

### **2.13 Deputy G.P. Southern of the Minister for Economic Development regarding the June 2007 manpower statistics:**

Do the June 2007 manpower statistics showing annual growth in jobs of 1,210 or 2.2 per cent - which amounts to 2,720 over the 3-year period 2004 to 2007 with average job growth of 1.7 per cent - show that the strategic target of sustainable economic growth rate of two per cent within job growth of less than one per cent, or 500 a year, contained in the Strategic Plan has failed or been abandoned, and if so, what measures does the Minister propose to achieve his strategic target of one per cent job growth?

#### **Senator P.F.C. Ozouf (The Minister for Economic Development):**

The short answer is no. We are meeting our economic target in a way that I would suggest has not been achieved in a generation, keeping long-term job growth in the residentially qualified working population below target and anchoring inflation at or below target levels. The States' Strategic Plan includes an annualised target for growth in the working population of one per cent. While growth to June 2007 exceeds this figure, the longer five-year average is at or slightly below the target level of 0.9 per cent. It is entirely predictable, however, that at certain points in the economic cycle growth in the working population will fluctuate around the long-term sustainable target of one per cent. The growth in working population has been outstripped by the real economic growth in Jersey in 2005 and 2006 indicating that it is delivering significantly improved productivity, a fundamental component of economic growth and, frankly, the Atlantis of all Economic Development Ministers around the world if they had these sort of results. Our policies are working and working well. The tough decisions that we have all taken are now bearing fruit.

#### **2.13.1 Deputy G.P. Southern:**

The Minister appears to feel that historical figures show that the limits have not been passed. However, if he will project forward into any 5-year period the growth that he has engendered will produce greater than one per cent job growth. Does that not amount to that particular target which was supposedly sustainable - one per cent or 500 jobs per year - being broken and, if so, what does this Minister propose to do about it?

#### **Senator P.F.C. Ozouf:**

It is not me, with respect, Sir, that is the lever of economic success. It is the hard-working people of Jersey who are being given sufficient manpower resources to grow the economy. There is going to be a fundamental debate about population over the next few months but as far as targets are concerned, we are meeting them, and we are more than meeting them. We have delivered economic growth - real growth - of 7 per cent with an increasing working population this year of 2 per cent. It is within our overall labour market projections and I would repeat to the Deputy, I do not think that anybody would have believed a few years ago we would have achieved such a formidable set of results for the people of Jersey. Rising prosperity; job opportunities for all. Is he saying that is wrong?

#### **2.13.2 Senator S. Syvret:**

Taking the figure 2.2 per cent growth for one year, or a growth in numbers of 1,210, if you calculate the doubling period of this, it is 31.8 years, therefore, if you maintained that rate of growth in 31.8 years, your growth would have to go up by 4,840, so one doubling would be 2,420; two doublings 4,840; three doublings 9,680 and so on. Therefore, growth would be doubling in comparatively short time periods. But even this doubling of the job population would not mathematically keep pace with the ageing population. Will the Minister take some advice on the physics of exponential growth and the second law of thermodynamics?

#### **Senator P.F.C. Ozouf:**

The Minister takes good advice and he is discussing the whole issue of population with the Council of Ministers to have this important debate about population and the worker/non-worker ratios for Jersey and that is why we are going to be having an important public debate on it. Can the growth that we have seen last year and this year continue? Well, no, it cannot. That is very clear. But what we do need to do is we need to position the Island ... Deputy Southern seems to be remonstrating. But, of course, we have seen the Island take a big slice of a growing international financial services market. We have to position the Island to be at the right time at the right place to seize that growth. Will it continue? Would we have seen - would we have imagined - the credit crunch difficulties that we have seen in the last few weeks? Will that have an impact on Jersey? Yes, it probably will, so we probably will see a downturn, but what we have to do is we have to position the Island to be put in the right place at the right time to deliver economic growth, prosperity, accompanied by low inflation, and that is what we are doing.

### **2.13.3 Deputy J.A. Martin:**

Thank you, Sir, but would the Minister not accept ... I thought we already had had the debate on how many people we could employ at one per cent of the working population, and it seems that the Minister or the Council have already exceeded that, so again another debate in this House wasted. What I would like to ask the Minister, Sir, is earlier in an answer he said we can be assured of these figures because Regulation of Undertakings now reconcile their figures with Social Security. Can he tell me when Regulation of Undertakings, Social Security and I.T.I.S. (Income Tax Instalment Scheme) will all be reconciled, because on asking questions of I.T.I.S., we have thousands more employees than there are under Regulation of Undertakings or Social Security.

### **Senator P.F.C. Ozouf:**

I have to say we have failed to target the economic growth number accurately. We targeted 2 per cent; we have delivered 7.1 per cent. But we have done so - the Deputy, I must correct her - within the target of a one per cent average increase in the working population. Last year was much higher than that because the economy was performing well, financial markets were performing well. So I am sorry that we have achieved higher economic growth, but we have done so within labour market targets of one per cent that we promised, so she cannot say that we have not met the targets on that level. In relation to Social Security and Reg. of Uns., I would imagine that she would welcome the issue. I am not sure what she is referring to in relation to I.T.I.S.; I am happy to talk to her in the coffee room about that and see whether or not there is a number issue there, because I am not sure that I understand the questions.

### **2.13.4 Deputy R.G. Le Hérissier:**

At the risk of sound churlish, would the Minister not accept that this economic growth is not the result of his own personal efforts, but is the result of global economic trends?

### **Senator P.F.C. Ozouf:**

I have just said that. It is not my efforts that have done it, but what we can say as an Assembly is that we have positioned the Island to take a significant upswing in financial markets. We had the Economic Development Minister - whatever his title is - in Guernsey saying that Guernsey is not seeing that additional growth; they are not open for opportunities for financial services. Guernsey is, I think, losing out as a result in comparison by sending the clear message out that they are not open for business. We have and we have seized that opportunity. But I would also say for the first time that other sectors of the economy are growing. Agriculture grew last year and for the first time tourism is up in terms of passenger numbers this year. 4.1 per cent more passenger arrivals translating through to some growth; we will analyse those figures in the next few months. It is not only financial services that are working. The domestic economy is working, tourism, and we have not even seen what we are going to be doing in intellectual property over the next few months. The future is looking quite good for Jersey.

**2.13.5 Deputy G.P. Southern:**

What figure is the Minister predicting for this year's economic growth and job growth?

**Senator P.F.C. Ozouf:**

I am not in the game of giving statistics in terms of what I think the number is. I think that any figure given 2 months ago would certainly not have been right in terms of the turbulence experienced in financial markets. We have yet to fully appreciate, I think, and understand exactly how that turbulence of the credit crunch will filter through into financial services. There is no complacency; I cannot give figures.