

**WRITTEN QUESTION TO THE MINISTER FOR TREASURY AND RESOURCES BY DEPUTY G.P.
SOUTHERN OF ST. HELIER**

ANSWER TO BE TABLED ON TUESDAY 3rd JUNE 2008

Question

- (1) “Does the Minister have figures for 2006 and 2007 relating to the average annual bonus per FTE in the Finance Sector (given that in 2005, according to the Jersey Economic Digest 2006, it was £5,600, raising the average weekly earnings figure from £710 to £820)?
- (2) Does the Minister accept that the rate of wage inflation is driven by competition from the Finance sector and if so, what proposals, if any, does he have to curb wage claims in the Private sector, and the Finance sector in particular, in order to give his anti-inflation strategy any possibility of success?”

Answer

- (1) The estimate of the average bonus paid per FTE working in the finance sector in Jersey for 2006 was approximately £5,400 per annum. This figure is derived from data collected for the 2006 Survey of Financial Institutions. The figure for 2007 will be available on 2nd July 2008, when the 2007 survey of Financial Institutions will be published.
- (2) It is important to make a distinction between wage increases that reflect productivity improvements and those that do not. Wage increases based on productivity improvements are an important way in which Islanders can increase their standard of living and directly contribute to the Strategic Plan objectives of economic growth and good employment opportunities for all. Wage increases that do not reflect productivity improvements pose a real risk of adding to inflationary pressure in the economy. Wage inflation in Jersey could result from of a whole host of factors that combine to influence both the supply and demand for labour in the Island.

The Minister does not see it as government’s role to curb wage claims in the private sector and rather that the government should focus on facilitating productivity improvements across the economy. This will allow employees to earn more through higher wages, generate economic growth and improve the standard of living for Islanders without increasing inflationary pressure.