



# Economic Development Business Plan 2013

CONTENTS

FOREWORD	
Minister's introduction	2
SECTION 1 – THE DEPARTMENT	
Introduction by the Chief Executive Officer	4
Who we are	5
What we do	6
Section summaries	7
Legislation Programme	20
SECTION 2 – SUMMARY OF KEY OBJECTIVES AND PRIORITIES	21
SECTION 3 – KEY OBJECTIVES, PERFORMANCE INDICATORS & RISKS	24
SECTION 4 - RESOURCES	27
Net Revenue Service Analysis	
Cash Limit Allocations 2013-2015	
CSR Savings 2011-2013	

## FOREWORD

### Minister's Introduction

As both the local and global economy are set to remain challenging in 2013, it is the responsibility of my Department to establish a strong economic path for the future. It is vital that we deliver economic growth in order to sustain and improve the public services that we can offer. To do this, we need to improve competitiveness, diversify the local economy and importantly, create employment. In doing this we will be playing a fundamental role in delivering one of the key priorities of the Strategic Plan, to get people into work.

The Economic Growth and Diversification Strategy, approved by the States in July 2012, sets out how the Department, working with colleagues across Government, will achieve this through delivering on four key aims:

- 1) To encourage innovation and improve Jersey's international competitiveness;
- 2) To grow and diversify the financial services sector, capacity and profitability;
- 3) To create new businesses and employment in high value sectors; and
- 4) To raise the productivity of the whole economy and reduce the reliance on inward migration.

Considerable progress has been made to establish the basis from which we can deliver on these aims. However, there is still significant work to be done, which will be the focus of my Department throughout 2013.

The proposition to establish an Innovation Fund will be debated by the States imminently. If approved by the States, this will represent a step change in the way Government supports businesses. Not only will a significant level of funding will be available to provide the critical investment necessary to turn excellent ideas into profitable enterprises, but it is our aim that the fund is self-replenishing to provide sustainable investment opportunities for the years to come.

The finance sector remains at the heart of our economy. It contributes over 40% of our GVA and must be supported in growing and diversifying as the global market place develops. Therefore, I am delighted that a new Director of Financial Services has been appointed to lead on the development and delivery of a financial services policy framework. This will

provide a clear direction to allow the industry, the Regulator and Government to better align across a set of common objectives.

It is recognised that we must also develop new, high value industries and opportunities on the Island alongside financial services. A new Enterprise Strategy will be published to provide an overarching framework to focus support. We are enhancing our efforts to secure high value investment through our inward investment team, Locate Jersey, building on the success achieved to date. Jersey Business has now been established, and is tasked to deliver support to on-island high value business start ups and growing enterprises, to capitalise on local talent. In addition, Digital Jersey has now been established with a world class Board, tasked with developing Jersey into a leading e-commerce jurisdiction.

Furthermore, through regulatory and policy development we will continue the drive to improve the statutory framework in which business operates, be it through legislative development, improving competitiveness, or adapting our methods of regulation to better suit business requirements.

Importantly, existing sectors such as tourism, the rural economy, retail and construction must also have a key role in contributing towards the future success of the Island. Therefore, the Department will also be supporting these sectors to raise productivity and reduce the reliance on inward migration. Skills Jersey will continue its work to better align education and training with the needs of employers, whilst Jersey Business will also be available to offer targeted support.

It is clear that there is a significant work programme for the year ahead. However I am confident in our ability to deliver. Whilst we are facing challenges, we must recognise the successes we have achieved to date and our ability over many decades to adapt to a changing world.

I would like to thank the EDD team for their efforts in 2012 and wish them success in 2013.



Senator Alan Maclean  
Minister for Economic Development

**SECTION 1 – THE DEPARTMENT****INTRODUCTION BY THE CHIEF EXECUTIVE OFFICER**

The key strategic issue facing EDD is to manage Jersey's economy in the context of a volatile worldwide economic environment. The Island's GVA declined in real terms for the fourth consecutive year in a row, albeit to a lesser extent in 2011 compared to the last three years. At the end of 2012, we were witnessing the highest unemployment on record. With the stagnation of the UK economy and the uncertainty that still surrounds the future of the Eurozone, our local and international businesses inevitably still face challenging times ahead.

The task facing the Department in this context is significant. Our role is to foster the development of the economy to enable the return to growth and the creation of sustainable job opportunities. Inevitably, in the environment we are working within today, this is more challenging than ever.

This has been recognised in the first ever Medium Term Financial Plan (MTFP). The establishment of the MTFP heralds a new era for the operation of Government spending, enabling more efficient and effective planning decisions. EDD were one of the only (2) departments to receive an increase in budget over the three year term, reflecting the key role we must play in delivering the wider government agenda. In particular, our remit is fundamental to enabling people to 'get into work' – one of the key priorities identified in the States Strategic Plan.

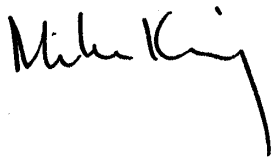
The increase in budget will enable the Department, working closely with colleagues across Government, to deliver on the four key aims identified in the Economic Growth and Diversification Strategy. This Strategy, approved by the States in July 2012, was published after widespread consultation and economic analysis. It provides the road map that is governing work across our Department, and provides the framework for us to prioritise across our broad agenda.

The additional funds will allow us to channel support to identifying and growing the sectors that will deliver the growth necessary to increase GVA and job creation; and the same time, maintain our support for existing sectors and target this to increase their productivity. We have already made significant steps down this road. With the overarching strategic

framework agreed, we are now working to ensure that each strand of work has a clear policy direction to align our efforts to the overarching vision that has been established.

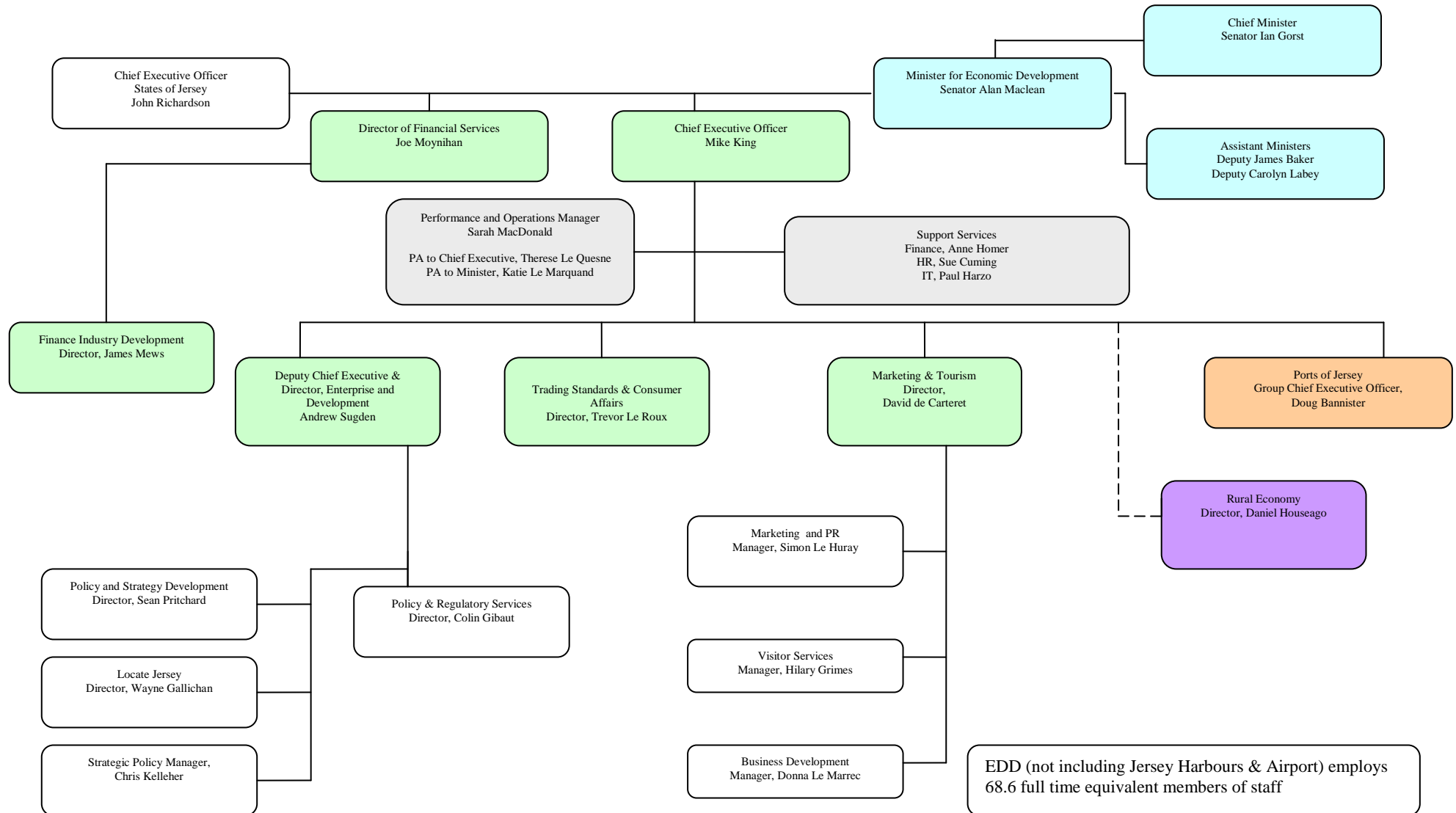
I am also committed to ensuring that the delivery mechanisms are appropriate for the purpose they are established to achieve. 2012 saw the establishment of Jersey Business, Digital Jersey, and the States approve, in principle, the incorporation of Harbours and Airport. With the Tourism Shadow Board set to be established early in 2013, ensuring we are delivering the highest quality of support through the most effective and efficient medium will continue to be integral to the Department's agenda.

The past few years have been extremely challenging and I would like to thank the ED Ministers for their direction and support during the year. I would extend particular thanks to all EDD staff for their hard work in 2012.

A handwritten signature in black ink that reads "Mike King". The signature is written in a cursive style with a long, sweeping tail on the letter 'g'.

Mike King  
Chief Executive Officer

WHO WE ARE



## **WHAT WE DO**

The Economic Development Department aims to deliver growth, improve competitiveness, diversify the local economy and create employment.

We contribute towards achieving the vision set out in the States Strategic Plan, in particular, to create a strong and sustainable economy. The key Strategic Priority that the Department aims to deliver is to get people into work. In addition, the Department also has a role in contributing towards managing population growth and immigration through its strategy and policy development.

The overarching framework that governs the work of the Department is the Economic Growth and Diversification Strategy which sets out the key objectives for the Department, which are reflected in this business plan. The Department also undertakes a range of regulatory functions which include: the administration of the Shipping Law; consumer protection legislation; Sunday trading legislation; tourism-related legislation; agriculture-related legislation; and Broadcasting legislation.

The following pages set out how the Department is structured, and contains section summaries about the work carried out in each area.



## SECTION SUMMARIES

### Enterprise Development

#### ***Economic Development Department Key Objective Reference:***

- 1: Encourage innovation and improve Jersey's international competitiveness
- 3: Create new businesses and employment in high value sectors
- 4: Raising the productivity of the whole economy and reducing the reliance on inward migration

During 2011 and 2012, significant changes took place in the delivery of the products and services previously provided by the former Jersey Enterprise business unit.

On-Island business information, advice and support are now delivered through Jersey Business, a grant funded independent organisation. Jersey Enterprise's former Inward Investment activities have however remained within government and have been rebranded 'Locate Jersey'. The Training and Workforce Development functionality remains within the Department, and while a number of the initiatives which were formerly managed by the Department have been outsourced to other States Departments, Economic Development maintains its support to Skills Jersey.

#### **Jersey Business**

Jersey Business is an independent, grant-funded company incorporated on 28 November 2011 following a policy decision by the Minister for Economic Development to integrate the activities and resources of Jersey Enterprise's on-Island functionality and Jersey Business Venture.

The overarching aim of Jersey Business is "*to support the creation and development of enterprise for the social and economic benefit of Jersey*". In support of this aim, the independent Board of Jersey Business has developed the following high level objectives that form the basis of their 2013 Business Plan:

1. Provide pre-start advice and support to those considering an enterprise;
2. Aid the development of existing businesses;
3. Support the removal of barriers to the development of economic activity;
4. Stimulate and support the availability of funding for sustainable business activity; and
5. Promote the role of business in the Jersey economy and society overall.

Jersey Business is largely grant funded by the Department and an EDD Senior Officer has been appointed a Board Member, representing the Minister and providing strong links with, and to, Government.

#### **Locate Jersey**

Formerly part of Jersey Enterprise and rebranded in early 2012, the remit of Locate Jersey is to attract suitable inward investment businesses to the Island and to promote Jersey overseas as a place to do business. As identified in the Economic Growth and Diversification Strategy, key objectives are to attract and assist in the relocation of inward investment businesses and high net worth individuals to the Island and to create new jobs with particular regard to high value sectors.

## Skills Jersey

Jersey's Skills Board and Skills Executive were established by the Council of Ministers in 2008. The Skills Executive comprises the Ministers for Economic Development, Education, Sport and Culture, and Social Security, and their Chief Officers. The Skills Board, which advises the Executive, and drives forward its policies and strategies is 'employer led'.

Collectively they are referred to as 'Skills Jersey', with the overarching strategic aims of Skills Jersey being:

- That individuals are able to fulfil their occupational potential;
- That employers should recruit, and be able to recruit from the local workforce;
- To Minimise sustained unemployment and under-employment; and
- To Increase the productivity of the Island's workforce.

Economic Development supports these high level strategic aims through leading the maintenance of existing key initiatives and developing appropriate new ones.

### 2013 Training and Workforce Development initiatives

**Legacy Jersey Apprenticeship Scheme** – while a new and enhanced Apprenticeship programme – '*Trackers*' - has been developed and launched by Education, Sport and Culture, the existing programme will continue to be managed and administered by the Department as its Students complete their training.

**Jersey Undergraduate Internship Programme** – following the success of Careers Jersey managing the programme in 2012, the initiative will again be managed by them in 2013, but be funded by the Department. Key success criteria include: businesses having access to young, high calibre individuals and undergraduates being made aware of the variety of graduate opportunities on the Island.

**Enterprise Education** – Global Entrepreneurship Week is now a well established programme in schools calendars each Autumn and in 2013, it is envisaged that this highly successful initiative will be coordinated by Jersey Business.

**Higher Level Fellowship Programme** – a new programme focussed on supporting higher academic level training and qualifications to support on-Island businesses outside the finance and professional services sector, that having high growth potential.

### Other Strategic Developments

During 2013, an **Aircraft Registry** will be developed and launched. The Registry will form part of the suite of offerings, along with an enhanced shipping registry targeted at potential high wealth residents and businesses moving to the Island, as well as being opened up to aircraft owners from around the world.

## Financial Services

### ***Economic Development Department Key Objective reference:***

2. Maintain and support the growth of financial service sector capacity.

The Financial Services team advises government on key financial services industry matters and works with key stake-holders at industry and regulatory level to develop the islands international financial centre industry. This includes the development, implementation and delivery of policy and legislative developments in relation to the Industry that will enable that Industry to contribute fully to the economic growth strategy. In particular this involves:

1. Leading the process of developing and implementing a strategic plan for the development of the Island's financial services industry to the end of the decade and beyond.
2. Playing a key role in responding to international initiatives and challenges and working with other stakeholders to enhance Jersey's reputation as a high quality international finance centre
3. Publishing a new Financial Services policy framework that allows industry, Jersey Finance Ltd, (JFL) Jersey Financial Services Commission (JFSC) and Government to align with a set of common objectives.
4. Amending existing legislation and developing new legislation in order to ensure that Jersey's offering is at the forefront of international development while maintaining Jersey's reputation as a well respected and fully accountable International Finance Centre.
5. Contributing to the improvement of the speed to market of legislative development laws alongside the Law Officers Department and Chief Ministers Department
6. Implementing policies that assist in raising Jersey's international profile as a transparent and cooperative jurisdiction.
7. Managing the day to day relationship between Government and JFL ensuring a clear understanding between the Minister and JFL in relation to States strategic aims and the role of JFL in helping the Financial Services Industry to play a full part in realising those aims. The unit is responsible for ensuring that JFL is held accountable for all monies received by it from the Department.
8. Acting as a key interface between industry, regulator and government.

One of the key priorities of 2013 will be to agree the industry strategy with key stakeholders for the coming years. This work will be informed by the soon to be published Jersey Finance report to which McKinsey provided significant project management, input, analytical support and challenge. The Financial Services team will play a key role in delivering on the recommendations.

The legal unit manage the process of amending existing legislation and developing new legislation. In particular, this process demands forming working parties to consider proposals, discussing proposals at an early stage with key stakeholders (including the Jersey Financial Services Commission (JFSC), Jersey Finance Limited (JFL), Law Draftsman and the Law Officers' Department); drafting and issuing public consultation papers analysing the responses to consultation papers, formulating law drafting instructions and managing the law drafting process

## Tourism and Marketing - Making people want to visit Jersey

### ***Economic Development Department Key Objective reference:***

4: Raising the productivity of the whole economy and reducing the reliance on inward migration

### *Section Objectives:*

- Devise and manage a communications plan which promotes Jersey as destination for all visitors.
- Provide an events programme which will attract visitors to Jersey and enhance the Jersey experience for all.
- Provide a visitor service experience which will increase numbers and enhance quality of stay.
- In cooperation with colleagues and the Industry draft and promote a new strategy for the enhancement of Tourism in Jersey.
- Support the introduction of the new Tourism Shadow Board and ensure integration between all sectors of the industry in the new structure.

### **Organisation**

The States approved the principle of a Shadow Board for Tourism in January 2013 which will enable it to be in place by May in order to advise the Minister on Policy and organisational matters.

It is intended that technical advice will continue to be provided along the lines of the Tourism, Marketing Panel, but through the Board structure. The relationship between Tourism and the Jersey Conference Bureau will be reviewed by the Board at an early stage.

### **Tourism Strategy**

Following a comprehensive consultation process which was carried out during the Summer of 2012, over 1000 responses have been received from the Industry organisations and individual members on the Future of Tourism. These will be used in conjunction with an Oxera Consultants report to form the basis of a new strategy for the development of tourism in Jersey. The Oxera report principally considered the effect to which tourism impacted on the Industrial life of the Island and considered specifically effectiveness of marketing in addition to providing some return on investment analysis.

### **Marketing and Communications**

Advertising and Public Relations activity are at the heart of the tourism promotional function for Jersey as a destination.

The UK France and Germany will all be targeted with consumer advertising campaigns to support the trade and transport links which are vital to generating business from those source markets. In the UK the primary medium will once again be television which has been the most effective it attracting summer visitors.

However in addition the department will be working to address new opportunities in other source markets, particularly Northern Europe and those Countries where there is a capability for consumers to reach Jersey coupled with a level of brand awareness.

PR opportunities are more likely to be sought in new markets as they provide an excellent market entry at relatively low cost.

### **Events**

Providing reasons for people to come to Jersey is an important function of the Department. This is achieved through grant funding of external providers and by organising a specific programme of events during Summer months and the shoulder periods . The intention is to have something specific every week to provide animation and enjoyment throughout the year.

Larger events such as Battle of Flowers, International Air Display, Fete des Noues and the Spring and Autumn Walking weeks are capable of attracting significant numbers of visitors.

### **Visitor Centre**

As the first point of contact with Jersey for many of our visitors the centre has a significant role in enhancing customer satisfaction. The high footfall particularly from French ferry passengers provides a retail opportunity for goods and accommodation sales which cover the majority of costs for this section making it a cost effective operation as well as a much appreciated service.

## Policy and Regulation

### ***Economic Development Department Key Objective references:***

- 3: Create new businesses and employment in high value sectors
- 6: Create and maintain a regulatory environment in which business can prosper
- 7: Develop and maintain a comprehensive external transport strategy which benefits both business and residents

### *Section Objectives:*

- Create a fair, efficient, and trusted environment for the owners and users of intellectual property;
- Develop, maintain and administer broadcasting and communications law and policy;
- Work with the JCRA so that markets are competitive;
- Secure long term, reliable, robust and reasonably priced passenger car ferry services that meets the needs of transport users;
- Provide a marine administration service;
- Work with stakeholders to incorporate the Ports of Jersey;
- Administer and develop hospitality industry legislation and policy;
- Oversight of gambling policy and legislation and management of the relationship with the Jersey Gambling Commission; Support the Channel Islands Lottery to maximise the return for good causes;
- Establish a financial services ombudsman scheme with Guernsey;

Policy and Regulation is responsible for the development and administration of a diverse range of law and policy as well as regulatory activity.

Key developments in 2013 include:

**Intellectual property framework** – new law will be brought forward in the registered rights area to comply with the Paris convention on the protection of industrial property; progress will be made on the extension of international conventions in the unregistered intellectual property rights area to Jersey; Instructions for a new plant varieties law will be completed;

**Broadcasting and Communications.** The communications industries are seeking to develop fourth generation mobile services “4G”. Work will continue with Guernsey, Ofcom and CICRA to enable the allocation of spectrum to meet 4G demand.

**Competition Policy.** Policy and Regulation supports CICRA, through the competition law grant, to ensure that markets are sufficiently competitive. The price of food in Jersey has been of considerable public interest in recent times and as a result a groceries market review is being conducted this year. This will seek to understand the extent to which price differences exist with benchmark jurisdictions; whether these differences vary between different categories of goods and the extent to which differences can be explained by reference to supply chain costs. The market study is being conducted on a pan Channel Islands basis because the main operators share a supply chain and operate across the islands.

**Ports incorporation.** Work with Ports of Jersey and other stakeholders will continue to progress the incorporation project. The legislation project will also make provision to

establish a scheme to regulate passenger car ferry and freight markets should it prove to be in the interests of transport users to do so.

**Ships Register.** A UK categorisation order is being sought to remove the 150gt limit on registration of commercial vessels and replace this with a 400gt limit. The Register of British Ships in Jersey would then be able to register a wider range of commercial vessels up to 400gt. The case for developing the register into category 1 to provide diversification opportunities will be revisited.

**Tourism facilities.** Regulation of the hospitality industry will continue under the Tourism, Policing of Beaches and Places of Refreshment laws as will oversight of the beach lifeguards service;

**Licensing Law.** Work will continue on bringing forward amendments to the licensing law.

**Financial Services Ombudsman Scheme.** The establishment of a financial services ombudsman will be progressed with the intention that the service will commence early in 2014.

## Trading Standards Service

***Economic Development Department Key Objective reference:***

6: Create and maintain a regulatory environment in which business can prosper

*Section Objectives:*

- To provide the best advice to Jersey businesses to ensure they trade fairly and safely, in compliance with trading standards laws.
- To inform and educate consumers in order to help them resolve their consumer problems.
- To provide the Minister with policy options based on consumer protection developments in the European Union.

The Trading Standards Service maintains a fair and safe trading environment to protect the interests of consumers and reputable businesses.

This is done through:

- Enforcement of a range of consumer protection legislation
- Providing a confidential consumer advice service
- Providing education, advice and inspections for businesses
- Dealing with around 2000 consumer complaints and trade enquiries per annum
- Investigating alleged offences

The consumer protection legislation that is enforced includes:

- Price and Charge Indicators (Jersey) Law 2008
- Weights and Measures (Jersey) Law 1967
- Consumer Safety (Jersey) Law 2006
- Trade Marks (Jersey) Law 2000
- Distance Selling (Jersey) Law 2007
- Video Recordings (Jersey) Law 1990
- Protection of Children (Restriction on Supply of Goods) Jersey Law 2009
- Intellectual Property (Unregistered Rights) (Jersey) Law 2011
- Merchandise Marks (Jersey) Law 1958

In addition, the Supply of Goods and Services (Jersey) Law 2009 introduced 'statutory rights' for buyers of goods and services along with Regulations dealing with unfair terms in consumer contracts. The consumer advice service ensures that consumers are equipped with the appropriate knowledge to deal with any consumer problems arising from the purchase of goods and services.

Trading Standards follows an enforcement policy which provides a framework to ensure that statutory duties are carried out in a consistent, practical and equitable manner. Enforcement action will always be proportionate to the risks involved and any sanctions applied will be meaningful. In 2013, resources will be prioritised and directed towards:

- assisting businesses to meet their responsibilities under relevant legislation
- using a combination of intelligence led and proactive work programs, to ensure compliance and investigate alleged offences



- maintaining a comprehensive consumer advice service to assist consumers and businesses in resolving disputes over goods and services.

It is expected that a new consumer protection law will be drafted in 2013 based on the fair trading principles contained in the Unfair Commercial Practices Directive. A Green Paper consultation in 2011 resulted in full support for a new law.

## Rural Economy

### ***Economic Development Department Key Objective references:***

4: Raising the productivity of the whole economy and reducing the reliance on inward migration

### *Section Objectives:*

To develop and implement strategies, legislation and policy that will ensure a viable future for the rural economy, including the agriculture and fisheries industries, based on the principles of sustainable development through:

- Strategic development for the rural sector as a whole including the key sectors of Agriculture, fisheries and aquaculture.
- Year three implementation of rural development measures within the Rural Economy Strategy 2011 - 2015.
- Ensuring compliance with EC trade directives relating to agricultural products, through liaison with the Channel Islands Brussels Office and the Jersey Brussels Group.
- Support for the development of new and existing export markets for agricultural products and services both within the EU and with third countries, including achieving formal recognition of the Island's disease free status for the Island's livestock sector and assisting with export health certificates.
- Administration of the Island's rural development programme, ensuring maximum efficiency from the rural development budgets for direct and indirect aid through the Single Area Payment, the Quality Milk Payment and the Rural Initiative Scheme.
- Review of the Service Level Agreement with the Royal Jersey Agricultural and Horticultural Society for the provision of Artificial Insemination and Milk Recording services, to ensure that these essential services are delivered in the most efficient and cost effective way.
- Linking market Assurance Schemes with minimum environmental standards for Jersey agriculture, that ensures the protection of the non-renewable resources of soil and water on which rural economic activity depends, whilst assisting with the delivery of consumer and retail requirements.
- Publication of a Marine Resources Strategy.
- Protecting and promoting the Jersey Royal brand and certification marks.
- Promotion of locally produced food through PR and marketing support for the Genuine Jersey brand.
- Promotion of the Jersey Food and Farming Partnership body to help consolidate the food chain.
- Maintenance and expansion of the scope of the Rural Initiative Scheme to take account of the new challenges facing the rural economy and the economy as a whole, including job creation, supporting best practice, vocational training and removal of barriers to productivity.
- Administration of the Agricultural Loans Scheme made under the Agriculture (Loans and Guarantees) (Jersey) Law 1974 as amended and subordinate Regulations.

- Administration of the Agricultural Marketing (Jersey) Law 1953 and schemes such as the Milk Marketing Scheme 1954.
- The preparation of enabling legislation to allow for the de-regulation of the Jersey Milk Marketing Board.
- Preparation of annual rural economy and agricultural statistics involving a census under the Agricultural Returns (Jersey) Law 1947.
- Maintaining Industry liaison and service links to the RJA & HS, Jersey Milk Marketing Board, Jersey Farmers' Union, Planning and Environment Department, Transport and Technical Services department and other key stakeholders and Public Services Departments
- Promoting good governance and providing a service that involves the wider community and engages Islanders, through the provision of a Rural Conference to discuss and debate a long-term vision for the rural economy.

The Rural Economy Strategy (RES) gives a degree of certainty to rural businesses regarding Government policy in the context of the rural economy. The RES continues to place emphasis on driving higher value in Jersey's rural sector whilst ensuring levels of subsidy are minimised, but at a level which also allows Jersey farmers and producers to remain competitive in the Island and in the UK and other markets. This has the effect of raising productivity, protecting existing jobs and creating opportunities for new entrants to the rural sector through growth and diversification.

Following some early commissioning difficulties, the Jersey Dairy facility in Trinity is now in far better shape and is set to increase the drive to export high quality products to the UK and other EU countries as well as looking towards markets for ambient temperature products in the emerging economies of India and China. Along with the wholesale milk price, the drive to export added-value products remains the key to increasing the milk price offered by Jersey Dairy to producers, who continue to struggle with significant increases in commodity prices, input and feed costs and two years of challenging weather conditions, the combination of which puts significant downward pressure on profitability.

The arable sector remains relatively buoyant, supported not least by the Jersey Royal certification marks and the Protected Designation of Origin (PDO) label and illustrated by continuing high levels of private investment in land, equipment and infrastructure.

Cost-led export markets remain challenging places to do business for local farmers and growers, where land availability is limited, where rents are high and increasing, where economies of scale difficult to achieve and where many inputs are needed to be imported rather than home produced. It is therefore imperative that Jersey farmers continue to look for efficiencies, manage economic risk and grow their businesses on the basis of best practice and genuine market focus. EDD will continue to focus on providing measures that reduce and remove barriers to productivity growth, help consolidate the food chain, encourage both local and export market focussed, high value food production and reduce to a minimum, market distorting mechanisms.

Ongoing growth in the rural economy is consistent with the philosophy that the future is increasingly about the public sector facilitating greater self-reliance and independence within the rural sector, balancing economic and environmental success to achieve a truly sustainable future. The rural economy will continue to be supported through the delivery of the 2011-2015 Rural Economy Strategy delivered by a fully integrated team based at Howard Davies Farm.

## Ports of Jersey

***Economic Development Department Key Objective references:***

8: Ports that meets the economic and social needs of the Island, the expectations of passengers and the expectations of airlines.

Jersey Harbours and Jersey Airport are both designated as States of Jersey Trading Operations under the Public Finances (Jersey) Law 2005. The Public Finances (Transitional Provisions – States Trading Operations) (Jersey) Regulations 2005 provide that Jersey Airport shall be responsible for ‘the administration, management, operation, financing, development and maintenance of Jersey, its associated facilities and the Channel Island Control Zone’; and Jersey Harbours for ‘the administration, management, operation, financing, development and maintenance of the harbours of Jersey and their associated facilities’. The Medium Term Financial Plan assumes that Harbours and Airport will remain self-financing both in terms of revenue and capital expenditure for the period 2013 – 2015.

In September 2011, the Minister for Economic Development advised the States that a Business Case was to be prepared for the incorporation of the Harbours and Airport Trading Operations. The process of integrating the two businesses was completed in 2012 and a Report and Proposition seeking a States’ decision to approve the incorporation of Jersey Airport and Jersey Harbours as a single limited company wholly owned by the States was approved in October 2012. The target date for the incorporation to take place is 1<sup>st</sup> January 2015.

The primary goal in incorporating Jersey Harbours and Jersey Airport is to enable them to continue to provide essential, lifeline public services to the Island, but to do so in a commercial and sustainable manner that will improve services for customers and generate a positive return to the States.

The benefits offered by the proposed incorporation are the opportunity not only to grow the businesses and increase efficiencies which will remove a potentially major financial burden for the States, but also generate a positive return to stakeholders, in the form of taxation and possibly dividends paid to the States as well as enhanced services to users of the Ports.

Whilst there is a cost of incorporation, both a one off element and through on-going expenditure, the Ports believe the overwhelming balance of evidence illustrates that the commercial disciplines required by incorporation will repay this investment many times over.

A financial model has been developed by the Ports of Jersey which indicates that it will be self-sustaining contributor to the States for the long-term. The model will now be subject to further external verification and review.

## **Legislation Programme**

The Department will continue to bring forward appropriate new legislation. It is difficult to give an exact timetable for the lodging of each piece of legislation but the following provides a summary of legislative development ongoing during 2013.

- New Financial Services Ombudsman (Jersey) Law 200-
- Amendment to Mergers and Acquisition Order
- Amendments to the Weights & Measures (Jersey) Law 1967
- Amendments for Paris Convention compliance (Intellectual Property)
- Registered Rights Primary Registry
- Channel Islands Lottery Regulations
- Shipping Orders
- Sea Fisheries legislative updates
- Sunday Trading legislation amendments
- Legislation to provide for the Incorporation of Harbours and Airport
- Legislation for the development of an Aircraft Registry
- Amendments to the Security Interests Law and development of the Security Interests register
- The amendment of the Limited Liability Partnership Law 1997.
- Reviewing the funds regime and ensuring that it is AIFMD compliant
- Further development of the Depositor Compensation Scheme.
- Amendments necessary to meet the Global Forum's requirements relating to transparency
- Amendments to the Companies (Jersey) Law 1991
- Amendments to the Trusts (Jersey) Law 1984 to provide additional flexibility and certainty.
- Revisions to the new law permitting the creation of Jersey Foundations.
- Creation of a Law of Charities
- Creation of a dormant accounts scheme

## SECTION 2 – SUMMARY OF KEY OBJECTIVES AND PRIORITIES

### AIM

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To deliver growth, improve competitiveness, diversify the local economy and create employment.

### SUMMARY OF KEY OBJECTIVES AND SUCCESS CRITERIA FOR 2013

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#### Key Objective 1: Encourage innovation and improve Jersey's international competitiveness

##### **Success criteria:**

- (i) Work with the Treasury and Resources Department to establish a new Innovation Fund as a Separately Constituted Fund under the Public Finances (Jersey) Law – managed by EDD with an independent Board including EDD, Treasury and Resources, and Chief Ministers' Department representatives and non-Executive Directors drawn from the private sector.

##### **Strategic Plan References:**

- **Vision:** *A strong and sustainable economy*
- **Priority:** *Get People Into Work*

#### Key Objective 2: Maintain and support the growth of financial services sector capacity

##### **Success criteria:**

- (i) Working with the key stakeholders and with input from the strategic review of the industry publish a new Financial Services policy framework that allows industry, Jersey Finance Ltd, Jersey Financial Services Commission and Government to align with a set of common objectives.
- (ii) Develop both existing (UK/EU) and new markets in line with the strategy agreed following the strategic review.
- (iii) Contribute to increasing the speed of legislative development alongside the Law Officers Department and Chief Ministers Department
- (iv) Maintain Jersey's international profile as a transparent and cooperative jurisdiction.

##### **Strategic Plan References:**

- **Vision:** *A strong and sustainable economy*
- **Priority:** *Get People Into Work*

#### Key Objective 3: Create new businesses and employment in high value sectors

##### **Success criteria:**

- (i) Enhance efforts to secure high-value inward investment, exceeding previous levels of inward investment.
- (ii) Task Jersey Business to increase the rate of high-value business start-ups and the growth of existing high value businesses.
- (iii) Develop a "Whole of Government" approach to ensure that the education system, Social Security and benefits policies, Planning approvals process and Housing and Work Laws recognise, where appropriate, the creation of employment as a priority.
- (iv) Maximise the potential of Gigabyte Jersey and further develop an internationally competitive telecoms offering.

##### **Strategic Plan References:**

- **Vision:** *A strong and sustainable economy*
- **Priority:** *Get People Into Work*

**Key Objective 4: Raising the productivity of the whole economy and reducing the reliance on inward migration**

**Success criteria:**

- (i) Align the education and training of the current and future workforce, with the needs of employers.
- (ii) Remove the barriers to enterprise, encourage innovation and use of new technologies.
- (iii) Link continued support for the Tourism and Rural sectors to increased local employment and reduced reliance on inward migration.

**Strategic Plan References:**

- **Vision:** *A strong and sustainable economy; a highly skilled workforce*
- **Priority:** *Get People Into Work; Manage Population Growth and Migration*

**Key Objective 5: Continue to improve efficiency and effectiveness across the Department**

**Success criteria:**

- (i) Reform the mechanisms of delivery for areas of the Department where service can be improved and efficiencies delivered through a change in organisational structure
- (ii) Continue to develop and improve regulatory and policy frameworks which support business whilst protecting the public's interests
- (iii) Continue to drive efficiencies through the use of arms-length delivery organisations

**Strategic Plan References:**

- **Priority:** *Reform Government and the public sector*

**Key Objective 6: Create and maintain a regulatory environment in which business can prosper.**

**Success criteria:**

- (i) A strong consumer voice;
- (ii) Competition and consumer choice in all sectors;
- (iii) Appropriate levels of consumer protection;
- (iv) Reduced processing time for the regulatory applications;
- (v) Fit for purpose regulatory regimes for postal services and telecommunications in Jersey.

**Strategic Plan References:**

- **Vision:** *A strong and sustainable economy;*
- **Priority:** *Get People Into Work;*

**Objective 7: Develop and maintain a comprehensive external transport strategy which benefits both business and residents.**

**Success criteria:**

- (i) Regular, reliable, efficient and sustainable air and sea services provided;
- (ii) Development of new routes and extension of capacity where possible to existing routes;
- (iii) Competitive passenger charges;
- (iv) Reduce or maintain low freight charges;
- (v) Increased passenger traffic across a broader transport network;

(vi) Improve freight services.

**Strategic Plan References:**

- **Vision:** *A strong and sustainable economy;*
- **Priority:** *Get People Into Work; sustainable long term planning*

**Objective 8: Ports that meets the economic and social needs of the Island, the expectations of passengers and the expectations of airlines.**

**Success criteria:**

- (i) Keep the Ports open, safe and secure
- (ii) Satisfy current and prospective demand for customer and commercial services and facilities
- (iii) To maintain robust financial management to achieve self sufficiency, and positively contribute to Jersey's economic development
- (iv) Improve operational and commercial efficiency through restructuring the organisation, and investment in the personal and professional development of staff
- (v) Work to grow passenger numbers through all ports whilst sustaining existing services

**Strategic Plan References:**

- **Vision:** *A strong sustainable economy; Preparing for the future; A highly skilled and motivated workforce*
- **Priorities:** *Sustainable long term planning*



## SECTION 3 – KEY OBJECTIVES, PERFORMANCE INDICATORS & RISKS

EDD BP ref	EDD Key Objective	Key Performance Indicators	Target / What will success look like	Key Risk
1	Encourage innovation and improve Jersey's international competitiveness	<ul style="list-style-type: none"> <li>Jersey Innovation Fund established (JIF)</li> </ul>	New high value businesses resulting in significant new job opportunities	<ul style="list-style-type: none"> <li>JIF R&amp;P not approved by SoJ</li> </ul>
2	Maintain and support the growth of financial services sector capacity	<ul style="list-style-type: none"> <li>Working with the key stakeholders and with input from the strategic review of the industry publish a new Financial Services policy framework that allows industry, Jersey Finance Ltd, Jersey Financial Services Commission and Government to align with a set of common objectives.</li> <li>Develop both existing (UK/EU) and new markets in line with the strategy agreed following the strategic review.</li> <li>Contribute to increasing the speed of legislative development alongside the Law Officers Department and Chief Ministers Department</li> <li>Maintain Jersey's international profile as a transparent and cooperative jurisdiction.</li> </ul>	Improved productivity and maintained employment numbers at, or above, current levels whilst diversifying into new products, services and markets.	<ul style="list-style-type: none"> <li>Delays in publication of McKinsey report.</li> <li>Economic conditions</li> <li>Law Drafting pressures</li> <li>Funding pressures</li> <li>Pressure of delays from EU or UK</li> </ul>
3	Create new businesses and employment in high value sectors	<ul style="list-style-type: none"> <li>Enhance efforts to secure high-value inward investment, exceeding previous levels of inward investment</li> <li>increase the rate of high-value business start-ups and the growth of existing high value businesses</li> <li>Develop a "Whole of Government" approach to supporting economic growth</li> <li>Maximise the potential of Gigabyte Jersey</li> </ul>	Exceeding previous levels of business development and inward investment success. Minimum of 10 flagship projects over the next three years	<ul style="list-style-type: none"> <li>Increased international competition.</li> <li>Population/immigration pressures restricting inward investment activity</li> <li>Lack of Political buy-in</li> <li>Delays in delivery of Gigabyte</li> </ul>

4	Raising the productivity of the whole economy and reducing the reliance on inward migration	<ul style="list-style-type: none"> <li>Align the education and training of the current and future workforce, with the needs of employers.</li> <li>Remove the barriers to enterprise, encourage innovation and use of new technologies</li> <li>Link continued support for the Tourism and Rural sectors to increased local employment</li> </ul>	Productivity improvements of existing business, increased number high value start-up enterprises, reduced hard to fill vacancies. and increased number of locally qualified staff working in the traditional sectors	<p>Project</p> <ul style="list-style-type: none"> <li>Skills Strategy implementation delays</li> <li>Jersey Business- delays in implementation of business plan</li> <li>Delays in Tourism Strategy. Lack of political support</li> </ul>
5	Continue to improve efficiency and effectiveness across the Department	<ul style="list-style-type: none"> <li>Reform the mechanisms of delivery for areas of the Department</li> <li>Continue to develop and improve regulatory and policy</li> <li>drive efficiencies through the use of arms-length- organisations</li> </ul>	Private sector delivering more of EDD services with the Department focused on developing and improving policy and regulation	<ul style="list-style-type: none"> <li>Technology capabilities</li> <li>Managing external bodies and alignments with Dept's plans</li> </ul>
6	Create and maintain a regulatory environment in which business can prosper	<ul style="list-style-type: none"> <li>A strong consumer voice</li> <li>Appropriate levels of consumer protection</li> <li>Further development of Jersey's intellectual property law framework</li> <li>Maintain a fit for purpose legislative and policy regime in the broadcasting and communications sectors</li> </ul>	<p>An effective Consumer Council resulting in confident consumers making informed purchasing decisions; Reduced instances of non-compliance by reputable businesses</p> <p>Progress made on the extension of international conventions in the unregistered rights area; Progress made on Paris Convention compliance; Progress made on Plant Varieties legislation</p> <p>EDD will have worked with Guernsey to agree a Channel Islands 4G strategy; Guidance will have been issued to the Regulator to enable progress on 4G consultation; LTE and 4G services available in 2014</p>	<ul style="list-style-type: none"> <li>Consumers do not react to advice and guidance</li> <li>Proactive enforcement work reduced due to lack of resources</li> <li>Timescales on policy and legislative development are dependent on the UK</li> <li>Programme delays in the UK on spectrum rollout has a knock on effect in Jersey</li> <li>DTT and Radar interference mitigation costs effects interest from potential licensees</li> </ul>

<ul style="list-style-type: none"> <li>• Work with Digital Jersey to encourage growth in the e commerce sector</li> </ul>	<p>Identified scope of digital economy and e commerce issues that need to be addressed as part of an e commerce strategy</p>	<ul style="list-style-type: none"> <li>• No agreement with stakeholders on key points</li> <li>• Complexity of project may make the drafting brief difficult to deliver in the timescale</li> </ul>
<ul style="list-style-type: none"> <li>• Further development of licensing law and policy</li> </ul>	<p>Licensing law white paper issued. Drafting brief developed.</p>	<ul style="list-style-type: none"> <li>• Market conditions</li> </ul>
<ul style="list-style-type: none"> <li>• Work with stakeholders to incorporate the Ports of Jersey</li> </ul>	<p>Progress of enabling legislation</p>	
<ul style="list-style-type: none"> <li>• Manage the relationship with the JCRA to deliver competition and regulatory initiatives</li> </ul>	<p>EDD will have worked with CICRA on competition and regulatory issues; and to manage the competition law grant</p>	
<ul style="list-style-type: none"> <li>• Administration of hospitality industry legislation and beach lifeguards SLA</li> </ul>	<p>No. permits issued RNLI SLA maintained</p>	
<ul style="list-style-type: none"> <li>• Operate a maritime administration service for the Island</li> </ul>	<p>Progress on Categorisation order to expand range of ships that can be registered within a category 2 register</p>	
<ul style="list-style-type: none"> <li>• Operate the British Register of Ships in Jersey</li> </ul>	<p>No. registrations; progress on Maritime Labour Convention compliance; EDD will have work with Jersey Harbours on compliance and legislative issues; No of registrations; Activity in line with forecast income</p>	
<ul style="list-style-type: none"> <li>• Manage the CI Lottery to raise money for good causes</li> </ul>	<p>Money raised for good causes; Lottery Ticket sales</p>	

7	Develop and maintain a comprehensive external transport strategy which benefits both business and residents	<ul style="list-style-type: none"> <li>• Further development of policy on passenger car ferry markets</li> </ul>	EDD will have worked with JCRA on competition and regulatory policy in the ferry market and with Jersey Harbours on long term commercial arrangements for services beyond 2018.	<p>Market conditions may constrain choices available to the Island in securing long term services.</p> <p>Legislative slot needed for drawdown economic regulation powers within ports incorporation programme.</p>
8	Ports that meets the economic and social needs of the Island, the expectations of passengers and the expectations of airlines	<ul style="list-style-type: none"> <li>• Keep the Ports open, safe and secure</li> <li>• Satisfy current and prospective demand for customer and commercial services and facilities</li> <li>• To maintain robust financial management to achieve self sufficiency, and positively contribute to Jersey's economic development</li> <li>• Improve operational and commercial efficiency through restructuring the organisation, and investment in the personal and professional development of staff</li> <li>• Work to grow passenger numbers through all ports whilst sustaining existing services</li> </ul>	Harbours & Airport Incorporation plan on target	<ul style="list-style-type: none"> <li>• Law drafting pressures</li> <li>• Economic conditions</li> </ul>

## Section 4 - Resources

The Service Analysis differs from that in the MTFP, as following the MTFP there was a change of budget responsibility for the Financial Services. The 2013 budget of £5,093,000 is now separated from the Policy & Regulation section to provide greater transparency.

Service Analysis	2012 Net Revenue Expenditure	2013 Gross Revenue Expenditure		2013 Income	2013 Net Revenue Expenditure
	Indicative £	DEL £	AME £	£	£
<b>Economic Growth &amp; Diversification</b>					
Enterprise Support	851,200	600,000			600,000
Investment and Diversification	1,030,100	1,913,000			1,913,000
<b>Tourism</b>					
Joint Marketing	1,374,400	1,383,700		(298,500)	1,085,200
Destination Marketing and Communication	3,530,000	3,954,400		(261,000)	3,693,400
Events	570,800	631,100			631,100
Research and Statistics	125,000	124,000			124,000
Visitor Services	323,100	528,800		(208,000)	320,800
Tourism Development	0	500,000			500,000
<b>Policy and Regulation</b>					
Competition Law	303,300	300,000			300,000
Consumer Affairs/Trading Standards	540,400	726,900	3,200	(106,100)	624,000
Gambling Legislation and Control	38,900	0			0
Regulation of Undertakings	445,700	0			0
Rural Sector	332,300	334,300			334,300
Policy Development	661,200	1,344,300		(850,300)	494,000
<b>Financial services</b>	3,209,600	5,093,600			5,093,600
<b>Rural Support</b>					
Single Area Payment	968,300	882,400			882,400
Dairy Service Support Payment	770,000	744,000			744,000
Rural Initiative	273,400	278,000			278,000
General Support	133,200	52,600			52,600
<b>Skills</b>					
Training and Workforce Development	421,100	588,600			588,600
	<b>15,902,000</b>	<b>19,979,700</b>	<b>3,200</b>	<b>(1,723,900)</b>	<b>18,259,000</b>

## Reconciliation of Net Revenue Expenditure

	2012	2013	2014	2015
	£	£	£	£
<b>Base Department Budget</b>	<b>16,078,900</b>	<b>15,898,400</b>	<b>18,255,800</b>	<b>19,459,300</b>
Price Inflation - Dept Income		(44,000)	(47,900)	(49,100)
Price Inflation - Dept Expenditure	303,100	339,800	326,400	334,600
Price Inflation - Provision for Pay Award	0	0	0	0
<b>Commitments from Existing Policies</b>				
FSR - Employers Social Security 2% increase above cap	12,400			
Department Savings	(666,000)	(834,000)	0	0
Department User Pays	(41,000)	(116,000)	0	0
<b>Departmental Transfers</b>				
International Finance	211,000			
Regulation of Undertakings and Developments to CMD		(368,800)		
<b>Capital to Revenue Transfers</b>	-			
<b>Currently Proposed Funded Growth</b>		3,425,000	925,000	230,000
<b>Currently Proposed Procurement Savings</b>		(44,600)		
<b>Currently Proposed Other Budget Measures</b>				
<b>Net Revenue Expenditure (near cash)</b>	<b>15,898,400</b>	<b>18,255,800</b>	<b>19,459,300</b>	<b>19,974,800</b>
Depreciation	3,600	3,200	3,200	3,200
<b>Net Revenue Expenditure (non cash)</b>	<b>15,902,000</b>	<b>18,259,000</b>	<b>19,462,500</b>	<b>19,978,000</b>

<b>COMPREHENSIVE SPENDING REVIEW DEPARTMENTAL SAVINGS PROPOSALS</b>	<b>2011 Saving (£'000)</b>	<b>2012 Saving (£'000)</b>	<b>2013 Saving (£'000)</b>	<b>Total Savings (£'000)</b>	<b>Total FTE Impact</b>
Reduce funding to services: Beach Lifeguard, sub-titling, Intellectual Property	295			<b>295</b>	
Terminate employment of a UK representative	44			<b>44</b>	1.0
Reduced opening hours in Jersey Tourism Visitor Services reception	36			<b>36</b>	1.0
Reduction in grant to the Financial Ombudsman	-100		100	-	
Growth in funding for Initiatives, renewable energy, e-gaming and IP legislation	-313			- 313	
Additional support to JFL grant to fund the States share of the JFSC for Anti-Money Laundering unit	-750			- 750	
Reduction in business grants, supporting exports and integration of JE and JBV		194		<b>194</b>	
Continued planned reduction of Quality Milk Payments and Rural Initiative Payments		80	135	<b>215</b>	
Overheads - Efficiency Savings	204	73		<b>277</b>	
Reduction in Trading Standards non-staff costs and Jersey Consumer Council (JCC) grant		16		<b>16</b>	
Strategic Development merge with Regulatory Services to become Policy and Regulation		90	18	<b>108</b>	
Harbours and Airport compilation of statistics and reduction in printing costs		4	6	<b>10</b>	
Cease funding to subsidise provision of School Milk	183			<b>183</b>	
Jersey Apprenticeship Scheme and reductions in cost of Skills Development budget		40		<b>40</b>	
Reduction in funding for route development	175			<b>175</b>	
Reduction in grants to events	138			<b>138</b>	
Continued planned reduction of Rural Support grants including Single Area Payments	118		121	<b>239</b>	
Legal Fees for the dissolution of Jersey Milk Marketing Board (JMMB)	116			<b>116</b>	
Reduction in grant to the Gambling Commission	100	50	39	<b>189</b>	
Reduction in grant to the Competition Law	100			<b>100</b>	
Reduction in Jersey Financial Services Commission costs for Anti Money Laundering Unit		63		<b>63</b>	
No additional inflation and general efficiencies across all areas		83	531	<b>614</b>	
<b>SUB TOTAL: ECONOMIC DEVELOPMENT DEPARTMENT</b>	<b>346</b>	<b>693</b>	<b>950</b>	<b>1,989</b>	<b>2.0</b>

