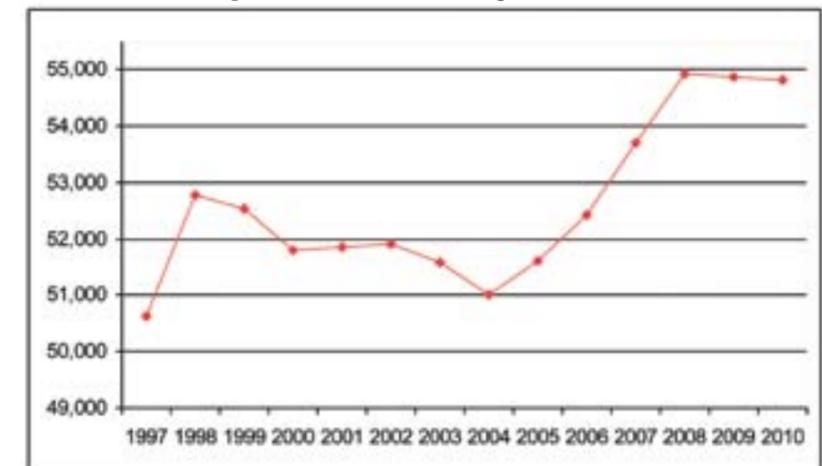


Source: States of Jersey Statistics Unit

A REMARKABLY SUCCESSFUL LABOUR MARKET

The success of an economy should not be assessed simply on GVA trends, but by performance in all things that matter to Islanders, which includes employment, average incomes and quality of life. Despite the global economic turbulence employment has remained fairly stable since mid-2008 and at the highest level since the mid-1990s (Figure 4).

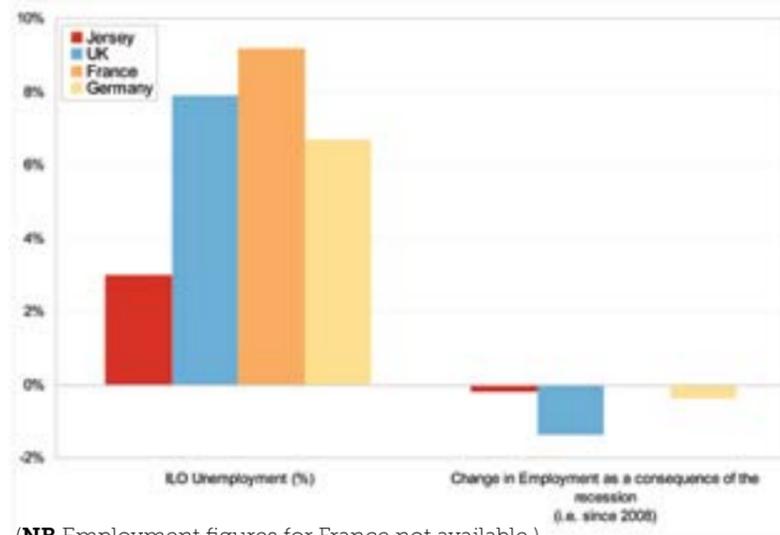
FIGURE 4: EMPLOYMENT REMAINS CLOSE TO RECORD HIGH
No. of full time equivalent, annual average



Source: Economics Unit

This performance looks even more startling in the context of what has happened in other jurisdictions over the same period. While unemployment has risen in Jersey, it remains low relative to other economies. For example, on an internationally comparable measure (ILO) Jersey had an unemployment rate of 3.0% in the early summer of 2010, while for the UK, France and Germany the equivalent measures are more than twice as high (Figure 5). Similarly, the larger economies have seen a much sharper deterioration in employment than has been the case in Jersey.

FIGURE 5: HOW JERSEY HAS FARED IN THE RECESSION – UNEMPLOYMENT AND EMPLOYMENT



(NB Employment figures for France not available.)

Source: States of Jersey Statistics Unit and OECD.

Taking a wide range of measures and putting them into a global context, Jersey's economic performance has been impressive and the Island's economy has shown great resilience in the face of the most severe global recession for many decades. Our position looks even stronger when it is also considered Jersey has no public debt and the £600m Strategic Reserve remains intact at a time when many economies face debt ratios that will burden generations to come.

Further analysis of the past and current Jersey economic performance can be found in the 'Developing a New Economic Growth Strategy for Jersey' paper, produced by the States Economics Unit, which forms part of this strategy.

APPENDIX

2

The story so far – success based on sound policies

Since the publication of the Economic Growth Plan in 2005, much has been achieved to lay the foundations for sustainable economic growth. The implementation of the 2005 Plan provided a firm foundation on which to build future prosperity. The use of over £150m from the Stabilisation Fund to support Islanders and businesses through the economic downturn has meant that we are in a strong position from which to capitalise on the – albeit fragile – global recovery that is underway.

ACHIEVEMENTS SINCE THE 2005 ECONOMIC GROWTH PLAN

Some of the more notable successes of the 2005 Plan are summarised in Table 1

Each objective has been successfully achieved through a series of actions that are described in more detail below.

TABLE 1: THE SUCCESSFUL IMPLEMENTATION OF THE 2005 ECONOMIC GROWTH PLAN

Objective	Outcome	Achieved?
Skills development	Skills Jersey established and significant investment made in skills policies but Skills Strategy still under development.	✓ & Ongoing
Encourage enterprise	Jersey Enterprise established along with new business advice service, Business Angels network and other access to finance products	✓ & Ongoing
Promote competition	JCRA successful interventions and JCC campaigns	✓ & Ongoing
Transport infrastructure	New policies for air and sea route development	✓ & Ongoing
Macroeconomic stability	New fiscal framework including Stabilisation Fund and Fiscal Policy Panel agreed by States in 2006.	✓ & Ongoing

IMPROVING SKILLS AND THE PERFORMANCE OF THE LABOUR MARKET

The introduction in 2008 of the Skills Executive and the private sector-led Skills Board has helped to significantly improve Government investment in the areas of training and skills development, ensuring that the local skills development infrastructure is able to meet the needs of both business and individuals now and in the future. This in turn supports greater productivity in local businesses.

Significant investment has been made in:

- **Developing the enterprise and vocational curriculum for young people:** through investment in initiatives such as Global Entrepreneurship Week and student mentoring
- **Developing skills of the people in the workforce:** through continued investment in Apprenticeships and Undergraduate Internship programmes
- **Developing higher level skills at work:** through the introduction of Foundation Degrees and higher education programmes at the University Centre for Jersey (Highlands)
- **Encouraging and supporting private sector investment in institutions:** such as the Institute of Law and Jersey International Business School, as a means of broadening the range of professional education provision in the Island
- **Responding to the recent economic downturn:** through the introduction of programmes such as Advance to Work and Advance Plus, plus increasing provision at Highlands College, Careers Jersey and Social Security, to support local people back into work utilising Fiscal Stimulus funding
- **The introduction of income support:** which has allowed active labour market policies to improve the supply-side and get people back to work.

ENHANCED ENTERPRISE SUPPORT

Two important consequences of the original Economic Growth Plan were the publication in October 2006 by the States of an Enterprise and Business Development Strategy and the launch in 2008 of Jersey Enterprise. Both of these developments have helped to significantly enhance the offer of enterprise support in Jersey.

For example, significant success has been achieved in:

- **Developing a successful support service for small business:** Enterprise policies saw a step change in 2007 and 2008, with the launch of Jersey Enterprise. Table 2 illustrates some of the achievements since then.
- **Attracting over 85 new inward investors to the Island** resulting in 900 new job opportunities for local people.
- **Establishing a number of successful schemes and grants** that improve access to finance, such as the Jersey Export Development and Enterprise grants: to support the growth of businesses that would otherwise not have sourced vital finance.
- **Establishing a Jersey Business Angel Network:** Network in place with over 30 Jersey Angels, two investments already made and another pending.
- **Amending the educational curriculum to include the key skill of enterprise:** Global Entrepreneurship Week launched in Jersey, with extensions to school curriculum.
- **Continuing to encourage I (i) K residents where they can contribute expertise and capital backing to the Island:** 41 I (i) K residents approved since 2005, spending £118 million on local property, contributing over £3.5 million in stamp duty.
- **Achieving a more entrepreneurial culture** and greater levels of business start-ups to assist in diversification in the Island: 961 Start-up companies provided with direct support (2007-10).

TABLE 2: THE SUCCESS OF ENTERPRISE POLICIES, 2007 – 2010

	2007	2008	2009	2010
Businesses Supported	263	673	935	500
Export Grants Approved	18	38	33	39
Jersey Innovation Grants Approved	12	15	17	18
On-Island Job Opportunities created (Reported by businesses)	15	763	2023	1534
Inward Investment - Licences Granted	0	27	23	37
Inward Investment Job Opportunities created	-	251	179	470

A STRONGER COMPETITION AND CONSUMER POLICY FRAMEWORK

The Jersey Competition Regulatory Authority (JCRA) has played a key role in establishing competition policy in the Island and regulating the powers of States owned assets.

In particular it has produced results in the areas of:

Regulating the telecoms and postal sectors in Jersey, issuing new licences to stimulate competition wherever appropriate

Introducing mobile telephone number portability, removing a significant barrier to in-island competition between mobile phone operators

Delivering sector reviews as requested by the Minister for Economic Development into sectors such as motor dealerships, fuel suppliers and taxi operators

The **Jersey Consumer Council (JCC)**, supported by campaigns like those of the JEP 'Fairplay', have also had a key role to play in the area of competition by raising consumer awareness.

STRATEGIC TRANSPORT INFRASTRUCTURE

External transport infrastructure is vital for ensuring that transport links are maintained and that economic growth can take place. In general, external transport links should be subject to market forces where there is no clear indication of market failure or threat to required service levels, however in the case of both ferries and air links there is likely to be some market failure.

Areas of success include:

- Continuation of open skies: policy still in place and vigorously pursued
- Air route development: policy remains to assess support to airlines on a case-by-case basis. If net economic benefit is likely, subsidies may be granted, although this is expected to be the exception rather than the rule.
- Focus on maximising efficiency of airport and harbours: recent establishment of a Harbours and Airport Shadow Board gives stronger commercial direction regarding the future development of both strategic entry points to the Island.
- Joint statement of intent with Guernsey to work more closely with ferry operators and monitor their performance in run-up to re-licensing in 2013.

MACROECONOMIC FRAMEWORK

In 2006 the States agreed a new fiscal framework that has three important features:

- 1** Reaffirmed that the Strategic Reserve should be a permanent reserve, where the capital value is only to be used in exceptional circumstances to insulate the Island's economy from severe structural decline such as the sudden collapse of a major island industry or from major natural disaster;
- 2** Established the new Stabilisation Fund with the purpose of making fiscal policy more counter-cyclical and creating a more stable economic environment, with low inflation;
- 3** Set up the independent Fiscal Policy Panel of 3 leading economists to advise the States on setting fiscal policy to meet the economic objectives of sustainable growth plus low inflation and on appropriate use of the Stabilisation Fund and Strategic Reserve.

JERSEY'S FIRST DISCRETIONARY FISCAL STIMULUS PROGRAM

Following the onset of the global recession the new fiscal framework has enabled the States to keep the Strategic Reserve intact, while using the £150m in the Stabilisation Fund to support the economy against a backdrop where other economies have run up mounting public debt. It has allowed the fiscal flexibility to run significant deficits in 2010 and 2011 and to close the structural deficit in an orderly manner by 2013. The States has been able to undertake active fiscal policy measures for the first time to support local business and employment. Jersey has led the way in formalising independent economic advice into fiscal policy decision making (the UK only established the Office for Budget Responsibility in May 2010 which has a similar role).

While the Island's recent resilience has been due in a large part to the strong position from which Jersey entered the global recession, another factor has been the success of the fiscal stimulus programme.

It can be no coincidence that the economy has performed so well during a period when £150m has been drawn down from the States Stabilisation Fund to support jobs and businesses in the Island. Over £40m was used to undertake the Island's first fiscal stimulus package the details of which are summarised on the next page:

NEARLY £7M OF SKILLS AND TRAINING INITIATIVES INCLUDING:

- The new Advance to Work scheme (which has so far helped 285 young people, 116 who have since managed to secure employment) and the Advance Plus scheme for adults aged 19+;
- 120-160 places a year at Highlands in each of the academic years 2009/10 and 2010/11;
- Reintroduction of the States apprenticeship scheme with 9 apprentices in craft areas and 12 trainee business administrators.

£3.5M OF EXTRA SUPPORT FOR BUSINESS INCLUDING:

- 600 businesses directly involved in stimulus activities, including export development, offshore networks, business incubator, business angels and enterprise grants;
- Laying the foundations for further growth in the finance industry – India and Abu Dhabi representative offices opened, additional marketing, legislative clearance;
- £0.5m of additional tourism marketing and promotion of Jersey to the UK through TV, radio and magazines.

£6M INVESTMENT IN NEW OR UPGRADED INFRASTRUCTURE INCLUDING:

- Victoria Avenue and Cheapside essential resurfacing and replacing 600m section of the promenade and cycle track;
- Sewer and drainage upgrades at Railway Walk, St Peter's Arsenal, Queens Road and Rozel;
- Urban renewal at Cheapside and urgent remedial work at St Aubin's Fort Pier.

£27M IN CONSTRUCTION AND MAINTENANCE WORKS INCLUDING:

- Housing maintenance – 289 properties will benefit from new windows/doors, 187 from the upgrading of roofs, rainwater goods and loft insulation and 1,537 from the replacement of fossil fuel systems;
- Le Squez – 49 new rental homes;
- £2m refurbishment of Rosewood House and Clinique Pinel and 100% increase in the capacity of the in-patient unit at Jersey Hospice;
- Redevelopment of Durrell Visitor Centre with £1 for £1 matched private sector funding.