

**WRITTEN QUESTION TO THE CHIEF MINISTER
BY DEPUTY G.P. SOUTHERN OF ST. HELIER**

ANSWER TO BE TABLED ON TUESDAY 12th FEBRUARY 2008

Question

In view of the Chief Minister's response to a written question on 29th January 2008 (number 3669), will he inform members what productivity growth he considers possible in the economy, how this will be achieved, and thus what the figure for the number of additional heads of household should be?

Answer

The level of productivity growth that is achievable in Jersey will be a direct result of the policies the States decides to pursue. For example, if we keep the sector mix in the economy as it is today the rate of productivity growth we could attain is likely to be lower than if there was also a shift towards high value added activity in the economy. The Imagine Jersey 2035 consultation process has sought Islanders' views as to the extent and nature of productivity growth we should pursue. The decisions States Members take in response to that consultation process will determine what is possible in the economy in the future.

The recent trends in productivity growth also show how it can fluctuate with the economic cycle. In 2006 (the last year for which data is available) productivity growth in terms of real Gross Value Added per full-time employee rose by 4.2% as the economy experienced strong economic growth. Over the longer period between 1998 and 2006 the economy has been through a more volatile cycle and productivity has grown by 1.2% per year on average.

The States current Economic Growth Plan sets out how we can achieve productivity growth in the Island. The focus needs to be on improving the skills base, increasing innovation and investment, a thriving small business base and allowing competition between businesses to take place. The extent to which we want to and can achieve a shift to higher value added activity will also be a key determinant. Creating a stable macroeconomic climate in terms of economic growth and inflation is also critical to securing long-term improvements in productivity.

I do not follow the logic in the final part of the question as it seems to imply that economic growth is just a function of productivity and inward migration. This ignores an important factor in terms of the extent to which we can expand the workforce through increased participation from the existing Island population. This includes people working longer, people looking after the home returning to work and also helping the long-term sick return to work. The Imagine Jersey 2035 consultation process aims to identify Islanders' views on how, and to what extent, we should try to improve participation. Again, what is achievable will be determined to some extent by the policies the States puts in place.