

2.13 Deputy G.P. Southern of the Chief Minister regarding the extent to which the 2016 estimates for population, along with net migration, supported efforts to grow the economy and increase productivity: 1(406)

To what extent, if any, do the 2016 estimates for population, along with net migration, support his efforts to grow the economy and, in particular, to increase productivity?

Senator I.J. Gorst (The Chief Minister):

Our economy is growing, but in common with many other economies we have a productivity challenge. This can be helped by bringing in new workers. Last year we saw, in particular, growth in construction with new workers building homes, offices and infrastructure. But productivity, of course, is much more than this. This is why our Strategic Plan focuses on education, skills, healthier lifestyles and supporting our economy: more visitors spending more, digital initiatives, helping financial services, a new Rural Economy Strategy and entrepreneurs moving here. This is how we will really improve productivity. But it will take time.

2.13.1 Deputy G.P. Southern:

The Chief Minister, in his response to question 18, as he just did now with his answer, focused on the construction industry. Is he aware that the construction industry earnings are below the average for all sectors and that he quotes a G.V.A. (Gross Value Added) of £51,000 per worker, which corresponds to a weekly sum of £980, compared to £680 a week earned? Can he inform Members, what the difference is between G.V.A. and earnings in this particular sector that he is so proud of?

Senator I.J. Gorst:

I know the Deputy does not need me to describe the G.V.A. calculation, which is not only the earnings of individuals, but the profit delivered by the sector as well. He knows that, because he has attended many statistics presentations discussing G.V.A.

2.13.2 Senator S.C. Ferguson:

Surely the Chief Minister realises the additional plethora of regulations. The overall global economic outlook is preventing any improvement in productivity, which has not increased since the year 2000.

Senator I.J. Gorst:

The Deputy knows about the effect of low interest rates. The Financial Services Index, which was published last week, was not a surprise. I hope it was not a surprise to any Member of this Assembly, because we, in government, have been banging on about the change in financial services, away from banking, which was the highest productivity sector and underpinned our financial services into other sectors: trust, company service providers, fund administrators, accountants and lawyers, which from a mathematical and economic point of view are less productive. We have been working to offset the loss in banking jobs in other sectors. So, of course, we are going to see an overall reduction in productivity in the financial services sector. But we are still seeing a growth in the number of jobs, which is an important indicator.

2.13.3 Senator S.C. Ferguson:

The Chief Minister has not answered my question. The fall in productivity has been going on at least since 2000, probably before that, because of the increase in the number of cost centres, due to regulation and the extra regulations being imposed. What is he doing about those?

Senator I.J. Gorst:

The Senator is right. That is another factor which is reducing productivity in the financial services sector. But is she seriously suggesting that we have a financial services sector that does not meet the very highest standards of international co-operation of transparency, of exchange of information and is reviewed and approved by bodies such as the I.M.F. (International Monetary Fund), the World Bank and Moneyval? I do not think she is. There is a cost associated with meeting those very highest standards. We have taken a policy position that that is how we should compete in Jersey and we are competing successfully, having taken that policy decision. But, of course, that does involve cost. It involves costs to our service providers here.

[11:15]

Senator S.C. Ferguson:

With respect, the Chief Minister is concentrating on financial services and totally ignoring the other industries in the Island.

2.13.4 Deputy M.R. Higgins:

I have not heard so much waffle for a long time. We could increase the productivity of this House by replacing half the Members with robots. Right? Believe it or not, productivity is concerned with a given level of input and seeing how much you get at the end of it. So, in other words, it is how you utilise resources. If there were robots in here, I think it would be far more productive. But what I would say is that we talk about productivity. For example, if employers are not training people ... I can remember years ago, at Highlands College, we had day release classes. We were training people with new skills so they could be more productive in their job. The industry withdrew day release ...

The Deputy Bailiff:

Deputy, please could you ask the question. You are making a speech.

Deputy M.R. Higgins:

Does the Chief Minister not accept that my definition of productivity is far better than anything he was trying to sort of explain?

Senator I.J. Gorst:

The Deputy's definition of productivity explains what I have just said about banking. The Deputy's not seriously thinking that we can send bankers on day release and suddenly the interest margin will improve and productivity in that sector will improve. He knows that is not the case. He knows too that banking is changing, not only here in Jersey, but around the globe. Our challenge is to offset that loss in banking jobs, that decreasing productivity, because of interest rate margins and technology, as he alludes to, into other sectors, like trust and company service providers and fund administration. That is exactly what we are doing. But we know, in doing that, overall productivity in that sector is going to reduce, because we know we are moving because of what is happening in those sectors. I am pleased that, finally, the Deputy agrees with me that numbers in this Assembly could be reduced.

2.13.5 Deputy G.P. Southern:

I wondered where this question was going to go when I wrote it. Interestingly, could the Chief Minister state what specialist skills are required in the granting of some 40 registered workers in the wholesale and retail sector, where wages are the third lowest in the Island and, therefore, the return, in terms of taxation revenue, must be reduced?

Senator I.J. Gorst:

I do not have the detailed assessment of individual applications in regard to the question that the Deputy has answered. Perhaps if he would allow the question to be answered by those individuals, my Assistant Minister, who will have been involved in granting licences to those particular companies. He would have the details that he is able to provide to the Deputy. In the absence of that, I am prepared to ask my Assistant Minister and the department to provide the information to the Deputy.

Deputy G.P. Southern:

That is very generous of the Chief Minister.