

**WRITTEN QUESTION TO THE MINISTER FOR TREASURY AND RESOURCES
BY DEPUTY G.P. SOUTHERN OF ST. HELIER
ANSWER TO BE TABLED ON TUESDAY 7th JUNE 2011**

Question

Following the publication of the latest unemployment figures, will the Minister explain what positive signs he saw in them, given that unemployment has risen to its highest seasonally adjusted mark over the period since January 2009?

What additional concrete measures, if any, does he have under consideration, in conjunction with other Ministers, to create jobs rather than train the 2 in 5 of the unemployed who are under 25 years of age for work and if none, why not.?

Apart from an immediate rise in the cost of living as a result of the increase in GST to 5% what impact does he expect this tax rise to have on employment figures especially in the retail sector which accounts for around half the latest rise and one fifth of the unemployed overall?

Answer

We should not read too much into monthly fluctuations in the numbers registered as actively seeking work and the positive sign is that this figure does appear to have stabilised at around 1,300 since July 2010. There are also positive signs in other economic indicators. For example, the most recent business tendency survey showed that expectations for future employment were relatively strong, particularly in the finance sector.

Since the beginning of the recession the Council of Ministers has put an additional £150 million into the economy to support jobs, including more than £40 million of direct support for businesses and individuals in the Island. Together, these measures have helped our economy show remarkable resilience in the face of the worst global recession since the 1930s. This has included funding Advance to Work, Advance Plus, additional places at Highlands and extra careers advice all of which remain in place this year and next.

In addition, by the end of June the Council of Ministers will publish a new economic growth strategy. This will determine how the States will work with business to grow the Jersey economy in a sustainable manner, generate employment opportunities and work with public and private sector providers to equip Islanders with the skills and experience they need to be successful in employment.

I will, of course, continue to monitor the economic situation and consider the advice of the Fiscal Policy Panel to determine whether there is a need for additional measures to support the economy and skills and employment in particular.

The rise in GST is unlikely to have a significant effect on employment. Other influences – cyclical and structural – are likely to be much more significant than a small increase in GST. Further, as part of the Fiscal Strategy Review, a variety of alternative measures to address the deficit were considered alongside GST, of which GST was concluded to be one of the least harmful in terms of its effects on local employment.

While it is true that the retail sector may be going through a difficult time, it is worth noting that in the last quarter of 2010 the Retail Sales Survey showed that the volume of retail sales was up 5% on the year before. Of course the retail sector does face a number of challenges of which the rise in international commodity prices and the move towards online shopping are two of the most significant.