

2.16 Deputy M.R. Higgins of St. Helier of the Minister for Treasury and Resources regarding the generation of jobs within the private sector:

Could the Minister explain how and where he expects the private sector to generate the jobs required to provide employment to those currently unemployed, to meet the needs of our school leavers, and to replace the jobs expected to be lost in the public sector; as a University of Manchester study regarding employment shows that the public sector has been responsible for nearly 60 per cent of the growth of jobs in the U.K. since 1997?

Senator P.F.C. Ozouf (The Minister for Treasury and Resources):

If I may, first of all, tackle the issue of the University of Manchester study. That study conducted by the Centre of Research on Social Cultural Change shows that 60 per cent of the growth in employment in the U.K. since 1997 was public employment. That is an entirely different picture from here in Jersey where growth in the public sector employment has been about 20 per cent of the total employment growth since 1997. In other words, we are dealing with an entirely different situation. Recent statistics show that the economy is beginning to improve. The latest Business Tendency Survey showed that expectations for future employment - particularly within the biggest employment sector, finance - were up. The Council of Ministers has given a firm commitment that by the end of June we will issue a new economic growth strategy and this will set out new plans to grow the Jersey economy, generate employment, work with the public and private sectors to provide jobs and equip Islanders with the skills and experience necessary to secure permanent employment. States support for business encourages economic growth and employment opportunities, I am confident, will be generated. That is the way that we can help those who are out of work and about to leave education, or may be affected by the changes in the public sector.

Deputy M.R. Higgins:

Obviously the finance sector is the biggest industry within the Island and it is showing, according to the latest business survey, they were 26 per cent more positive about future prospects in the last survey. However, the rest of the economy was minus 18 per cent and in fact we see in all these surveys finance seems to be more bullish than the rest of the economy. However, with interest rates remaining low and certainly banking in particular generating two-thirds of the revenue for the finance industry, does the Minister see any growth in the banking sector and, if so, where? Basically the economy is just not moving at all.

Senator P.F.C. Ozouf:

Well I am first of all grateful that the Deputy has not attempted to argue against the point that the University of Manchester report is completely different from that which is in Jersey. I am confident that finance - and indeed other areas of the economy, but I will tackle the finance issue - is going to create more jobs. The investment that this Assembly has wisely made in Jersey finance in terms of opening the new offices in the Gulf region, in India, in Hong Kong and the other endeavours that are being done in London, is raising the profile of Jersey and attracting as there is a flight to quality, a flight to good regulation, opportunities for Jersey. The Members are shaking their heads; those that do not believe in finance, I think, probably do not believe that there will be job opportunities. There will be job opportunities. They are coming and we

need to maintain our confidence and give the finance industry the support, and the rest of the economy.

Deputy M.R. Higgins:

The Minister goes on about Jersey finance going out and trying to get new business in India and China, et cetera. How quickly will that business come? Building up relationships is a long term enterprise. We have 1,300 people unemployed at the present time. We have school leavers who will be leaving school in about six weeks' time. Where are they going to find the employment in the immediate future? Where are the returning graduates going to find their work in the immediate future? Can the Minister come up with answers to that?

Senator P.F.C. Ozouf:

I would encourage the Deputy to look at the statistics. While the unemployment numbers ticked up by 40, overall the number of people seeking work is down from the January number and I am confident that, while there will continue to be ups and downs on a month to month basis, we are going to see a picture of an improving economy. There is confidence in the Jersey economy. The States Accounts that have been published this morning show a picture of confidence, of stable public finances, and it is that sort of environment, together with the support, together with the long term relationships that we are building in the growing areas of the world, that is going to generate jobs. The Chief Minister is just about to visit China in the next few days. We have visited the Middle East recently, representing 20 per cent of our jobs in banking, and there is more to come and we should be confident about that.

2.16.1 Deputy G.P. Southern:

The Minister for Treasury and Resources mentioned that his Minister's economic growth plan will create jobs in the private and public sector. Is that additional to the number of redundancies that £65 million of cuts in the public sector will produce and what is his latest target for the number of redundancies in the public sector this year and to 2013?

Senator P.F.C. Ozouf:

I think I have answered 6 questions in the last few months about exactly the impact of the C.S.R. and how that will affect employment. The Deputy, I think, chooses to try and characterise the fiscal squeeze in the U.K. which is 6.3 per cent of G.D.P. (Gross Domestic Product) by cutting public sector jobs. In Jersey it is less than 2 per cent. I have already been clear of how many jobs that I think are going to be affected by the C.S.R. and indeed I did not say that is going to be the public sector that is going to create jobs. I said that it is going to be the public sector working with the private sector that is going to create jobs and create the opportunities and the environment for enterprise. So I do not know whether the Deputy heard the interview last night with the Shadow Chancellor, Ed Balls. I have to say that the Deputy, in his question, appears to be running the Balls line. I appear to be running the I.M.F.-endorsed Osborne line which is about private sector job growth. That is the solution for Jersey.

[11:15]

2.16.2 The Deputy of St. Mary:

The Minister is leaving out the fact that the U.K. Government has a 'Green Deal' proposal to create masses of jobs very quickly to reduce energy bills and fossil fuel

dependency. Now, I asked a written question today - written question 45 for Members who might like to look at it - asking whether such a plan exists in Jersey and the answer, in a word, was no. I am really concerned that the Minister is still wedded to thinking that finance, which is a high risk occupation now in the world as it is now, will get the 1,000 unemployed back to work. I would like him to comment on the idea of a green deal to increase our resilience to future oil price rises and to make a better future for all Islanders.

Senator P.F.C. Ozouf:

In the limited time that I have got to answer oral questions I cannot comment in relation to the green issues that the Deputy raises. But I want to be clear that, while financial services is the biggest employer and I am confident and this Assembly should have confidence that we have a great future in terms of finance as we grow the different areas geographically, we also must be, of course, concentrating - and the Deputy is right - on other areas of the economy. The Assistant Chief Minister and the Minister for Economic Development have just recently returned from Israel where I think they have been impressed by the clean tech industries that are being built in Israel. There are lessons to be learned about how we can also develop other areas of the economy - green tech industries, intellectual property and other areas in terms of I.T. (Information Technology) - and that is going to be an important feature in the economic growth plan that the Council of Ministers is going to be publishing in a few weeks' time.

2.16.3 Senator J.L. Perchard:

The Minister rightly spoke about diversifying the economy in order to reduce the levels of unemployment. Does the Minister agree that, while we now have legislation in place to support e-gaming, e-commerce, intellectual property, data storage and protection, we do not have the premises - the clean tech premises that he just referred to - to facilitate these emerging industries and will he do everything he can to support the development of suitable facilities, clean tech facilities, to support such industries?

Senator P.F.C. Ozouf:

I think the Senator raises an important point about the capacity that we have in data capacity. I do not entirely agree with the Senator that we do not already have very significant data capacity storage facilities that have been invested at Queens Road. Also Jersey Telecom has invested; in fact they acquired a business which required Treasury authorisations a few months ago. But I do agree that it is something that we need to be vigilant on. I can say to the Senator that I have been in discussions with Jersey Telecom just in the last week about further investments that they are going to be making to expanding the exciting area of data capacity and data speed in terms of the Island, which I think is going to be an important feature of the economic growth plan. The Island has finance to be proud of, but I hope in the years to come we will also have information technology businesses. At the heart of that is data capacity and data storage which will facilitate that and I am sure it is going to happen.

2.16.4 Deputy M.R. Higgins:

I am very interested in obviously seeing where the growth in private sector jobs is going to come from, especially when considering that the biggest generator of economic growth is consumption by members of the public. According to the latest figures, 58 per cent of responders anticipated no change in the earnings of their employees, whereas a further 6 per cent expected a decrease; so 64 per cent no change

whatsoever at a time when we are getting higher prices through, commodity prices and so on. What this means is that people are going to have less disposal income and, therefore, they will be buying less in the shops and so on. I might add, the policies of this Council of Ministers are adding to that by increasing the tax burden on the personal as opposed to a corporate customer. Where does the Minister think the growth is going to come from?

Senator P.F.C. Ozouf:

The first thing I think the growth is going to come from is being confident about what we have in Jersey. He and some of his colleagues keep on talking Jersey down. There are statistics being released tomorrow morning, which Members already have seen, about retail sales. That is an entirely different picture than the Deputy seeks to characterise. **[Aside]** It is not one month. He keeps on talking it down. I am confident that we are going to see job creation across the economy as confidence returns. If he is not confident, then what is the Deputy and the others that are questioning the policies of the Council of Ministers, going to do? Is their solution not to go ahead with the necessary adjustment in terms of public spending and does he really think that the solution for the Island is to create more public sector jobs which is unsustainable? We have strong public finances and we can have a strong private sector which is going to support jobs and create jobs and keep our unemployment numbers down. I would encourage him to be confident and to be talking Jersey up rather than constantly talking Jersey down.