

**WRITTEN QUESTION TO THE MINISTER FOR ECONOMIC DEVELOPMENT BY DEPUTY G.P.
SOUTHERN OF ST. HELIER**

ANSWER TO BE TABLED ON TUESDAY 16th SEPTEMBER 2008

Question

In the Annual Performance Review 2007 the net job-growth figure over the five-year period to date is described as being below the annual target of 1% (500 jobs), in fact 0.7%. Will the Minister explain to members how this statement correlates with the official employment figure taken from Jersey Labour Market December 2007 of net growth over the 5 years of 2,770 jobs or 1.1%?

Given that this figure is likely to rise this year as the 2003 figure of 650 job losses drops out of the calculation, what measures, if any, will the Minister take to ensure that this States-agreed target is met so as to achieve truly "sustainable and controlled" growth.

As the report also states that around one third of these new jobs in 2007 were taken by non qualified and migrant staff, thereby increasing the proportion of non qualified staff in the private sector workforce, what measures, if any, is the Minister prepared to take to curb this influx of migrant workers?

Answer

The 0.7% refers to the annual change in employment on a calendar year basis rather than just simply the differences between December each year. The methodology used to calculate the 0.7% has been recommended by the States Statistics Unit. It is the same methodology they use for calculating the size of the workforce within the framework for measuring the Gross Value Added (GVA) of the Jersey economy on a calendar year basis.

In the GVA analysis, the size of the workforce in a given calendar year is calculated as the weighted average of three consecutive periods:

(previous December: current June: current December) in the ratio (1 : 2 : 1).

Applying the above formula to the labour force data compiled over recent years results in the calendar year figures shown in the table. The annual percentage changes and the average per annum percentage changes on a rolling 5-year basis are shown. For 2007, this latter figure was 0.7% per annum, calculated for the period 2002-2007.

Calendar Year	Workforce size (total headcount)	Annual % change	Rolling 5-year Average per annum % change
2000	51,793		
2001	51,855	0.1%	
2002	51,910	0.1%	
2003	51,588	-0.6%	
2004	51,025	-1.1%	
2005	51,620	1.2%	-0.1%
2006	52,430	1.6%	0.2%
2007	53,725	2.5%	0.7%

However, from an economic perspective the most appropriate period is that of an economic cycle because rolling five year averages could be influenced by a significant proportion of the period being either the growth phase or the decline phase of the cycle. This could lead to five year annual average growth figures overstating or understating the underlying growth in the workforce. Taking the previous peak of the cycle in calendar 2000 as the start point, the **average per annum growth to 2007 is 0.5%**. If the next peak in the economic cycle occurs in 2008, with a similar growth in workforce in 2008 as for 2007, then the annual per annum growth over the full

cycle will be 0.8%, .i.e. still below the target 1% per annum.

Such an objective assessment of the performance of the labour markets shows that there is no need to take additional measures to meet the States agreed target, above those already used by the Population Office. In fact, the Fiscal Policy Panel highlighted in their first report published on 5 September that the economic environment of recent years has changed and the Island faces a new economic challenge in the face of significant economic shocks. They believe that economic growth will slow this year and next and that:

“The risks to economic growth are to the downside. Financial services profitability could be less than expected and the rest of the economy may slow more rapidly.”

By suggesting that we need to take further measures to choke off economic growth because of recent strong growth in the workforce the Deputy fails to understand both trends in the workforce and the challenges the Jersey economy now faces in the light of the credit crunch and the rise in food and fuel prices. Adopting such an approach would only serve to make Islanders worse off at a time when our economic prospects are already showing signs of deterioration. That would be against the very essence of the States agreed policies of economic growth, low inflation and job opportunities for local people.