

**WRITTEN QUESTION TO THE CHIEF MINISTER
BY DEPUTY G.P. SOUTHERN OF ST. HELIER
ANSWER TO BE TABLED ON TUESDAY 1st DECEMBER 2015**

Question

Given that the Income Distribution Survey 2014/15 has revealed a growing income inequality gap (Gini coefficient up to 0.41 90 - 10 shares up to 19) over the past 5 years to the extent that Jersey is now a more unequal society than the U.K., what concerns, if any, does the Chief Minister have about this trend and what measures does he have under consideration in order to reduce this growing gap, and if none, why not?

Answer

The results of the Income Distribution Survey reflect the economic situation over a five-year period of the global financial crisis.

Average earnings declined in real terms between 2010 and 2012, and our economy shrank between 2009 and 2012. This trend has now reversed. The economy grew by 5% in 2014, there has been real earnings growth in each of the three years since 2012, and employment is now at a record high.

We need to continue to grow our economy for the benefit of all Islanders - delivering productivity improvements to support higher profits, higher wages, and improved living standards for Islanders from all walks of life.

Our incomes have grown by less than inflation since 2010, but are still 50% higher than the United Kingdom before housing costs, and 45% higher than the United Kingdom after housing costs. It is however, housing costs that present perhaps the greatest challenge.

Before housing costs, income inequality in Jersey is similar to the United Kingdom. This suggests that the impact of lower interest rates and increases in rents has had a greater impact in Jersey. This could be due to different home ownership rates, mortgage sizes and trends in the rental sector. This needs more evaluation before conclusions can be drawn.

The Housing Strategy clearly states that affordability is a key issue. It focuses on delivering more housing, both from the private and social sectors. It aims to achieve this by delivering the re-zoned sites and continuing to invest the £250 million bond in more and better housing as part of a sustainable funding model in which those in need are protected.

Ministers have developed a coherent plan for Jersey. That plan includes improvements in our town so it becomes a better place to live and work; transformed health and social services that can enhance our quality of life and look after an ageing population; an education system that delivers the best start in life for our young people so they can achieve their potential; and policies that manage demand on our resources while delivering productivity-led economic growth.

This plan, which works towards sustainable public finances, is a coherent approach to delivering the inclusive and prosperous society that ministers are working towards.