

2009 CONFERENCE ON THE ECONOMY

EMPLOYMENT AND THE
SOCIAL SECTOR
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THE SITUATION FROM START OF FISCAL 2009

- Declining government revenues from hydrocarbon sector due to lower oil, gas and commodity prices coupled with lower oil production; and lower taxes paid by the firms in these sectors
- Given that hydrocarbon sector fueled growth, decline has also resulted in lower levels of VAT, taxes on companies

THE SITUATION FROM START OF FISCAL 2009

- Although the petroleum sector employs just 19,400 persons or 3.25% of the labour force – March 2009 – (probably underestimated due to petroleum not including gas and downstream) its fortunes impact the labour market – numbers of persons employed and wage/salary rates

THE SITUATION FROM START OF FISCAL 2009

- 1st Q FY 2008/9 – non-institutional pop. – 987,000; participation rate - >63%.; labour force - 633,600; employed – 606,870;
- 1st Q FY 2008/9 – unemployment at 3.9%
- 2nd Q FY 2008/9 – labour force – 630,000; employed 598,200
- 2nd Q FY 2008/9 - unemployment at 5%

THE SITUATION FROM START OF FISCAL 2009

- Increased numbers of unemployed in
- Petroleum – from 3.6% to 7.5%
- Construction – from 7.4% to 11%
- Wholesale/Retail trade, restaurants, & hotels – from 4.35 to 5.3%
- Transport, storage & communication – from 0% to 2.0%
- Other manufacturing – from 2.9% to 5.4%

THE SITUATION FROM START OF FISCAL 2009

- Jobs in many of these sectors provide decent work – pay and terms and conditions of work
- Therefore while unemployment declined in sectors like agriculture; community social and personal services declined these may not be as well paid
- Other sectors of declining unemployment: water and electricity; finance services

THE SITUATION FROM START OF FISCAL 2009

- Unemployment continues to increase in the period after March '09
- Given the government's maintenance of employment levels in URP and CEPEP the unemployment rate has been "artificially" propped up
- Real incomes for the period immediately preceding FY 2008/9 have been significantly eroded by inflation

THE SITUATION FROM START OF FISCAL 2009

- Average monthly income increased from \$3,107 to \$3,774 between 2005 and 2007 – or some 21%
- Annual Inflation rates for the said period were 6.8%, 8.3%, 7.9%
- In 2008 the rate was 12%
- For lower income earners – minimum wage has not increased for 3 years.
- Pensioners – also loss of real incomes

FISCAL 2009/10

- Wage, salary increases likely to be less than previous period
- No increase in social sector spending
 - retirement grant; other grants
- Increase in unemployment
- Attacks on institutions in the social sector – TSTT, PTSC etc