

**WRITTEN QUESTION TO THE MINISTER FOR SOCIAL SECURITY
BY DEPUTY G.P. SOUTHERN OF ST. HELIER
ANSWER TO BE TABLED ON TUESDAY 20th OCTOBER 2009**

Question

“Will the Minister inform members what data he has on the number of redundancies that have been declared by employers in the private sector –

- (a) in 2008
- (b) in 2009 to date

and state how such data is gathered?

Will he further advise what these figures, taken in conjunction with the overall employment figures, indicate about the depth and duration of the recession?”

Answer**Employers**

There is currently no requirement for employers to notify the Department of redundancies. However, the Employment (Amendment no.5) (Jersey) Law introduces a number of legal rights regarding redundancy into existing employment legislation. This amendment was approved by the States on 1st April 2009 (P.27) and is due to be in force next year. Article 60N states:

“60N Notifying the Minister

- (1) An employer proposing to dismiss as redundant 6 or more employees within a period of 90 days or less shall notify the Minister in writing of that proposal before giving notice to terminate an employee’s contract of employment in respect of any of those dismissals, and at least 30 days before the first of those dismissals takes effect.”

Employees

There is no legal requirement for individuals to register with the Social Security Department if they are made redundant. There are two reasons why individuals would choose to register with the Department when they have been made redundant. A redundant employee can apply for unemployment credits. These credits are used to maintain the contribution record of the individual whilst they are not working. Credits are not available to those who accept voluntary redundancy packages.

Individuals will also register if they require Income Support to supplement their household income. There are a number of eligibility conditions for income support, including residence in Jersey for at least 5 years.

Not all individuals will register with the Department – for example, if the redundant employee finds new employment in a relatively short period of time, they may not need unemployment credits. If they have a partner still in work, they may not qualify for Income Support.

Taking these factors into consideration, 307 individuals registered with the Department during 2008 following redundancy. Until 14/10/2009, 617 individuals have registered for the same reason so far in 2009. These total may include some individuals who have experienced more than one redundancy – each period of redundancy (in excess of 7 days) is counted in these figures.

Analysis

These figures alone tell us very little regarding either the depth or likely duration of the recession.

The figures give us a retrospective view of the numbers of people registering as having been made redundant, but far from a complete view of the total number of individuals actively seeking work, given the voluntary nature of the registration process in Jersey. There is no way currently of knowing how many other people - not registering - there are looking for work for example, therefore redundancy figures only indicate the behaviour of a certain set of companies, actively cutting their workforce at any point in time.

Representing only a snapshot in time, and giving no indication of the extent of job creation in the economy, redundancy figures therefore cannot be used either to comment on where the economy is in terms of the overall cycle, or alternatively forecast for how much further into the future, any economic downturn might continue.

When combined with the other information on labour market performance – that employment and vacancies are down in the year to June, those actively seeking work has increased (as has the length of time they are out of work) there is a consistent picture of a weakening labour market. Although the labour market tends to be a lagging indicator of economic performance the trends overall are consistent with the economic outlook forecast by the Economics Unit earlier in the year of a two year downturn with real GVA falling -4% in 2009 and -2% in 2010.