



island analysis

Chamber of Commerce
and
YBG

Business Trend Survey

February 2009



Young Business Group of Guernsey



Key Findings - Summary

Turnover

61% of businesses experienced an increased business turnover in the 12 months to 31st December 2008 in comparison to 2007. 15% of businesses indicated that turnover was on par to the previous year, whilst almost a quarter of businesses experienced a decrease in turnover. Two fifths of businesses experienced turnover up by over 5%, whilst a fifth were down by over 5%.

Projected turnover results for 2009 show a very even spread of results. Almost a quarter of respondents indicated turnover would remain the same, 36% considered that their turnover would increase whilst 41% were projecting turnover would decrease. Projected business turnover for 2009 is at its lowest level in comparison with the previous three years.

17% of businesses are more confident about business turnover projections in comparison to this time last year while just over a quarter have a similar confidence level. 56% are less confident about 2009 turnover projections in comparison to 2008. Confidence in business turnover projections has steadily reduced during the last three years.

Profitability

Over half of all businesses questioned were more profitable in 2008 than in the previous year, with a third greater than 5% more profitable. A quarter of businesses were more than 5% less profitable in 2008 than 2007. However, 2007 appears to have been an extremely profitable year for most businesses in comparison to preceding years.

45% of businesses forecast that profitability would be down for 2009, one fifth indicated that it would remain the same, whilst 34% stated that it would increase as compared to 2008.

59% of businesses indicated that they had less confidence in business profitability projections for 2009 in comparison to the same time last year for 2008. As with projected turnover, confidence in business profitability projections for the year ahead has fallen for three successive years.

Employment

Almost 50% of businesses maintained the same staff levels in 2008 as in the previous year. 30% increased staff numbers, while 21% saw reductions in staff numbers. Of those businesses that saw growth in staff numbers, 16% experienced increases of more than 5% whilst only 9% decreased by the same percentage. The 2008 profile of growth/decline in staff numbers is similar to previously recorded years

Half of businesses are forecasting that staff numbers would remain the same in 2009 as compared to 2008. 17% indicated that numbers would increase, whilst 34% stated that staffing numbers would reduce.

Factors Adversely Influencing Business Prospects

The results indicated the most important factors under control of the States of Guernsey which affect the confidence in business prospects are housing, regulation, capital projects, and taxation. The results from previous years indicate that taxation had decreased as a main concern for business confidence for the future, with factors such as housing control, capital projects, regulation and EU/international negotiations becoming increasingly important.

The most important factor impacting upon business confidence not under control of the States of Guernsey was the global economy, listed by 50% of the business respondents. Other key concerns were competition (11%) and the UK Government (8%). As one could expect, the global economy is by far the most important factor impacting on business confidence. Exchange rates feature as a concern. Concerns over competition, EU, and inflation have all fallen.

Capital Expenditure

Results show that businesses are more likely to cut back in 2009 on capital expenditure on buildings and fittings, staff training facilities and technology expenditure as compared to 2008.

Training facilities are the area that will experience the least reduction in capital expenditure. In addition, 58% of businesses said that they would be spending the same amount on staff training and development in 2009 as in 2008. A quarter are planning to spend more on staff training whilst 16% are aiming to spend less on training expenditure.

Business Costs

In 2009, a third of businesses project that business costs will go up between 0-5%, with a further 22% of businesses indicating that such costs will go up by more than 5%. A quarter of businesses will maintain the same costs as last year, and 21% will see a reduction in business costs in comparison to 2008. More businesses are maintaining the same business costs as last year or reducing costs in comparison to the previous recorded years.

Almost 40% of businesses increased prices/fees in 2008 by 5 to 10% in comparison to 2007, a fifth increased prices/fees by up to 5%. 4% increased prices/fees by more than 10%. A third kept prices/fees the same as the previous year, and 3% reduced prices/fees.

More businesses increased fees/prices in 2008 by more than 5% than in the previous years.

51% of businesses have indicated that prices/fees for 2009 will be increased. Almost 40% are keeping prices the same as the previous year, and a further 10% are reducing prices/fees.

Salaries and Wages

The total wages/salary costs increased by up to 5% for almost a quarter of businesses in 2008 (compared with 2007). However, 47% of businesses experienced total wages/salary costs increasing by between 5 and 10%, with 14% of businesses seeing an increase of more than 10%. The wages increase in 2008 was highest in comparison to preceding years, impacted upon as many wages and salary are linked to the RPI – which was on average greater than 5%. This pattern of linkage to the RPI can be seen in the preceding years featured.

42% of businesses indicated that the percentage average pay/salary increase for the calendar 2008 compared to 2007 was up to 5%. 44% of businesses stated that average pay/salaries had increased by between 5% and 10%.

The likely increase for total wages/salary costs for 2009 was up to 5% for almost a third of businesses. 22% of businesses stated that costs would increase by between 5% to 10%, with a further 6% of businesses projecting costs to increase by over 10%.

Environmental Issues

Paper and cardboard recycling are in place in almost three quarters of all business respondents. Metal recycling is carried out by 37% of businesses. Energy conservation measures are in place in 40% of businesses. 15% of businesses had no environmental policies in place. Other items recycled include: toner cartridges, glass and plastic bottles, milk cartons biological waste/compost and batteries.

Approximately 60% of businesses were aware of the “Green Awards for Business” initiative by the States of Guernsey Environment Department. A quarter of businesses were not very aware whilst 17% of businesses had no awareness at all.

Economic Issues

Two thirds of businesses do not believe the UK (and Guernsey) should join the Euro. One fifth of respondents were in favour the UK and Guernsey joining. These results are very much on a par with the findings from previous years.

Given the current economic climate, almost 60% of businesses thought that there was a need for a review of the Island’s new fiscal strategy. Only 15% indicated that it should not be reviewed while 22% were unsure whether a review should take place.

States’ Awareness of Local Business Needs

Only 9% of businesses considered that the newly elected States were more aware than the previous States of the needs of local business. 38% were of the view that the current States were less aware.

A quarter thought that it was too early to judge while 28% felt that they were as well informed as the previous States.

Retirement Age

57% of businesses considered that the retirement age should be increased. Almost a quarter indicated that it should be raised by two years to 67 years and 15% felt it should be raised to 70. However, 43% of businesses thought that the retirement age should remain at 65 years.

Housing Laws

More than three quarters of businesses thought that the local Housing Law should be reviewed urgently (24%) or very urgently indeed (52%).

Confidence Levels

Over three quarters of businesses are less confident about the prospects for the island's economy over the next year in comparison to 12 months ago with a quarter far less confident. A fifth of businesses have about the same confidence level as last year, and only 4% are more confident about prospects. 2009 confidence levels are at their lowest levels in comparison to the previous three years.

50% of businesses were not very confident about the medium term (two to three years) economic prospects for the island. However, 40% were confident about the medium term future.

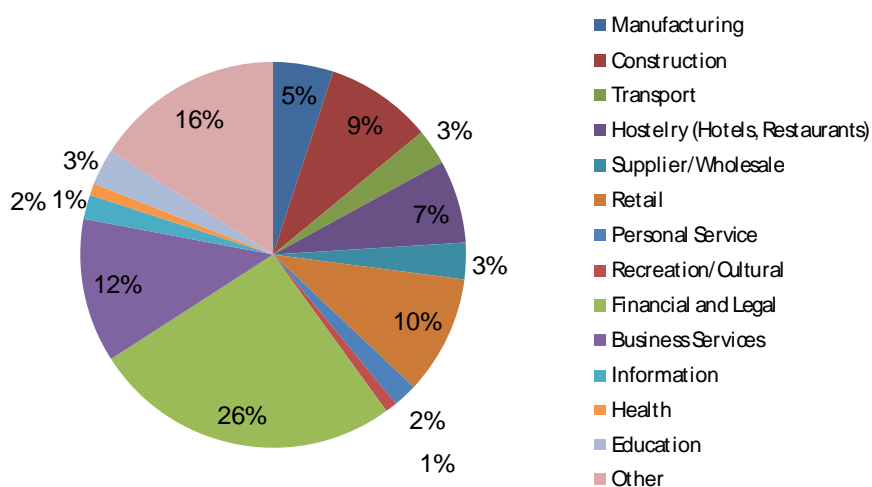
Almost 48% of businesses that responded as not being confident listed the current economy, state of business and the recession as reasons for a lack of confidence. 30% indicated the influence of the States and Government expenditure. Employment was listed by 10%, tax and Zero 10 by 7% and housing and tourism both by 2%.

A total of 100 island businesses took part in the 2009 Chamber of Commerce Business Survey.

Business Profile of Respondents

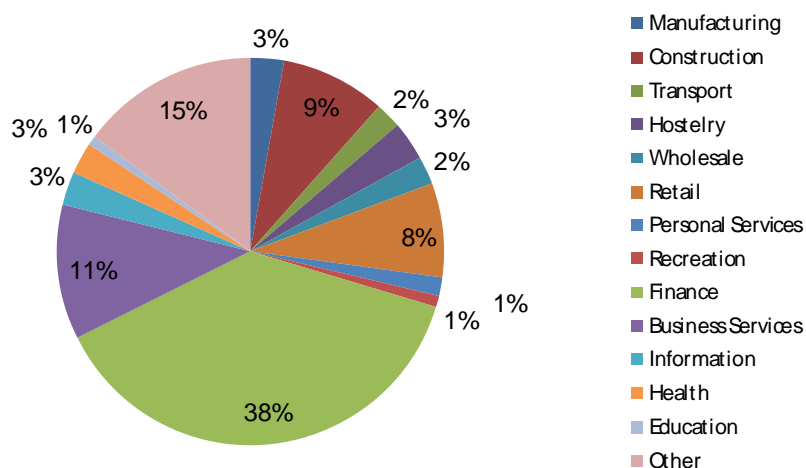
Economic Sector in which business falls.

Principal Trade Activity & Sector Analysis



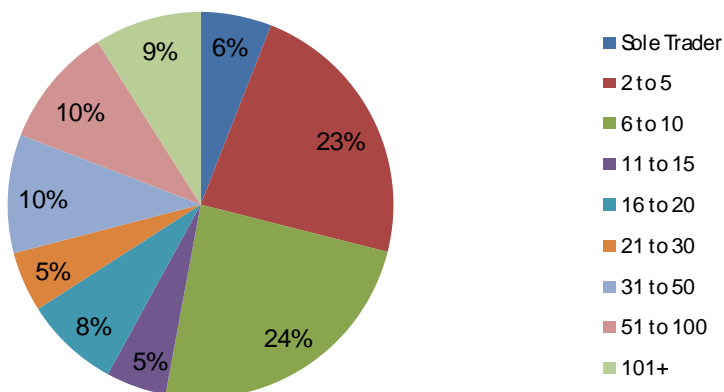
There was a good cross section of businesses responding to the 2009 Business Trend Survey, thereby ensuring that a range of opinions and information from across all economic sectors were recorded. (This can be compared with the representative graph below).

Guernsey Factor Income Split by Economic Sector



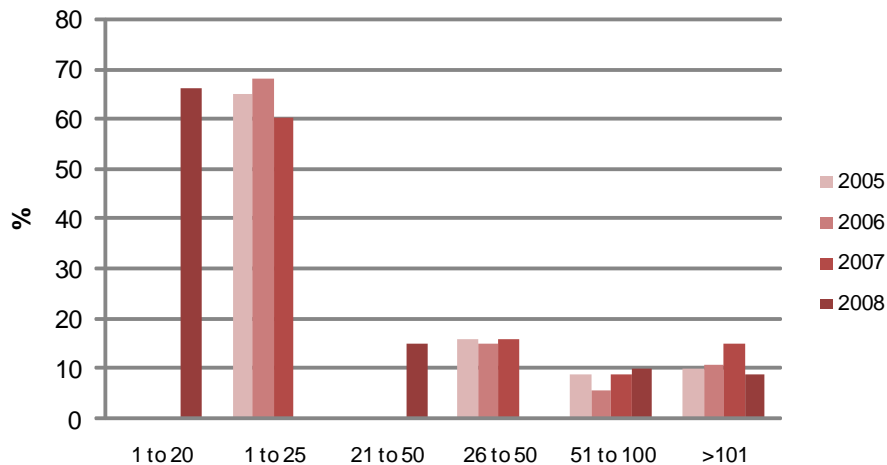
Total number of (full time equivalent) employees, including management in business.

Number of Employees



Almost 30% of those businesses that responded had between 1 and 5 employees, a quarter had 6 to 10 employees.

Number of Employees

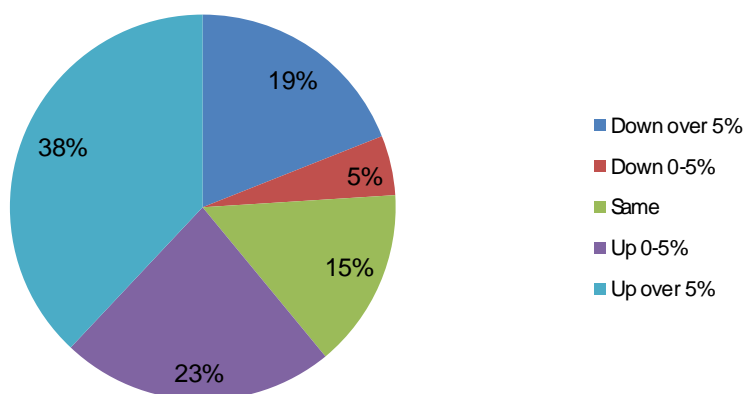


The change in the 'number of employee' categories made in 2008 was to reflect distribution data collected by the States of Guernsey.

Turnover

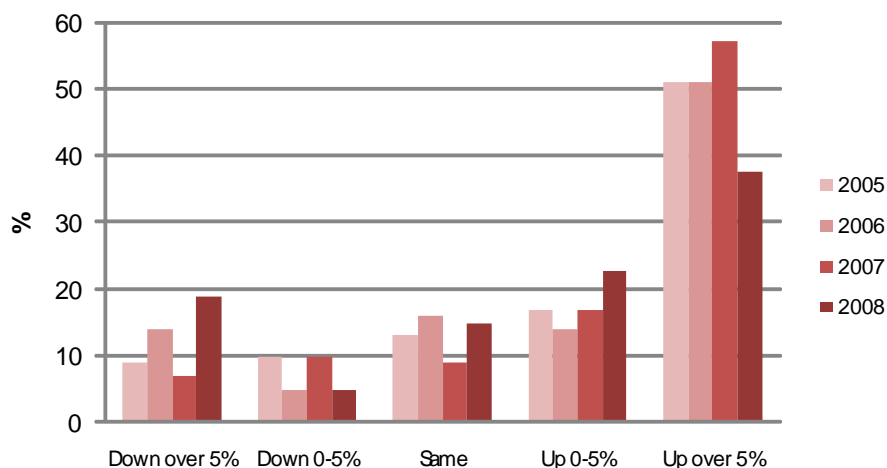
Turnover of business in the 12 months to 31 December 2008, as compared to the equivalent period in 2007

Business turnover compared to previous year



61% of businesses experienced an increased business turnover in the 12 months to 31st December 2008 in comparison to 2007. 15% of businesses indicated that turnover was on par to the previous year, whilst almost a quarter of businesses experienced a decrease in turnover. Two fifths of businesses experienced turnover up by over 5%, whilst a fifth were down by over 5%.

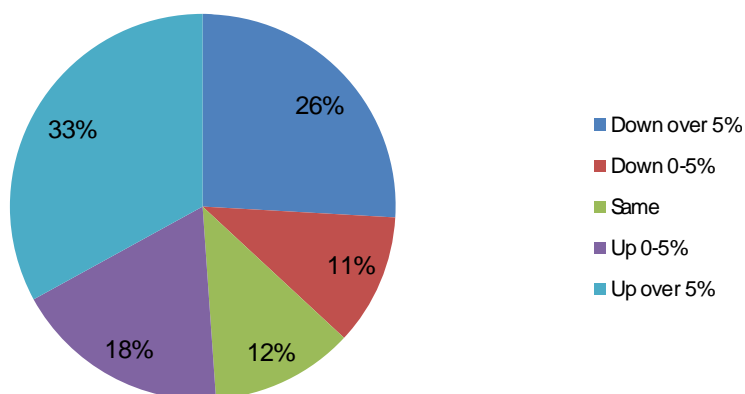
Business turnover compared to previous year



Profitability

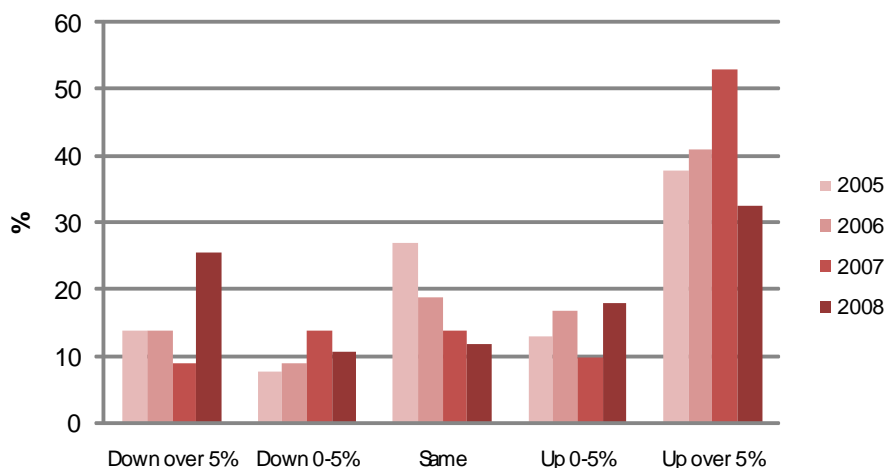
Profitability of business in the 12 months to 31 December 2008, as compared to the equivalent period in 2007

Business profitability compared to previous year



Over half of all businesses questioned were more profitable in 2008 than in the previous year, with a third greater than 5% more profitable. A quarter of businesses were more than 5% less profitable in 2008 than 2007.

Business profitability compared to previous year

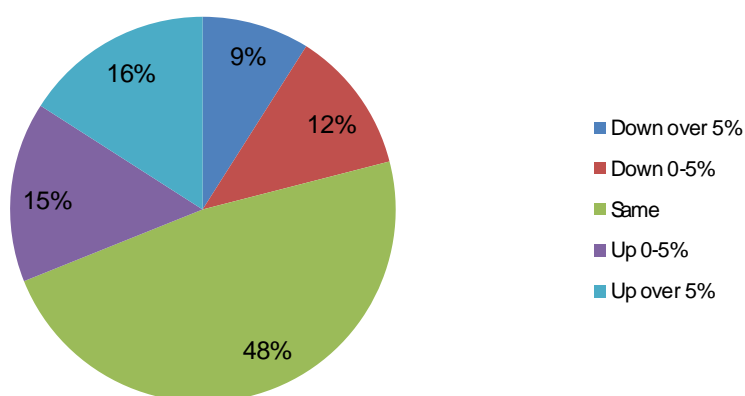


Profitability overall was down in comparison to the previous 3 years. However, 2007 appears to have been an extremely profitable year for most businesses. 2008 results illustrate the highest proportion of businesses with profitability down by over 5%.

Numbers Employed

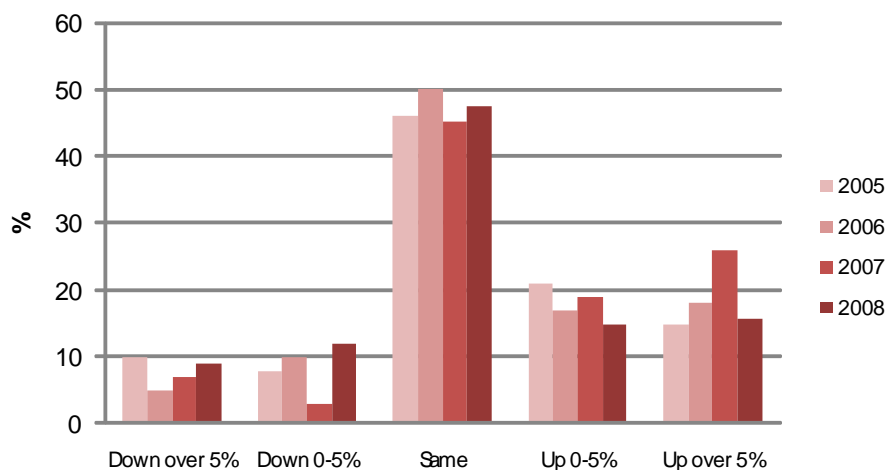
Numbers of people employed in business in the 12 months to 31 December 2008, as compared to the equivalent period in 2007

Staff numbers compared to previous year



Almost 50% of businesses maintained the same staff levels in 2008 as in the previous year. 30% increased staff numbers, while 21% saw reductions in staff numbers. Of those businesses that saw growth in staff numbers, 16% experienced increases of more than 5% whilst only 9% decreased by the same percentage.

Staff numbers compared to previous year

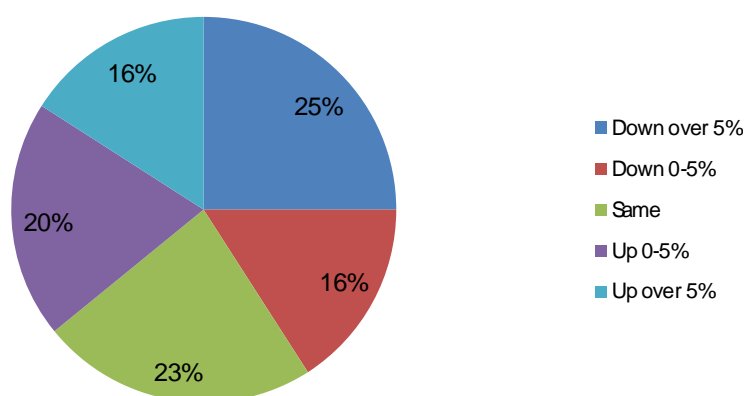


The 2008 profile of growth/decline in staff numbers is similar to previously recorded years

Turnover Projections

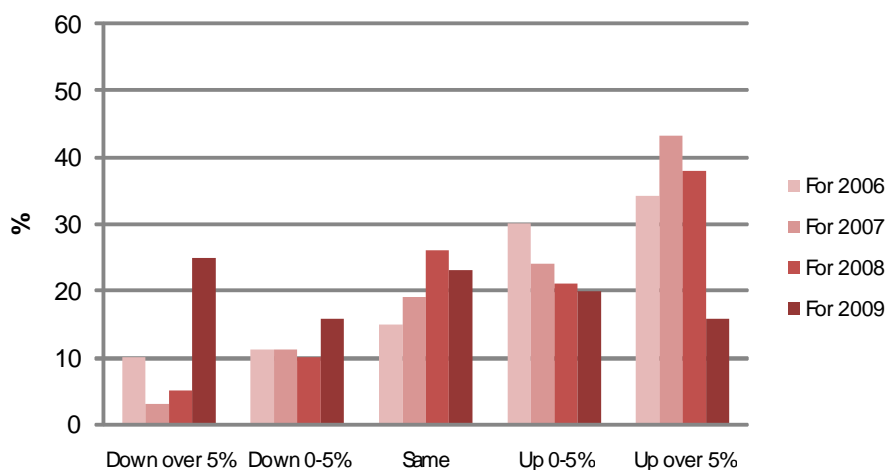
Expectations of turnover in the 12 months to 31 December 2009 as compared to the equivalent period in 2008

Business turnover projected for 2009



Projected turnover results for 2009 show a very even spread of results. Almost a quarter of respondents indicated turnover would remain the same, 36% considered that their turnover would increase whilst 41% were projecting turnover would decrease. Significantly, a quarter of businesses said that their turnover would decrease by over 5%, whilst 16% stated that it would increase by over 5%.

Business turnover projected for year ahead

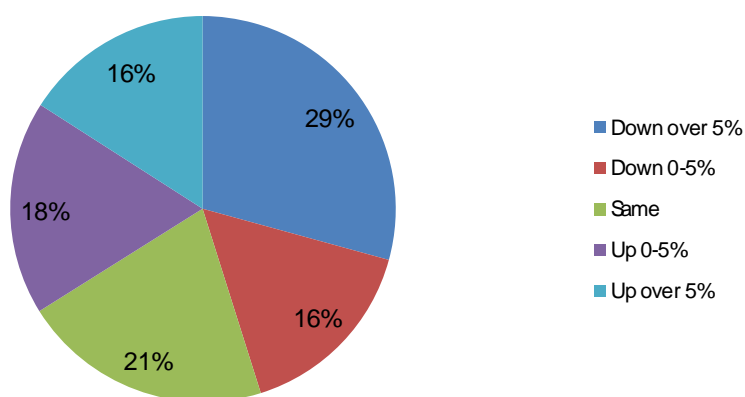


Projected business turnover for 2009 is at its lowest level in comparison with the previous three years.

Profitability Projections

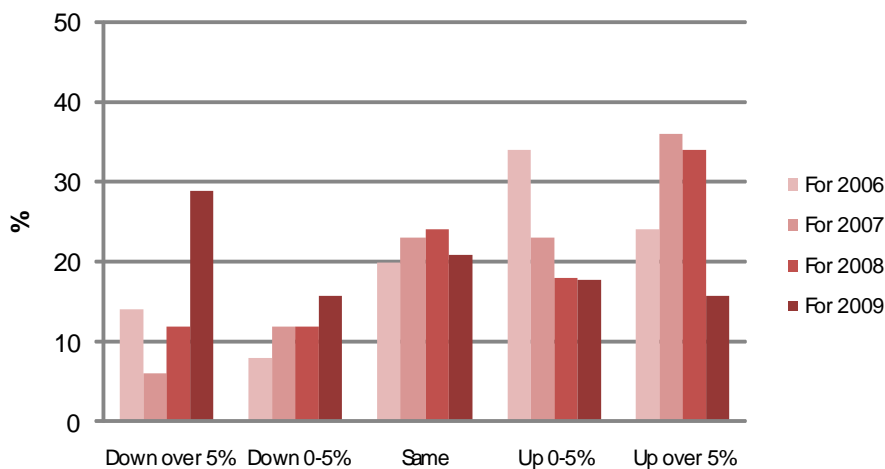
Expectations of profitability in the 12 months to 31 December 2009 as compared to the equivalent period in 2008

Business profitability projected for 2009



45% of businesses forecast that profitability would be down for 2009, a fifth indicated that it would remain the same, whilst 34% stated that it would increase as compared to 2008.

Business profitability projected for year ahead

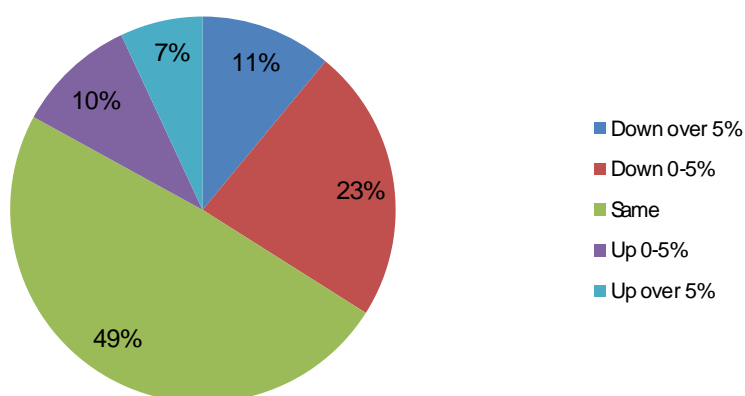


The proportion of businesses that indicated that profitability would be down by more than 5% in the year ahead is at its highest level over the past 4 years.

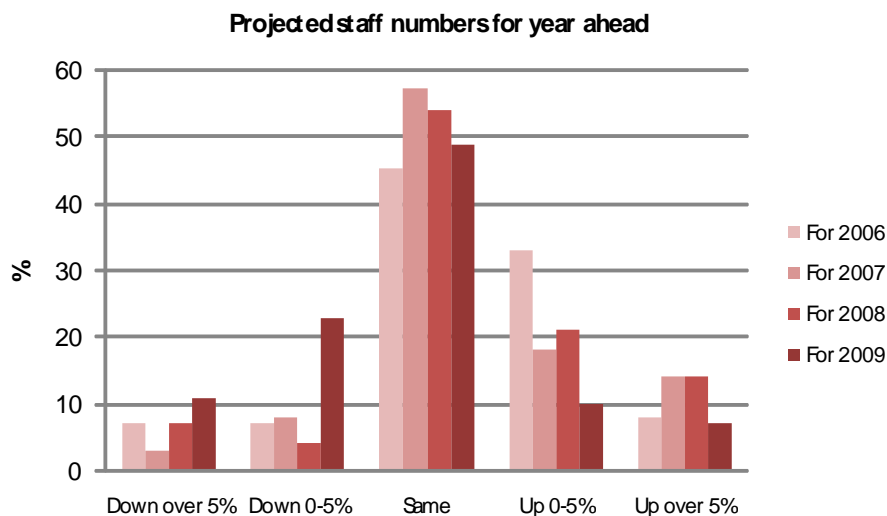
Employment Projections

Numbers of people employed in business in the 12 months to 31 December 2009 as compared to the equivalent period in 2008?

Projected staff numbers for 2009

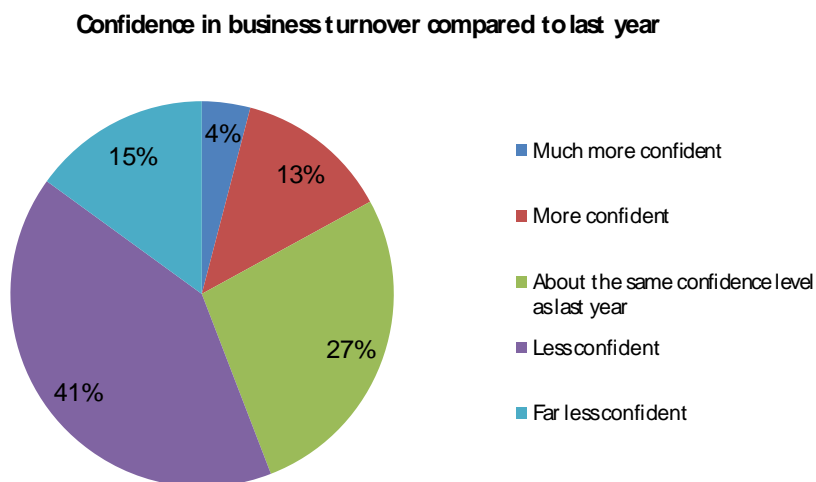


Half of businesses are forecasting that staff numbers would remain the same in 2009 as compared to 2008. 17% indicated that numbers would increase, whilst 34% stated that staffing numbers would reduce.

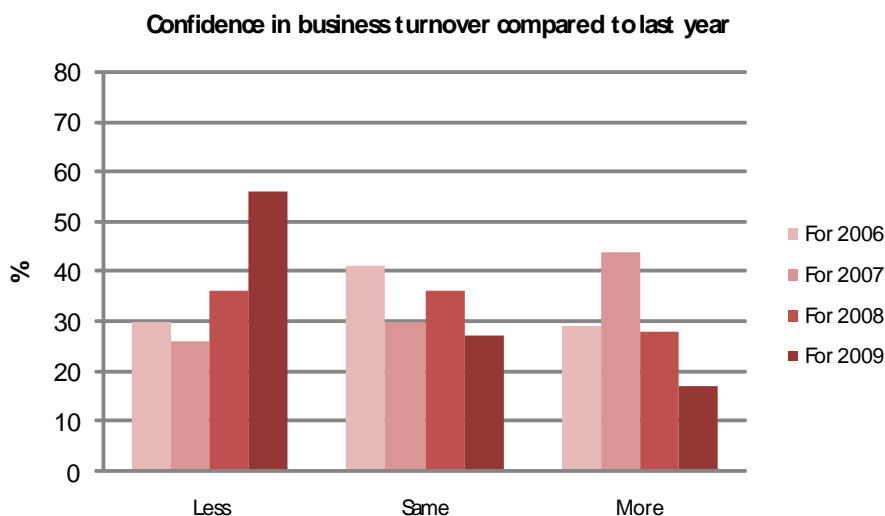


Confidence Levels - Turnover

Confidence in turnover projections in 2009 as compared to this time last year for 2008?



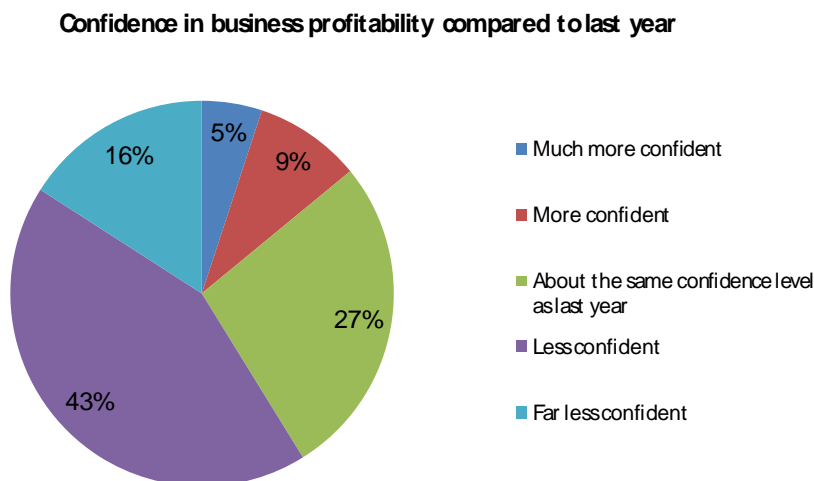
17% of businesses are more confident about business turnover projections in comparison to this time last year while just over a quarter have a similar confidence level. 56% are less confident about 2009 turnover projections in comparison to 2008.



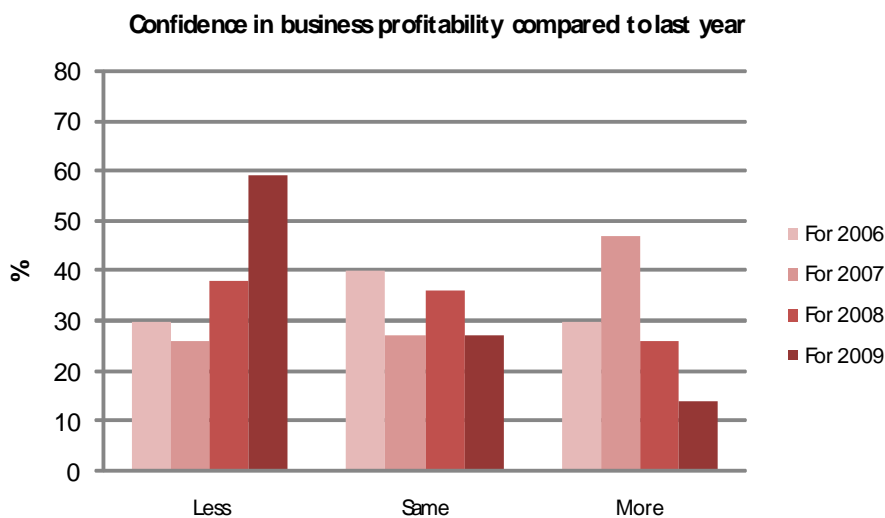
Confidence in business turnover projections has steadily reduced during the last three years.

Confidence Levels - Profitability

Confidence in profitability projections in 2009 as compared to this time last year for 2008?



59% of businesses indicated that they had less confidence in business profitability projections for 2009 in comparison to the same time last year for 2008.

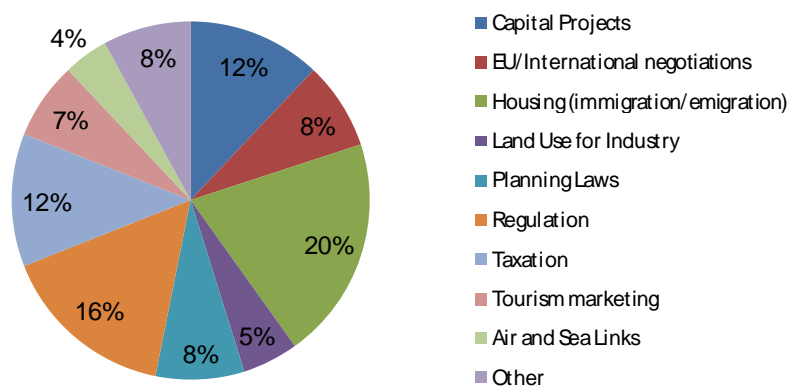


As with projected turnover, confidence in business profitability projections for the year ahead has fallen for three successive years.

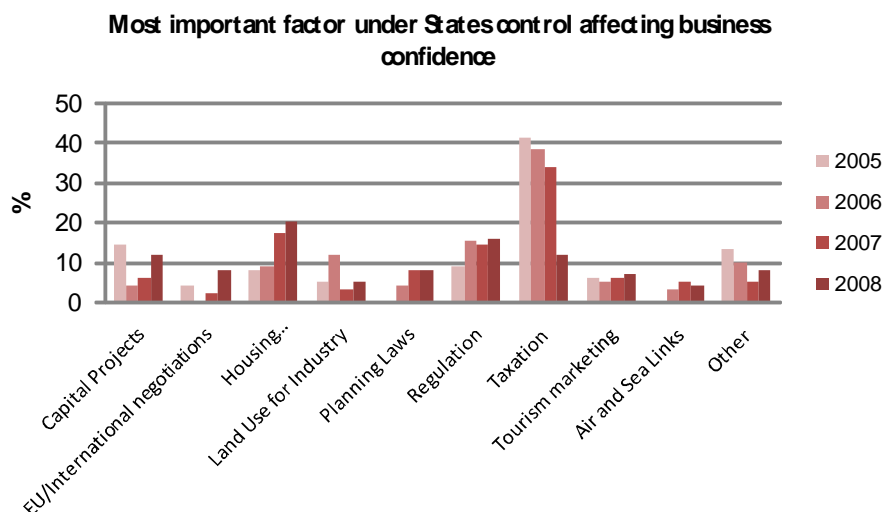
Factors adversely influencing Business Prospects

The most important factor under the control of the States of Guernsey which adversely affects confidence in Business prospects

Most important factor under States control affecting business confidence

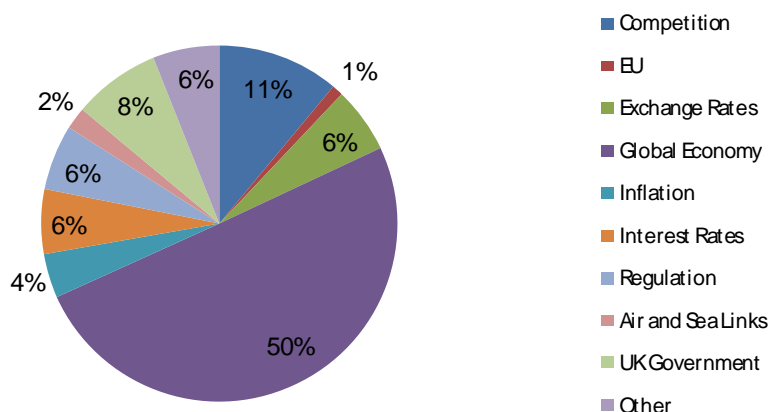


The results indicated the most important factors under control of the States of Guernsey which affect the confidence in business prospects are (in descending order) - housing, regulation, capital projects, and taxation.

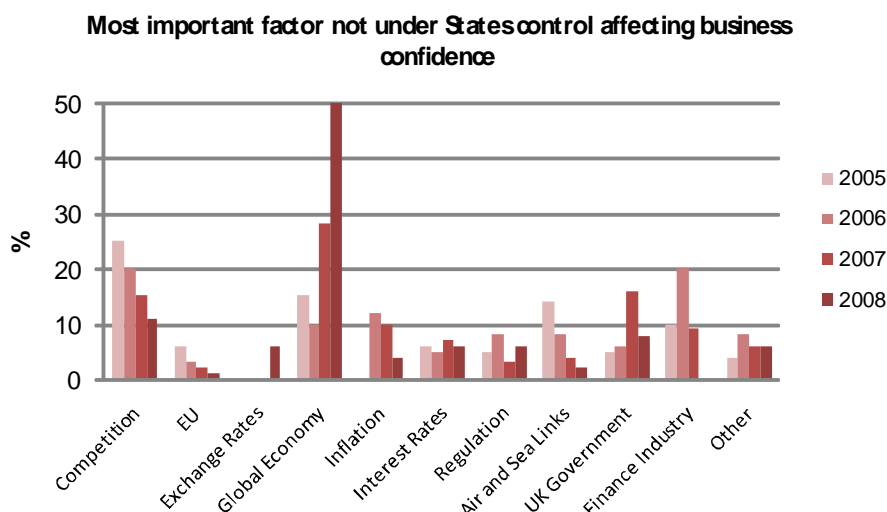


The results from previous years indicate that taxation had decreased as a main concern for business confidence for the future, with factors such as housing control, capital projects, regulation and EU/international negotiations becoming increasingly important. **The most important factor not under the control of the States of Guernsey which adversely affects confidence in Business prospects.**

Most important factor not under States control affecting business confidence



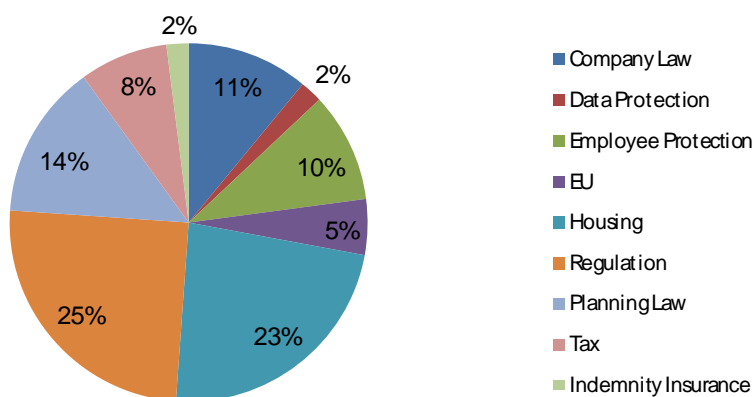
The most important factor impacting upon business confidence not under control of the States of Guernsey was the global economy, listed by 50% of the business respondents. Other key concerns were competition (11%) and the UK Government (8%).



As one could expect, the global economy is by far the most important factor impacting on business confidence. Exchange rates feature as a concern. Concerns over competition, EU, and inflation have all fallen.

The most important item of existing legislation, which significantly impinges upon the commercial activity of business?

Most important items of existing legislation, which impinges on commercial activity of business

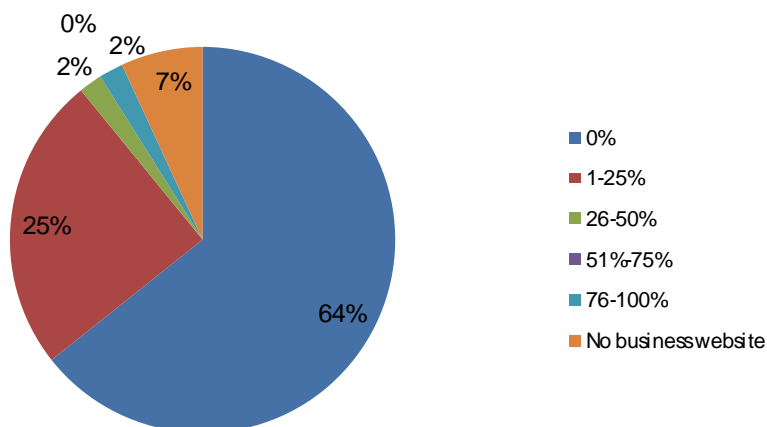


The most important factors recorded as impinging upon the commercial activities of businesses are as follows (in decreasing order of importance): regulation, housing, planning law, and company law.

Online Activity

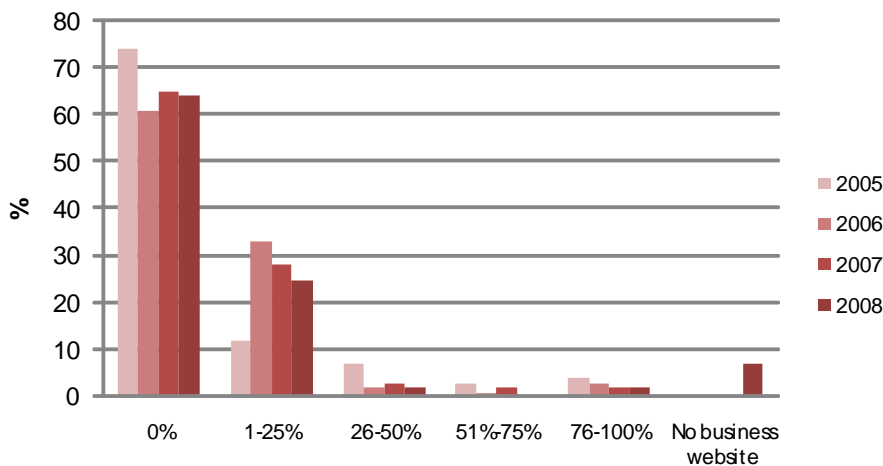
Percentage of turnover generated through online sales?

Percentage of turnover generated through online sales



Online sales do not account for any turnover of 64% of the businesses that responded. A further 7% of businesses indicated that they did not have a website. A quarter of businesses have 1 to 25% of business turnover generated through online sales.

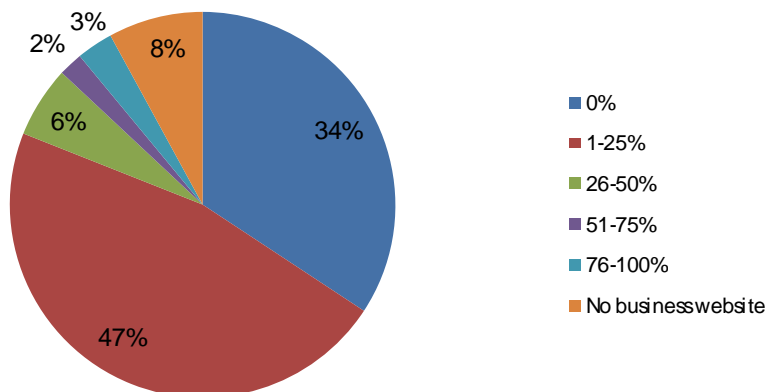
Percentage of turnover generated through online sales



Results recorded in 2009 are similar to those of previous years.

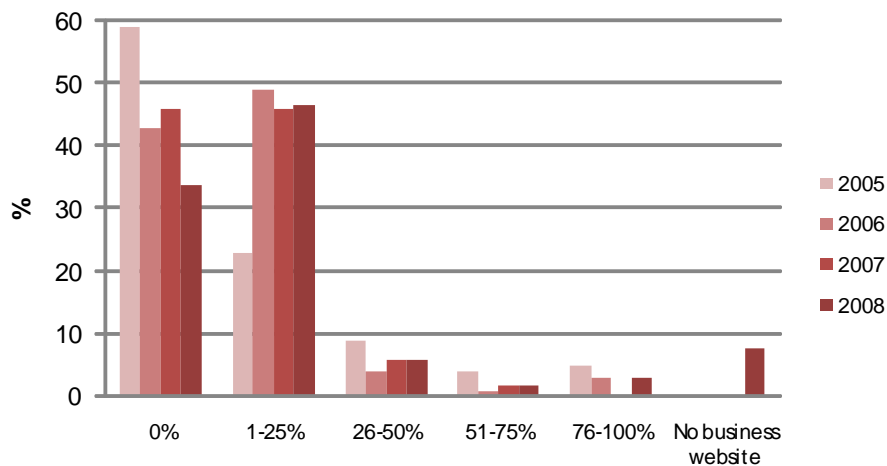
Percentage of turnover generated through website

Percentage of turnover generated through website



34% of businesses did not have any turnover generated as a result of their website. Almost half of businesses indicated that they had 1 to 25% of turnover generated as a result of their website.

Percentage of turnover generated through website

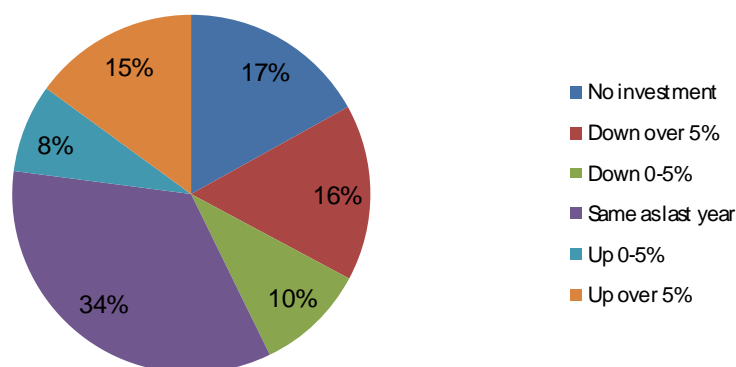


The profile of turnover generation as a result of the business website has not changed significantly during the last three years.

Capital Expenditure

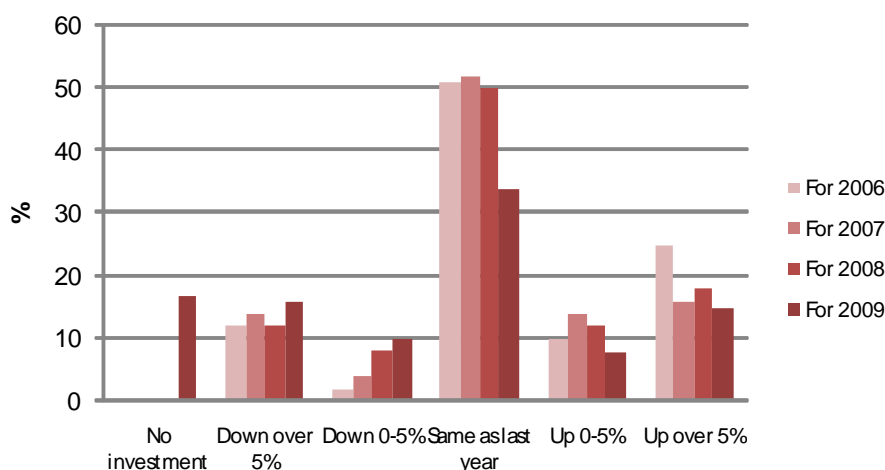
Building and Construction, Fixtures and Fittings - level of investment envisaged for capital expenditure this year (2009) as compared to 2008?

Expected change in capital expenditure on buildings and fittings for 2009



Results show that businesses are more likely to cut down in 2009 on capital expenditure on building and construction, fixtures and fittings as compared to 2008. Only 23% of businesses indicated that they would be spending more than last year.

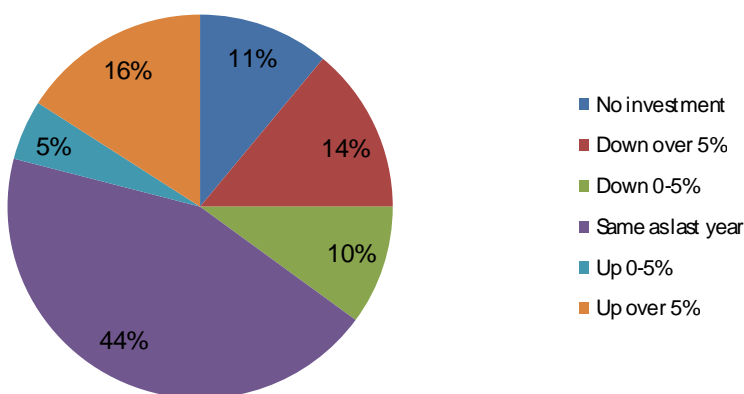
Expected change in capital expenditure on buildings and fittings



2009 capital expenditure on buildings and fittings is predicted to be lower in comparison to previous years. 'No investment' is a new element to the question which may change the 2009 distribution of results as compared to previous years.

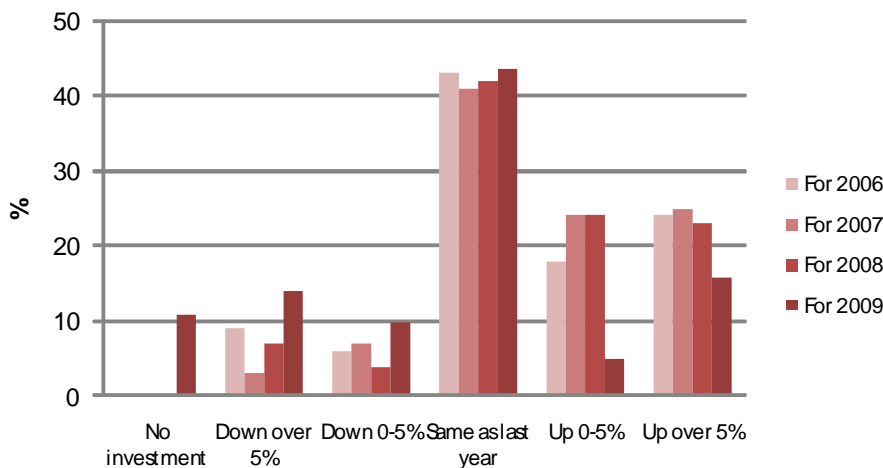
Technology - capital expenditure investment on technology this year (2009) as compared to 2008?

Expected change in investment in technology for 2009



Almost half of businesses indicated the same level of capital expenditure on technology in 2009 as in 2008. Almost a quarter of businesses would be spending less and 11% were not investing at all.

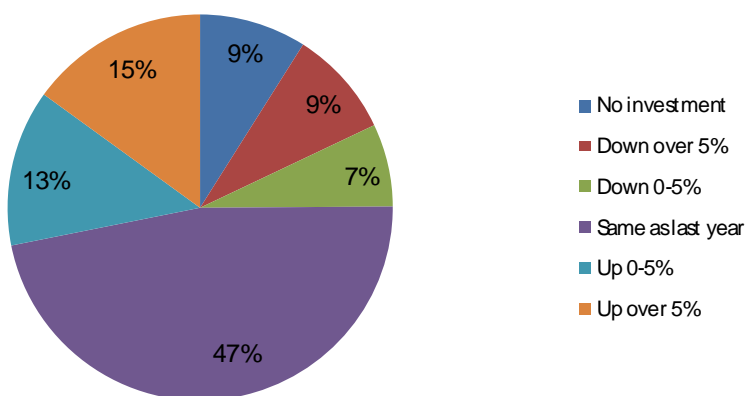
Expected change in investment in technology



Technology expenditure for businesses in 2009 is expected to be reduced overall in comparison to previous years. 'No investment' is a new element to the question which may change the 2009 distribution of results as compared to previous years.

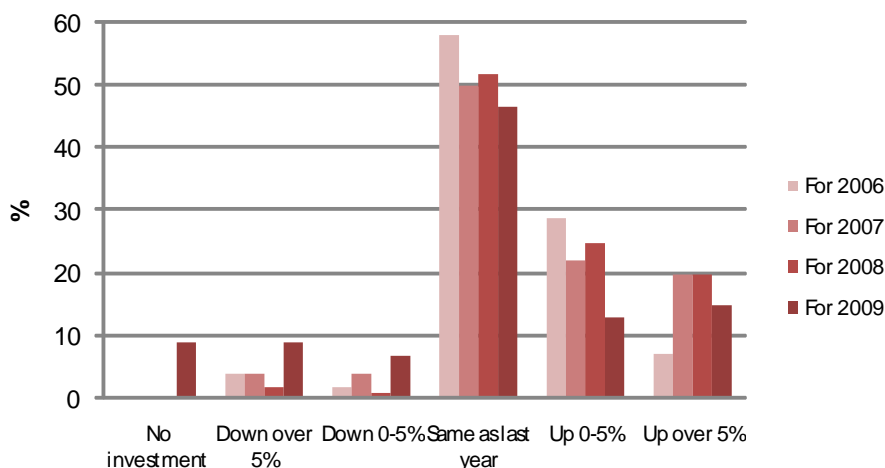
Training - capital expenditure investment on training facilities this year (2009) as compared to 2008?

Expected change in training expenditure for 2009



Almost a half of businesses are envisaging spending the same upon staff training facilities in 2009 in comparison with 2008. 28% indicated that they will see an increase in training facilities expenditure this year, 16% are going to reduce expenditure whilst 9% of businesses are not going to invest in training facilities at all in 2009.

Expected change in training expenditure

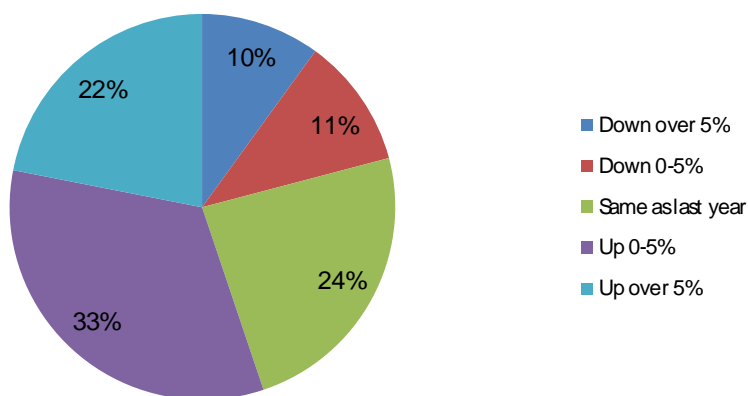


Staff training facilities expenditure for businesses in 2009 is projected to be reduced overall in comparison to previous years.

Business Costs

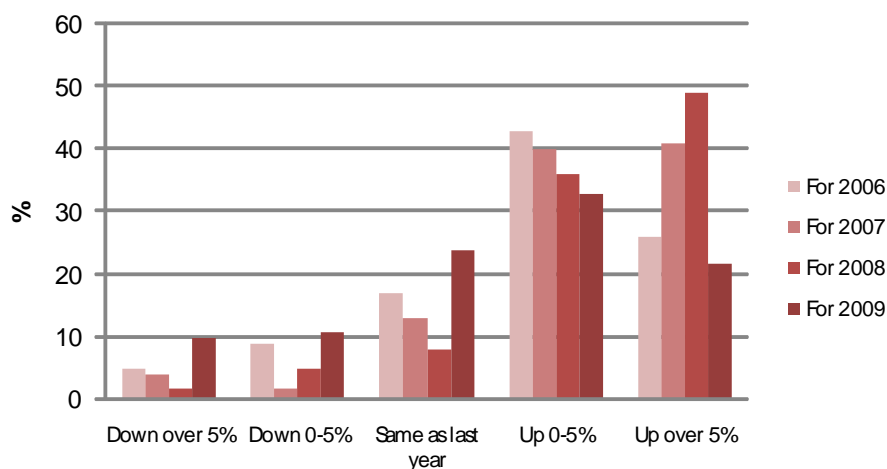
Business Costs - changes in business costs anticipated for this year (2009) as compared to 2008

Change in business costs this year as compared to 2008



In 2009, a third of businesses project that business costs will go up between 0-5%, with a further 22% of businesses indicating that such costs will go up by more than 5%. A quarter of businesses will maintain the same costs as last year, and 21% will see a reduction in business costs in comparison to 2008.

Expected change in business costs

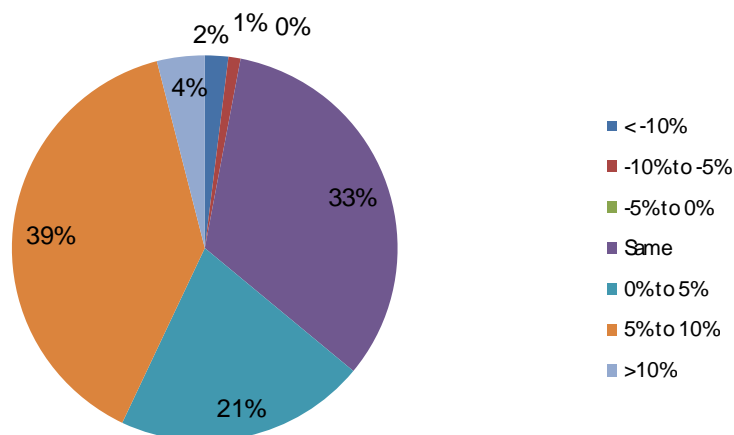


More businesses are maintaining the same business costs as last year or reducing costs in comparison to the previous recorded years.

Prices and Fees

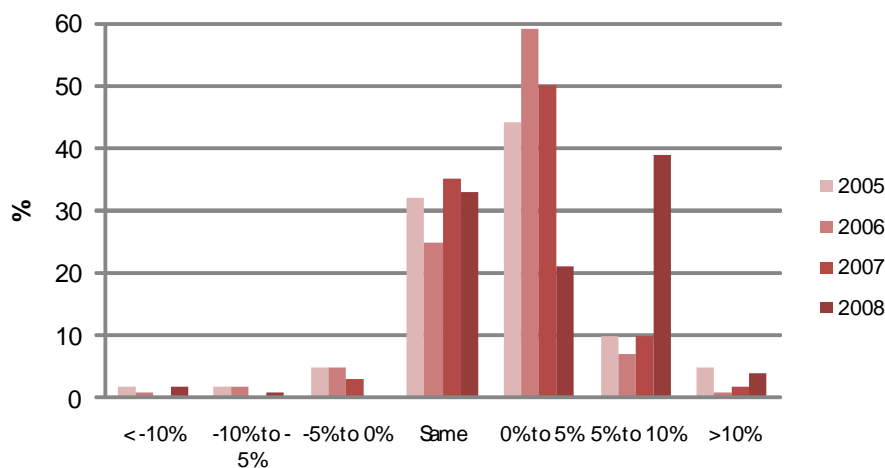
Average percentage increase/decrease in prices/fees in 2008 as compared to 2007

Percentage increase/ decrease in fees/ prices for previous year



Almost 40% of businesses increased prices/fees in 2008 by 5 to 10% in comparison to 2007, a fifth increased prices/fees by up to 5%. 4% increased prices/fees by more than 10%. A third kept prices/fees the same as the previous year, and 3% reduced prices/fees.

Percentage increase/ decrease in fees/ prices for previous year

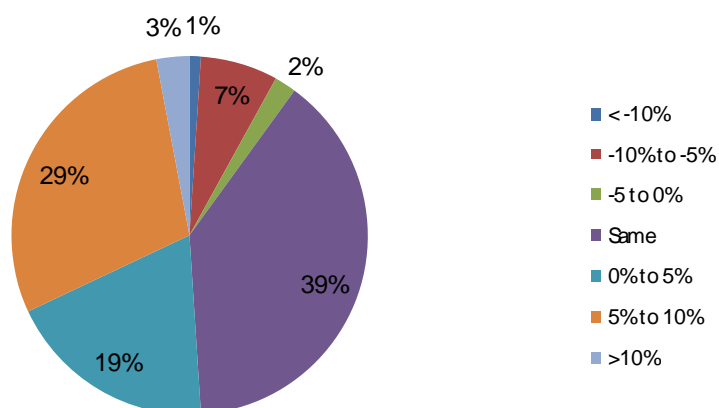


More businesses increased fees/prices in 2008 by more than 5% than in the previous years.

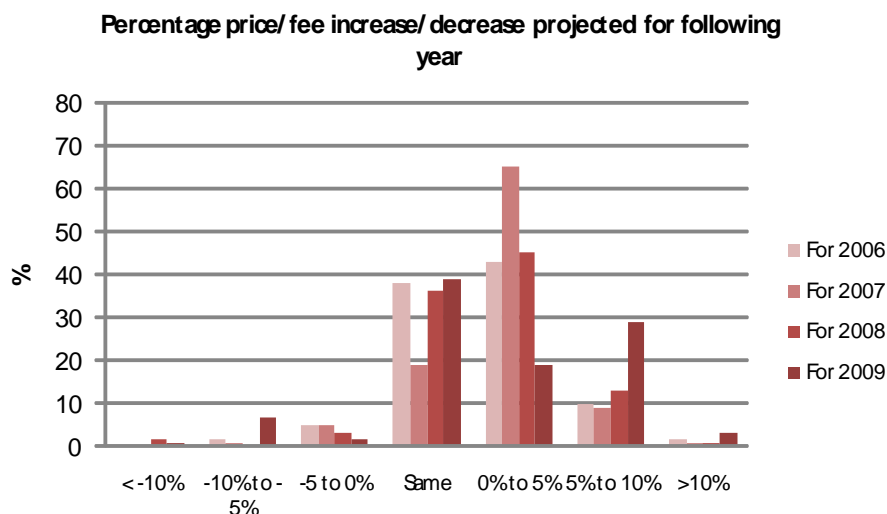
Average percentage increase/decrease in prices/fees this year (2009) as compared to 2008?

	2008	2007	2006	2005
< -10%	1	2	0	0
-10%to -5%	7	0	1	2
-5to 0%	2	3	5	5
Same	39	36	19	38
0%to 5%	19	45	65	43
5%to 10%	29	13	9	10
>10%	3	1	1	2

Percentage price/ fee increase/ decrease projected for following year

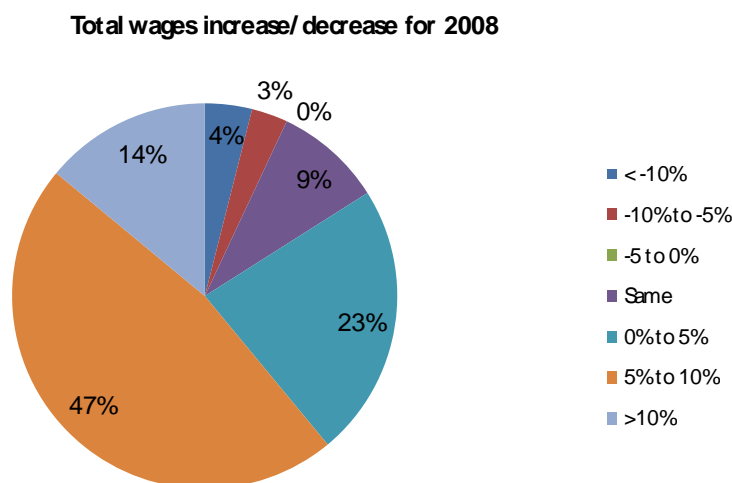


51% of businesses have indicated that prices/fees for 2009 will be increased. Almost 40% are keeping prices the same as the previous year, and a further 10% are reducing prices/fees.



Salaries and Wages

Percentage increase/decrease in the total wages/salary costs for businesses for the calendar year 2008 as compared to 2007

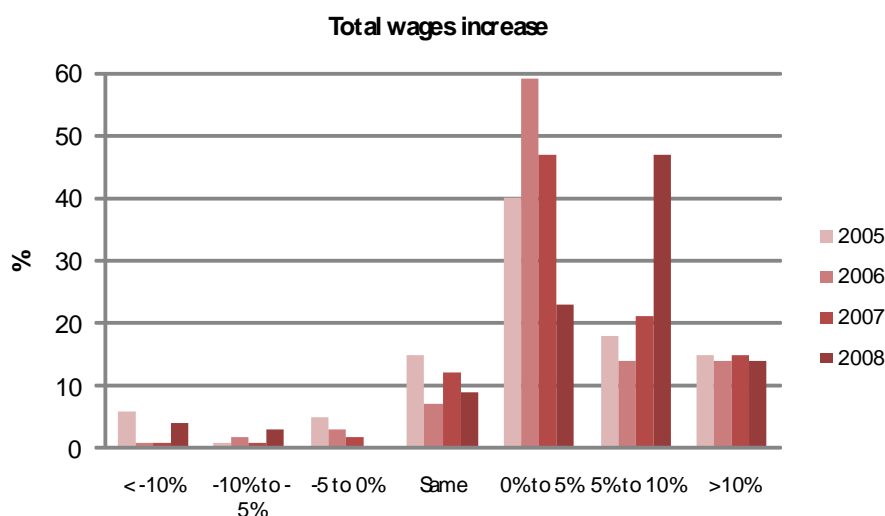


The total wages/salary costs increased by up to 5% for almost a quarter of businesses in 2008 (compared with 2007). However, 47% of businesses experienced total wages/salary costs increasing by between 5 and 10%, with 14% of businesses seeing an increase of more than 10%.

Year	March	June	Sept	Dec
2005	4.6	4.6	3.8	3.3

2006	3.1	3.4	3.5	4.4
2007	4.8	4.7	4.9	4.9
2008	4.8	5.5	5.8	1.2

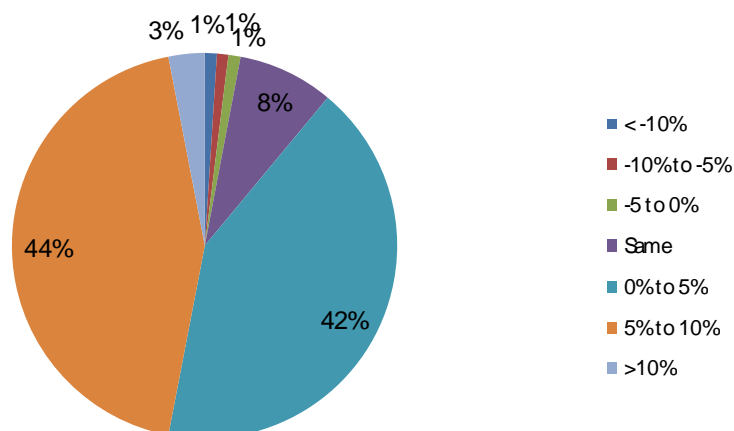
Headline RPI Figures, States of Guernsey, Facts and Figures



The total wages increase in 2008 was the highest in the preceding years, also impacted upon as many wages and salary are linked to the RPI – which was on average greater than 5%. This pattern of linkage to the RPI can be seen in the preceding years featured.

Average percentage pay/salary increase/decrease for calendar year 2008 as compared to 2007

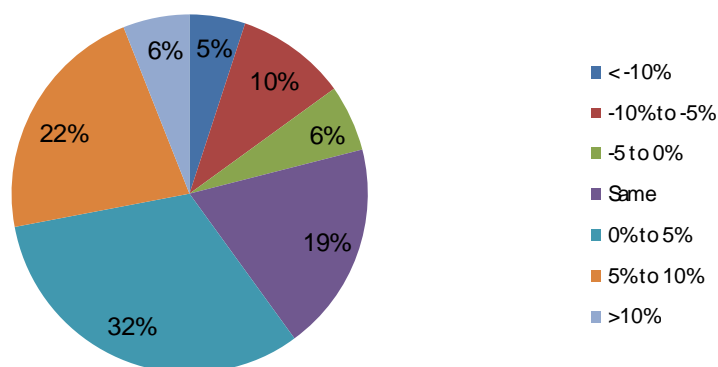
Percentage pay/ salary increase/ decrease for 2008



42% of businesses indicated that the average percentage pay/salary increase for the calendar 2008 compared to 2007 was up to 5%. 44% of businesses stated that pay/salaries had increased by between 5% and 10%.

Allowing for increases/decreases in staff numbers, the likely percentage increase/decrease in the total wages/salary costs for businesses for this year (2009) as compared to 2008

Likely percentage increase/ decrease in total wages/ salary costs for 2009

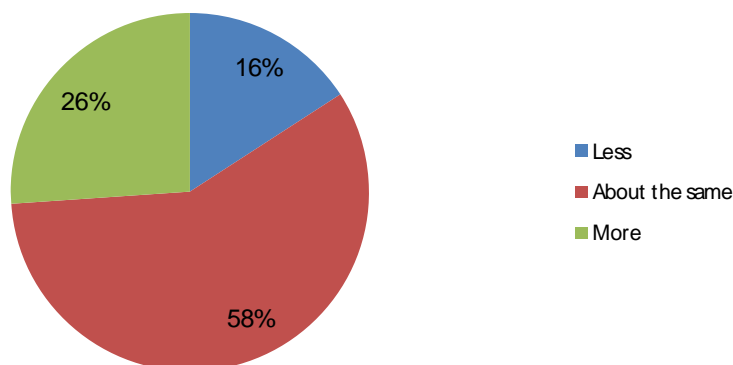


The likely increase for total wages/salary costs for 2009 was up to 5% for almost a third of businesses. 22% of businesses stated that costs would increase by between 5% to 10%, with a further 6% projecting costs to increase by over 10%.

Staff Training

Planning to spend more/less/about the same on staff training and development this year (2009) as compared to last year (2008)?

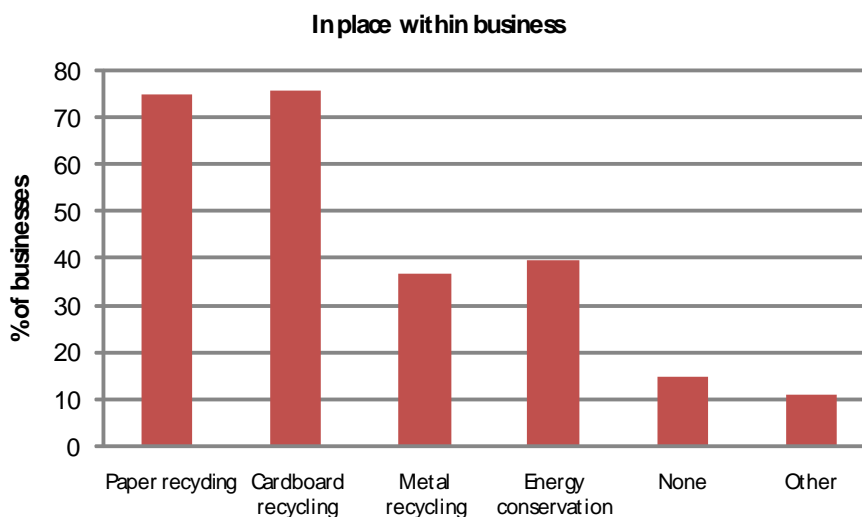
What businesses are planning to spend on staff training as compared to 2008



58% of businesses said that they would be spending the same amount on staff training and development in 2009 as in 2008. A quarter are planning to spend more on staff training whilst 16% are aiming to spend less on training expenditure.

Environmental Issues

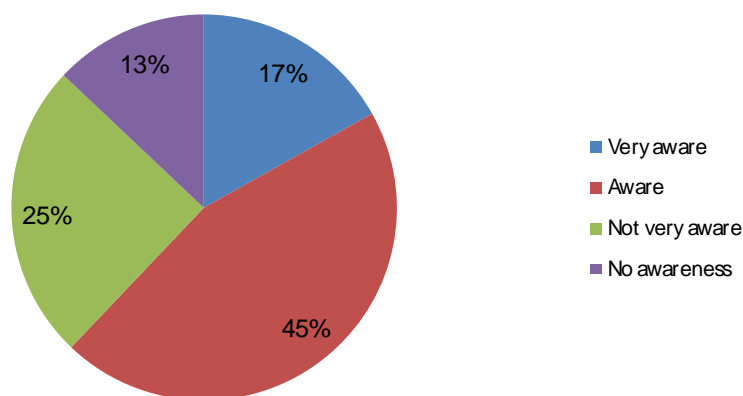
Environmental Issues within business?



Paper and cardboard recycling are in place in almost three quarters of all business respondents. Metal recycling is carried out by 37% of businesses. Energy conservation measures are in place in 40% of businesses. 15% of businesses had no environmental policies in place. Other items recycled include: toner cartridges, glass and plastic bottles, milk cartons biological waste/compost and batteries.

Awareness of the States Environment Department’s ‘Green awards for Business’ initiative?

Awareness of 'Green awards for Business' initiative

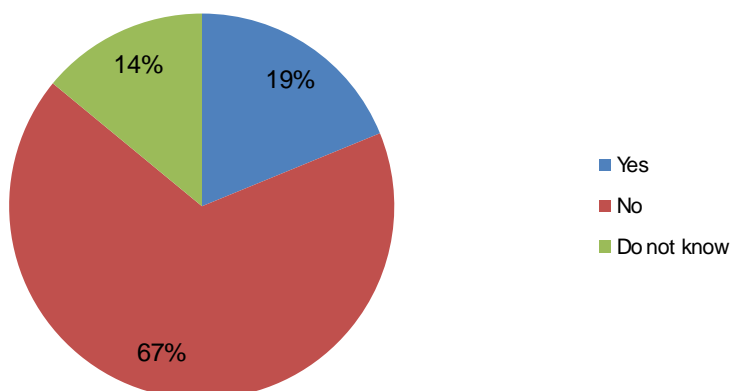


Approximately 60% of businesses were aware of the “Green Awards for Business” initiative by the States of Guernsey Environment Department. A quarter of businesses were not very aware whilst 17% of businesses had no awareness at all.

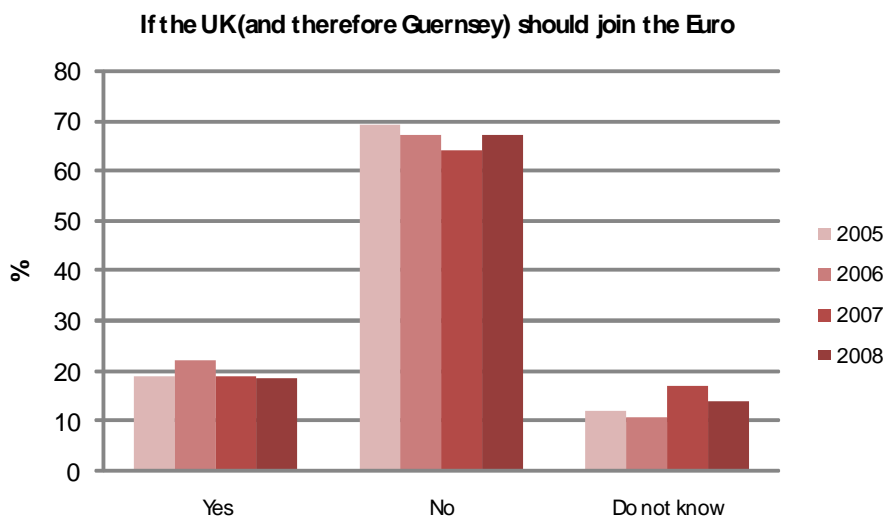
Eurozone

UK (and therefore) Guernsey joining the Euro?

If the UK (and therefore Guernsey) should join the Euro



Two thirds of businesses do not believe the UK (and Guernsey) should join the Euro. One fifth of respondents were in favour the UK and Guernsey joining.

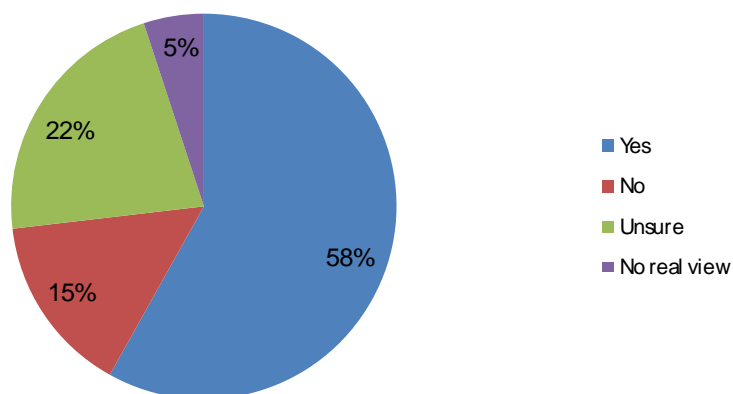


These results are very much on a par with the findings from previous years.

Guernsey Fiscal Strategy

Given the current world economic downturn, the need to review the Island's new fiscal strategy (zero 10) to take account of changed circumstances?

If the fiscal strategy will need to be reviewed

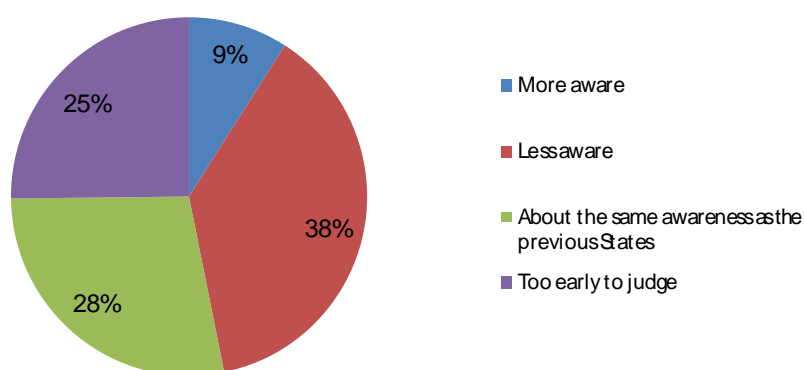


Given the current economic climate, almost 60% of businesses thought that there was a need for a review of the Island’s new fiscal strategy. Only 15% indicated that it should not be reviewed while 22% were unsure whether a review should take place.

States’ Awareness of Local Business Needs

Newly elected States awareness of the needs of local business?

Awareness of newly elected States Members on needs of local businesses

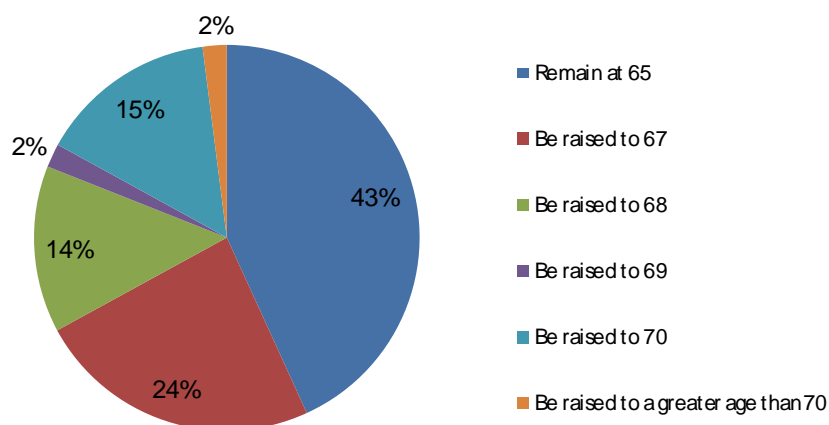


Only 9% of businesses considered that the newly elected States were more aware than the previous States of the needs of local business. 38% were of the view that the current States were less aware. A quarter thought that it was too early to judge while 28% felt that they were as well informed as the previous States.

Retirement Age

States’ pension retirement age given the general increase in life expectancy and the ratio of pensioners to workers and the likelihood that social security contributions would need to be raised in the future. (This could partially be offset by increasing the retirement age from which individuals may receive their States’ pension)

What age the States' pension retirement age should be

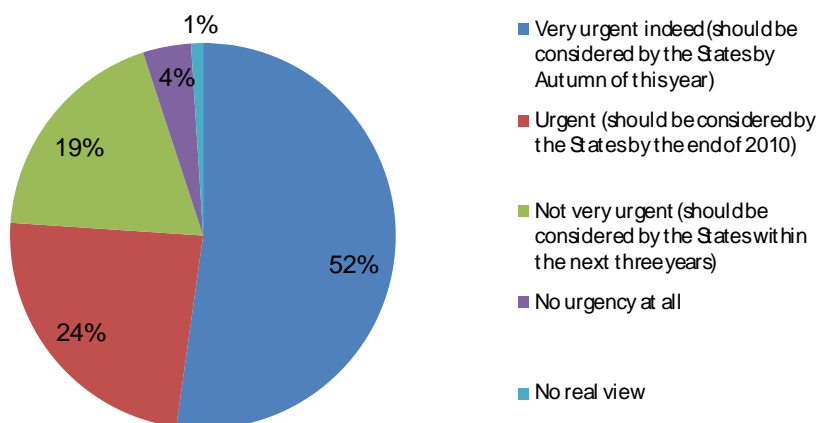


57% of businesses considered that the retirement age should be increased. Almost a quarter indicated that it should be raised by two years to 67 years and 15% felt it should be raised to 70. However, 43% of businesses thought that the retirement age should remain at 65 years.

Housing Laws

Urgency of a review of the local Housing Laws

Urgency of a review of the local Housing Laws



More than three quarters of businesses thought that the local Housing Law should be reviewed urgently (24%) or very urgently indeed (52%).

Most Pressing Issues Facing Island

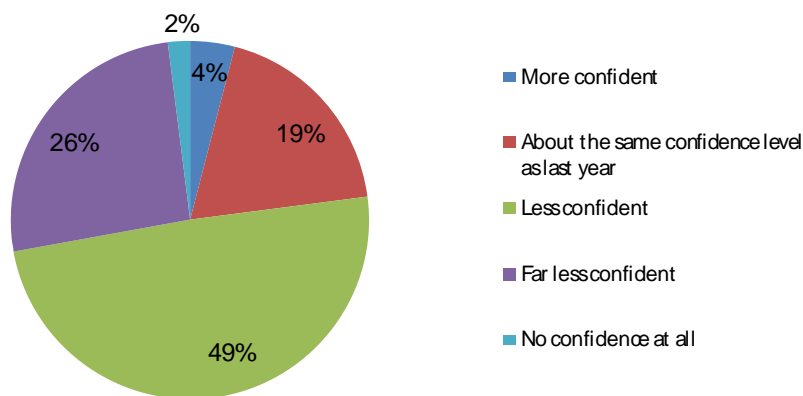
The most pressing issues facing the island over the next three years were identified as follows (in decreasing order of importance):

- Housing
- States/ capital expenditure
- Economy
- Employment/salary
- Business/finance
- Waste Energy
- Taxation
- Airport/air and sea links
- Civil service and Government
- Environment and planning
- Social security/ pension
- Population/immigration
- Cost of living
- Education
- Tourism

Island Confidence Levels

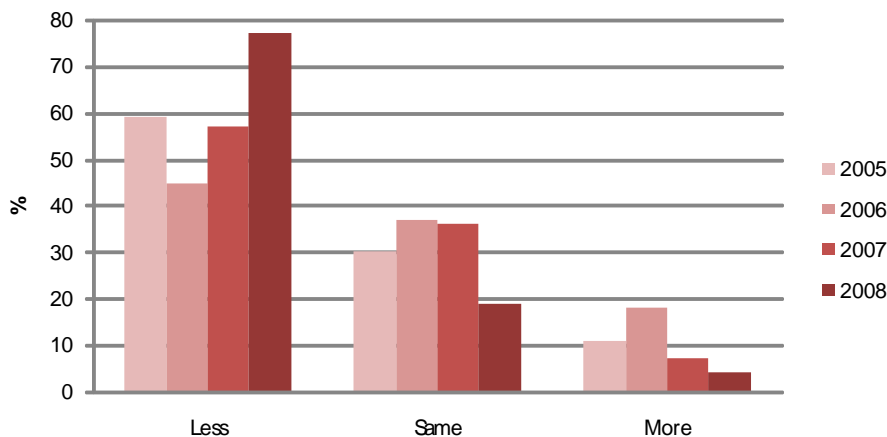
Confidence levels about the prospects for the Island's economy for the next twelve months compared to twelve months ago?

Confidence in prospects for the Island's economy over the next twelve months compared to last year



Over three quarters of businesses are less confident about the prospects for the island's economy over the next year in comparison to 12 months ago with a quarter far less confident. A fifth of businesses have about the same confidence level as last year, and only 4% are more confident about prospects.

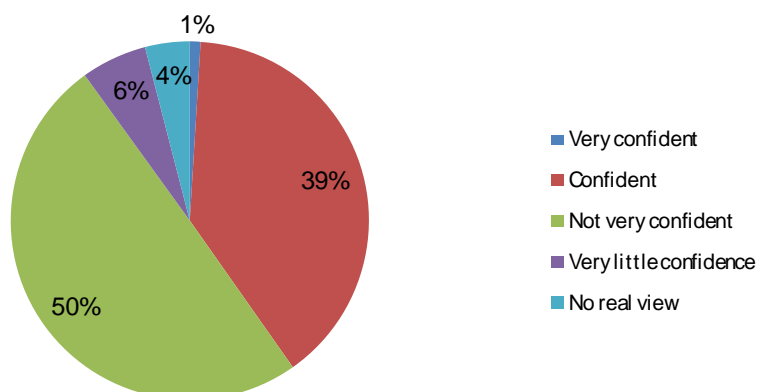
Confidence in prospect sfor the Island's economy over the next twelve months compared to last year



2009 confidence levels are at their lowest levels in comparison to the previous three years.

Confidence levels in the medium term (two to three years) about economic prospects for the Island?

Confidence about economic prospects for the Island in the medium term



50% of businesses were not very confident about the medium term (two to three years) economic prospects for the island. However, 40% were confident about the medium term future.

Almost 48% of businesses that responded as not being confident listed the current economy, state of business and the recession as reasons for a lack of confidence. 30% indicated the influence of the States and Government expenditure. Employment was listed by 10%, tax and Zero 10 by 7% and housing and tourism both by 2%.

Further Open Comments on the Current Business Environment

Time to have a real look at what we do and the way we do it. That applies even more to the States than private businesses.
The priority has to be to get the Housing Laws changed so we can bring in the right people and retain them when they are good and contributing the economy and business....especially the professional firms as you don't grow these people locally and quickly and you cannot retrain people to these professions either. To have had a policy that keeps immigration at too low a level is also not helpful.
If States ensure spending benefits local economy in the medium term the prospects in the longer term will be more positive than elsewhere.
I don't think we have seen the full extent of the economic downturn in the island and ecommerce businesses will thrive in these market conditions due to low overheads. Anyone who has invested in commercial property will see a decrease in tenants unless rents are more competitive and come down in price - also leases need to be available for shorter periods of time which may happen.
Serious need to reassess the way the Island is heading. Scenario planning is essential in terms of economic development
Health & Safety Legislation needs to be more robust and transparent
I believe Guernsey is more robust than the media portrays. The local newspaper seems to want to take a more negative slant in its reporting than the reality.
Guernsey should be looking longer term and spending wisely. Investment in education (schools, university and within business) is vital, as is investment in required Capital projects. Efficiency in the civil and public services needs to be addressed urgently, possibly by investing in new systems, legislation, training, etc. and efficiency should be viewed in terms of manpower used overall, with the aim of freeing up skilled labour for economically productive work.
The Commerce and Environment department are very quiet at such a critical time in Island Life!!
Point 16 above -- Health and Safety Regulation burden is having a huge upward effect on operational costs and getting worse
1. States must look at ways of providing encouragement to existing business's to stay in the island. 2. VAT appears to be included on some goods, with UK prices 'including VAT' equal to prices charged locally. Would be helpful to Guernsey economy if there was a difference. 3. People can float from one jurisdiction to another without paying Income Tax (staying only 90 days), yet still get other local benefits including medical etc. Could this not be stopped, and if so this could added to the islands income. 4. Improve the system of recovering bad debts. The present Guernsey system appears to favours those that owe money.
With regards to the currency climate we should aim to attract more Euros and other currency to be spent in Guernsey
Local people should be made aware that as much money possible is spent with local companies whether it be retail, construction etc so that taxes are paid locally.
Yes we need a smaller party system Government with accountability that will not fiddle while Rome is burning
Alcohol sellers will probably have an increase of sales.
For small/medium companies there is far too much red tape. So much time is taken up in paper work it is sometimes difficult to focus on the real job at hand.
All doom and gloom whoever I speak to!!
Unemployment benefit should be reviewed - there are jobs in Guernsey but a number of the unemployed are not interested in working however they are quick to comment negatively on the number of foreign nationals in employment. We have focused for the past three months on only employing local workers however the response has been appalling with individuals failing to appear for interview, individuals leaving after 1 day and not informing us that they won't be returning, individuals offered jobs and failing to appear for work.
Guernsey needs to manage itself as a business, take decisions, some of which will be tough. It must also do what is best FOR THE ISLAND and not be led by EU or UK Government "political issues". Ultimately we will not receive any assistance from outside sources and so if we need to steer our own business environment then so be it. The States also needs to stop "playing politics"! There are too many personal egos getting in the way of governing this Island properly, we do not have the time or the capacity to satisfy these personal ambitions and they need to work as a team to solve the Island's issues and finally make some tough decisions and stand by them!!
Despite the factors above, we are planning for growth and new business. We expect to see more "holidaying at home" - and will look to actively market to this sector. Businesses will need to work harder and smarter - there will be no room for complacency.
Looking forward to what our newly elected States members deliver
The New States is performing even worse that the last, no restraint on public employees pay, Extra charges being introduced because of overspends.
There has never been a stronger need for the Guernsey Chamber and such organisations.

<p>Jersey seems to make tourism a major issue and have adverts daily. Where are ours? We need tourists for our economy and more package deals for them, and more for them to do. Child drinking is appalling on Friday nights and needs to be stopped.</p>
<p>Continued concern on the "integrated traffic strategy". As a business I run 10 vehicles. These stand in traffic for many hours due to the inadequacy of the roads. Say conservatively £30hr*1hr (unnecessary waiting)*260days is £7800 a year. Multiply this by the number of businesses and states departments on the island and the cost runs into millions of wasted money.</p>
<p>God help us if the finance industry declines, we have burnt most of the other boats.</p>
<p>From the local dairy's point of view - Land usage and the demographics of the farming community in order to maintain a truly local product to meet the islands needs.</p>
<p>If Guernsey business can remain positive and control costs we will continue to thrive.</p>
<p>Government and industry MUST shake off the historical `we can't change` and explore how to apply a strategy to effectively positioning Guernsey for sustainable economic success.</p>
<p>16, suggested that one of the examples provided are valid for my company/bias/this is not true</p>
<p>The States of Guernsey are naive to the current world economy. They have to comprehend what is happening and the impact it will have on us and the income to the island</p>
<p>The potential of the Island from a tourism perspective is eminent and I don't see the outward signs that the opportunity given by the credit difficulties in the UK</p>
<p>The States should put a hold on major projects, such as replacement schools and runway extensions. Guernsey is a small island and does not need large planes coming over. The current schools such as Beaucamps and Mare de Carteret could be renovated to provide 1st class facilities for pupils. The environment department should stop bringing in so called ' expert planning advisors/inspectors' and let local people train for the jobs which would help making decisions on planning projects.</p>
<p>Avoid complacency and clean up our act on regulation. The Icelandic bank affair has been badly handled.</p>
<p>Longer term we need to address the demographic issue. This is not just about the cost of pensions but all the costs of supporting an aging population.</p>
<p>We are concerned by the amount of money the States are planning to spend.</p>
<p>In the construction industry in particular, there are far too many immigrant workers coming into the island for one-off projects. These workers are often unlicensed and give nothing back to the Guernsey economy by way of States Insurance of Income Tax. Furthermore, there are too many instances of Guernsey students returning to the island to take up jobs that are being given to licence holders instead. We MUST start looking after our own young workers, or we will lose them to jobs away from the island, and Guernsey will become little more than an offshoot of the UK, with all of its inherent problems</p>
<p>Business and Government need to work together to ensure the impact of Global recession is kept to a minimum for the businesses and people of Guernsey. Guernsey has the skills and creativity to adapt, but this will need businesses and the States to be flexible in their approach to problem solving.</p>
<p>Small, independent businesses are destined to struggle over the next three years through a whole host of factors, some of which I have identified above.</p>
<p>The Guernsey business environment appears diverse and robust but the States cannot continue to impose additional stealth taxes on locally owned businesses who already shoulder the zero-10 tax burden imposed earlier this year.</p>
<p>Guernsey Registry had about the same net number of companies at the end of 2008 as at the beginning. This is a better performance than some of our offshore competitors</p>

Appendix 1

Question 36

Factors implicated in the reason for answer to Question 35.

Economy/business/recession - 79

loss of bank deposits to other jurisdictions

U.K. recession

world recession

Poor Business Climate

The quality of our Finance (experience of staff on island)

Possibly less influence from banking income

Companies going out of business

World economy

Eroding competitive edge in offshore financial world

Banking sector turmoil

Global recession

There seems to be a lack of awareness of global economic developments

If the economic down turn continues to worsen we may suffer but we should plan to avoid damage

The UK increased borrowing and losses

Haven't got a view at present with the current climate

The recession

Hopefully we will be out of a global recession

Guernsey's micro economy

Global economic downturn will hit new finance business

We ignore small business sector

The imagination and initiatives of Guernsey business

Well regulated finance industry that is respected

Finance industry uncertainty

World economic downturn

Financial turmoil and the potential consequences on the industry locally

Perceived lack of focus on non finance industries

Finance industry will recover (with changes) and therefore Guernsey economy can benefit overall

Credit crunch will impact on the island - it will be several months after the UK and the impact will be less, but there will be an impact

Some companies will be able to take advantage of the current global crisis - leading to new business

Global finance will take more than 2/3 years to recover

World recession

UK/US/Europe pressure on the finance industry

Strong finance sector

World will come out of recession

The world economy is in a full blown recession, the worst for 60 years and its going to last for 9 plus months.

Association with UK

The UK and world economy

The Island is very well placed, economically

World economic problems throw up opportunities; we are good at exploiting these

Demand for FS, our main export, will recover

Guernsey finance industry relatively isolated from international situation

The credit crunch / recession are likely to get much worse. Guernsey will be affected as the UK but 12 months behind

World economy

We can't escape totally from global downturn

History of recent cyclical nature of economic trends

Smaller companies seem to be thriving and sustaining growth

Guernsey will be effected by the global slowdown

Type of finance industry should be effected less than other centres

Strong diverse economy.

Concerted and long-term outlook to work cooperatively with Jersey/IOM etc for shared economic outcomes

Finance dominates the economy

Light industry not encouraged

Economic downturn across the world will have an effect on the economic prospects for all concerned if borrowing and investment via the banks continues as it has over the past 6 months. We will not see a recovery until such time as there is a declaration of terms for lending under which anybody meeting the declared criteria will be confident of securing essential finances to support either business or life style investments.

Finance industry decline

Lack of diversification

Reliance on the financial services to sustain the Island

Global economy downturn resulting in banks possibly laying off staff.

Global economic climate will trickle through to Guernsey over time.

Guernsey's finance sector is diverse and focussed on long term structures

Wealth of all the banks

The recession will affect everyone here less so

I think Guernsey's economic prospects will be the same as the last 3 years

The Guernsey economy is dependent on the financial services industry achieving growth. In the short term I expect there to be a significant negative impact on these businesses. This will knock on through the wider economy.

Given time to re-adjust the financial services sector will, in the medium term start to recover.

Bank lending and interest rates will be key and unpredictable

Construction industry and service sector rely on a healthy finance sector and this is difficult to predict in the foreseeable future.

World economy

Banking strategy

UK

The global economy

Local Economy downturn

Customer base tightening their financial outlay

Global economic turn down will affect the Bailiwick

I envisage the local finance industry will see a decrease in labour

We are not immune to the global downturn and have most of our eggs in the financial basket.

UK high street businesses failing

More UK banks failing

Worldwide economy

Other than transactional business, funds etc Guernsey should be pretty well insulated from the financial crises in that assets here will continue to need to be administered, Captives will continue, banking will continue etc

States/Government/expenditure - 50

Lack of strategic leadership in States

The perceived difficulties in starting new businesses; planning etc

Capital projects/expenditure

Inexperienced politicians

Major capital projects to fund

No control whatsoever over public expenditure.

Lots of big issues to deal with - capital projects

We will be dragged down by factors outside of our control

Its inability to make rash decisions

Too many States Members appear not to have any business sense.

Controllable expenditure

No control over states expenditure

Weak/sluggish local government

The seeming determination to retain the 'old ways'

Lack of real leadership at top of States

New States not addressing key issues

States members don't seem to want to make decisions and continue to commission too many reports delaying decision making.

States members do not seem to grasp the nettle as to what is important for Guernsey PLC in the long term.

States need to react to answers to 36 and take bold actions to reduce expenditure - doubt that they will do this

Declining States revenues with no control in place over costs

States will not stagger capital expenditure which would protect jobs for locals over the medium term

No true leadership in the States

Too many politicians and of very low calibre.

No strategic thinking by Government on how to cope with the downturn

No restraint on spending by the Government

I don't think State owned Banks will sit well with a Socialist UK Government

States don't seem to want to help and thus stimulate business to help pull us out of recession.

Poor Government

Lots of new states members

Not sure yet about the new States members

I am not happy with a certain States member

We need a much stronger States

The present States has no will or idea how to be prudent. Retaining the 2 schools is a prime example.

The States should be preparing for the absolute worst scenario at this time instead of debating the demerits of a certain infamous States member

The new states seem to be as good at not making decisions as the last

States lack experience/knowledge to deal with local challenges that have been successfully dealt with internationally.

Uncontrolled states expenditure

Lack of progressive ideas coming from the states. Seems very insular

Waste of public funds by States departments on projects that could wait.

Increasing political pressure from UK and EU on offshore jurisdictions

Failure of Guernsey States and business community to adapt to changing conditions.

Unless the states are able to face up to important decisions as oppose to not make those decisions nothing will improve

Until we have island wide voting, enabling the removal of certain States members who are universally disliked outside of their own parishes, we will not have a government to inspire confidence.

The current (and previous) States of Deliberation seem to have little or no practical awareness of the amounts of money wasted by them on large capital projects (e.g. £85,000,000 for a runway extension in Guernsey as opposed to £35,000,000 for an entire airport facility on another island which sum includes getting all of the materials shipped to that island)

The States members are too protected from the pain of recession (i.e. protected employment, final salary scheme pension).

States decision making will be too slow to minimize the impact of recession.

States must not stop spending during the recession. I am not confident they will. This would be a mistake and cost Guernsey business more in the long run.

The States' lack of interest in increasing the population

Drop off in Capital projects locally

States costs and projects require a growth in the economy and full employment

Lack of leadership in States (review Harwood Report)

Zero-10/Tax - 12

Zero - ten makes us attractive for business

Zero 10 will be disaster and is unfair

Zero 10 should start to show benefit

Global and notably UK recession has come at a bad time for Guernsey imposing the new tax regime.

Zero 10 needing review due to the current economic climate

lack of tax take to satisfy essential projects

Zero 10 means less tax for the government

US & UK tax avoidance plans

Zero 10 is new and untested

Zero-10 is a very powerful tool for maintaining business here at a time when it is attractive to close remote activities

Our Island is very reliant on the offshore finance maintaining its Tax status which is already under the scrutiny of UK government.

Tinkering with Zero-10

Employment - 17

Income & employment will decrease in the short term.

Charles Parkinson has our confidence

Those that do work and are innovative

It will be easier to fill vacancies

Reluctance of local employees to stay in manufacturing jobs - it is too easy for them to claim social security. In 2009 I employed individuals made redundant in the previous 3 months and 6 left after 1 days work!

Population Stagnation

In times of recession it is even more important for an employee to appreciate money does not grow on trees and to put that little bit more effort to help the business they work for survive.

From constructions point of view, outside labour keeping rates far too low

Hard working, determined nature of the islands inhabitants!

Flexibility of workforce

Strength of entrepreneurship in the island

I'm glad we have Parkinson in his job

Our competitive tax regime should attract entrepreneurs

Resilient and flexible workforce

High level of trained and adaptable workforce

Essential workers licensing needs to be reviewed alongside training and re-training local people of all ages to be able to take on employment which presently requires importation of personnel to fulfil positions within jobs such as Teaching, Nursing, Building trades and other community based services essential to maintaining Island life.

Unemployment

Housing - 4

Property prices in Guernsey are still unrealistically high whereas lending is now no longer able to keep up

Stability of our housing market

Housing

New legislation for housing will have been implemented

Tourism - 4

Lack of real efforts to develop a sustainable tourism market

Tourism will increase as more people will holiday in Britain

We ignore tourism

Tourism market

Other Comments

Competition among offshore domiciles

Complacency & attitude

Good reputation and compliant

Offshore status

Every ones perception is very negative, that negativity spreads, and we will need some good news to spread among the people to start improving confidence.

Smaller size means we can be quicker to react to change

No real structure being conveyed

Feels like we're in a cheque mate stance at the moment

Downturn will bottom out

Guernsey has seen worse in the past, WW2, 1982 bank rate etc

Guernsey is not immune to the world economy and reduced inflation

Guernsey residents are optimistic

In recession there is a flight to quality - Guernsey is quality

Global market player so not limited to just Guernsey's footprint.

All our eggs in one basket

No race discrimination

Good quality hotels & willingness to invest in the long term

Exchange rates

Guernsey will continue as it has for the past few years but will need to change over the next few years to maintain competitive

Unique location and reputation

Skilled and intelligent population

Lack of regulatory burden (though this is changing fast)

Good business knowledge

Sound platform

Current strength

Sufficient infrastructure

Poor infrastructure (e.g. Airport runway)

Closing schools will help education

Island and Islanders are resilient and adaptable

Airport should be privatised and Aurigny should be sold off to save the island a lot of wasted money.

Our regulatory structure is recognised as being in the forefront and our willingness to sign up to TIEA will keep us off blacklists

Offshore status of Guernsey

Exchange rates people will visit once and want to return

We live in a lovely place and should appreciate it

Guernsey will always survive

Interference in our regulation

We have over a decade seen vital air routes disappear, more to follow? probably

External factors

Good regulatory guidance and rules

Knowledgeable on financial products and services provided within the offshore jurisdiction

Somewhat isolated

Adaptable

Slowness of change to adapt to new circumstances in Guernsey

Credit Availability