

STATES OF JERSEY



ANNUAL BUSINESS PLAN 2009 (P.113/2008): SECOND AMENDMENT

Lodged au Greffe on 1st September 2008
by Deputy G.P. Southern of St. Helier

STATES GREFFE

PAGE 2, PARAGRAPH (a) –

In paragraph (a)ii after the words “pages 13 to 15” insert the words –

“except that for success criterion (i) in Objective 1 on page 13 there shall be substituted the following success criterion –

‘(i) Controlled, sustainable real economic growth, at or close to 2% p.a. to ensure that States policies on net inward migration are met over the plan period;’ ”.

DEPUTY G.P. SOUTHERN OF ST. HELIER

REPORT

This amendment may appear to some as mere sophistry; it is not. It represents a fundamental change in the emphasis of the current “go for growth” policy being operated by the Economic Development Minister. The success criterion as it was formulated suggested that growth rates below 2% would constitute failure, whereas such a rate of growth would be both controlled and sustainable if it kept migration policies intact. To claim that 7% growth in the overall economy on the back of 12% growth in the finance sector, as was achieved in 2006, was either controlled or sustainable is simply not credible. But having achieved such phenomenal growth, to carry on at similar rates obviously threatens the realisation of migration targets. A more moderate rate might be advised.

The only migration policy in place is the limit job growth to 1% (around 500 annually) to be shared by locally qualified (>5 years residence) and immigrant labour. In the Annual Performance Review 2007 (R.60/2008) these are presented as “on track” under objective 1.4 (see Appendix).

The graphs in the Appendix are taken from the Statistics Department publication Jersey Labour Market December 2007 which give the following figures for job growth 2003 to 2007 –

| year | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | |
|----------------------|--------|--------|--------|--------|--------|--------|-------------------|
| total | 50,270 | 49,620 | 49,640 | 50,280 | 51,580 | 53,040 | |
| Annual change | | -650 | +20 | +640 | +1300 | +1460 | Total 2770 |

Alongside the graphs is the claim that the target for job growth is being met – “*over the five years to 2007 employment growth averaged 0.7% per year*”. This statement is simply not true: the total growth over this period is 5.44%, giving an average growth rate of 1.1% per annum. The target has already been exceeded.

One can also see very clearly what will happen if job growth continues into 2008. Let us assume that the credit crunch has some impact on economic growth and hence job growth – assume job growth of only 500. Analysis of the 5-year period to 2008 would show average job growth reaching 1.6% p.a., clearly breaking the states policy.

The trend in terms of migration is further revealed in the rubric that accompanies the graph in 1.4b – “*two-thirds of job growth has been from locally qualified people*”. But that means one third have been non-locally qualified. In the employment market overall only 17% are currently non-locals. So that means that the proportion of non-locals in the latest figures has increased. This is not sustainable growth. It is not controlled growth. The criterion for success here must be made genuinely sustainable by moderating growth targets.

There are no direct manpower or resource demands from this amendment.

1.4 The potential of the Island's workforce is maximised

What we measured:

1.4a Overall employment ■

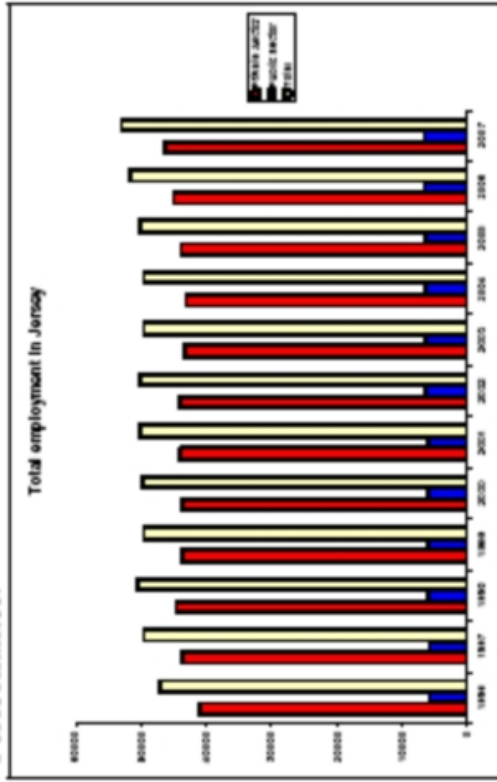
Why it is important:

Employed people contribute to the economy and generate economic growth through the work they do. Unemployed people are part of the workforce too but not only do they not contribute as much to economic growth while they are out of work, they may also need to rely on public benefits such as income support.

What was achieved:

Overall employment rose by 3% in 2007, with two thirds of the growth coming from locally qualified persons. Registered unemployment was 320 in December 2007, 100 lower than a year previous, and the lowest unemployment figure for four and half years.

Performance:



Source: Labour Market Report; States of Jersey Statistics Unit.

1.4b Change in employment

Why it is important:

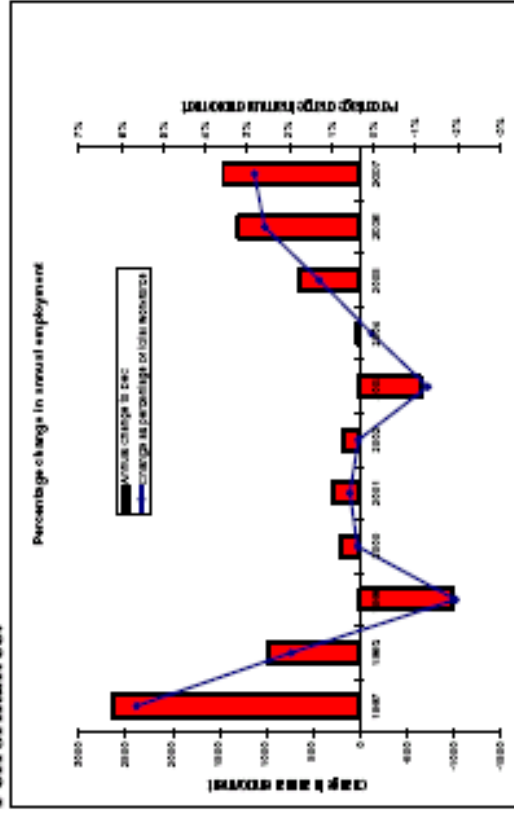
Increases in employment, particularly if due to increases in local employment, are positive for the overall economic and social fabric of the Island. Net growth in employment of 1% is targeted in the Strategic Plan.

What was achieved:

Total employment in 2007 was 1,460 people or 3% higher than that of 2006, and was the third successive year of employment growth after a longer period of static employment levels. Two-thirds of employment growth has been from locally qualified people entering work.

Employment growth is within the 1% Strategic Plan target. Over the five years to December 2007, employment growth averaged 0.7% per year, and over the economic cycle has averaged 0.5% per year.

Performance:



Source: Labour Market Report; States of Jersey Statistics Unit.