

**WRITTEN QUESTION TO THE CHIEF MINISTER
BY THE DEPUTY OF ST. JOHN
ANSWER TO BE TABLED ON TUESDAY 17th JANUARY 2017**

Question

Given that, between 2008 and 2016, average earnings in Jersey in nominal terms have grown at half the rate of the 2000-2007 period, that the growth of real earnings over the 2008-2016 period has been flat, and that forecasts from the Fiscal Policy Panel and the Treasury suggest a fall in real wages over the 2018-2020 period, will the Chief Minister explain how living standards will improve if real wages fall?

Answer

Jersey was not alone in experiencing a fall in real earnings in the initial years after the global financial crisis but real earnings have grown in each of the last four years. An overall measure of living standards is GVA per head of the population which did fall significantly as a result of the global financial crisis and the resultant fall in interest rates. However, the latest data shows it has increased in the last two years and in 2015 was 4% higher than in 2013. In addition, this measure of living standards in Jersey was nearly 60% higher than in the UK.

The uncertainty brought about by the UK referendum result and the rise in inflation likely as a consequence of the fall in sterling does pose a further challenge to our economy going forward. The FPP's economic assumptions in their August Annual Report do suggest that in coming years economic conditions may mean it is difficult for real earnings to continue to grow as they have in recent years but this is also the case in the UK.

If we are to improve living standards in the years to come then the vital ingredient is to increase productivity growth. That is why the Strategic Plan sets out to boost productivity in Jersey by:

- Promoting jobs and growth in the technology sector, including Fintech
- Delivering and enhancing the existing Financial Services Policy Framework
- Promoting higher productivity in all economic strategies, including new Tourism, Retail and Rural Economy Strategies
- Developing a new and challenging Enterprise Strategy, a new Innovation Strategy and attracting more inward investment
- Reviewing and upgrading the existing Skills Strategy
- Developing a new Competition Framework and reviewing opportunities to promote competition
- Identifying and addressing barriers to work for key groups
- Adopting environmental management principles that improve productivity and attract environmental businesses in line with economic growth objectives