

**WRITTEN QUESTION TO THE CHIEF MINISTER
BY DEPUTY G.P. SOUTHERN OF ST. HELIER
ANSWER TO BE TABLED ON TUESDAY 20TH JUNE 2017**

Question

What research, if any, has the Chief Minister undertaken to assess the impact of the policy of below inflation public sector pay awards on attempts to grow the economy?

Will he advise whether this policy has resulted in effectively a 16 per cent reduction in public sector pay over the last decade and whether this amounts to a loss of some £50 million annually from circulating in the local economy and, if that is not the case, will he advise what figures he does have for the impact of such wage restraint?

Answer

The movement in public sector pay awards over a 10 year period ending 2016 (including the 2015/2016 pay award) varies between 18.9% to 24.2% dependant on the public sector pay group. In comparison, the relative movement in the appropriate Jersey Retail Prices Index figure is 28.1%.

The Fiscal Policy Panel (FPP) recommends that fiscal measures to stimulate the economy should be judged against the three Ts – i.e. that they are considered timely, targeted and temporary. On this basis, the fiscal stimulus programme was approved by the States Assembly in 2009, as it was considered to be the most effective way to support the economy during the downturn. An alternative approach of using this or other funding for increased pay awards would not have met the three Ts and may have had limited impact in stimulating the economy.

The FPP also advise us that the right economic approach in the medium-term is to continue to focus on balancing the budget when the economy is at capacity. In addition our longer-term strategy for growing the economy is to improve the underlying rate of productivity growth. The current Medium Term Financial Plan tries to achieve this through continued support for skills, enterprise, innovation and competition and providing additional investment in infrastructure, education and health. Additional funding was also allocated for other policies to support productivity through the creation of the Economic and Productivity Growth Drawdown Provision (EPGDP). This approach is intended to grow our economy and ensure that we continue to have healthy public finances and high quality public services.