



Corporate Services Scrutiny Panel Quarterly Hearing with the Chief Minister

TUESDAY, 9th APRIL 2013

Panel:

Senator S.C. Ferguson (Chairman)
Connétable D.J. Murphy of Grouville (Panel Member)
Deputy S. Power of St. Brelade (Panel Member)
Deputy R.J. Rondel of St. Helier (Panel Member)

Witnesses:

Senator I.J. Gorst (Chief Minister)
Mr. J. Richardson (Chief Executive)
Mr. T. Walker (Director of International Affairs)
Mr. P. Bradbury (Director of Corporate Policy)

Topics Discussed

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[13:01]

Senator S.C. Ferguson (Chairman):

Good afternoon, gentlemen, welcome to this quarterly public hearing of the Corporate Services Scrutiny Panel. Now, first of all is the health warning, which I think you may have seen before.

The Chief Minister:

I have, yes.

Senator S.C. Ferguson:

If we can go round the table with our name and position so that the ladies who are doing the transcribing know who is who.

Senator S.C. Ferguson:

Thank you very much. I think it is probably a fairly appropriate start: if we can start with the Modernisation Programme, Chief Minister. Can you update us on what is happening with the Modernisation Programme?

The Chief Minister:

Yes. We had a very good Council of Ministers meeting just before Easter and there was unanimous support for the programme that was being proposed and as you know it has got, basically, 3 strands to it: so we are looking at workforce modernisation, we are looking at cultural change and we are looking at service redesign. We have done a lot of work on engagement, the Chief Executive and myself have done road shows, and they have been followed by workshops because, I think, as it is well acknowledged from all other modernisation programmes, engagement and involvement in building consensus in order to move forward is very important, and that has been an important foundation-setting, almost, for us to move forward. So I suppose I am not a Chief Minister that likes to sing from the rooftops, but officers have been working really hard to build consensus across departments, despite the legislative arrangements in place, and they have got that, and departments are already starting to work in a number of areas. You know that we did the Atos work to look at our customer interactions. We are very committed to e-government: Social Security is already, in effect, piloting the e-government roll-out right across their services. We have got Lean, which is about business process re-engineering, starting and taking place in Health, and that training is being rolled out in Social Security as well. We have

involved Ashridge to help us with all the management issues that need to be addressed and that we are working together in. I am just trying to think of all the things, off the top of ...

Chief Executive:

I think that the main area, as the Chief Minister said, is that in terms of delivery now, it is the e-government which Social Security are piloting for us, but they are also piloting the Lean as well in a wholesale review of the way they deliver design and service, because the 2 go hand in hand with Lean and e-government. But then other government departments at the same time are starting to look at Lean in their own areas as well as how one impacts with another department, so something that one department may do suddenly becomes: if you re-engineer how you deliver that service, you can do it much better and much simpler through working with another department.

Senator S.C. Ferguson:

Well, now, some years ago ...

The Chief Minister:

Sorry, can I just go through all the other things that are going on as well that I have just got there. So performance management of staff, that is very important, so we are looking at bringing in that; in effect, we will not deliver change unless we are managing people's performance and we have got appropriate benchmarks to manage them against. So that needs to change, that is being worked on, that is very much an H.R. (human resources) process. Staff terms and conditions and policies, as you will know from answers I have given in the States, there are something like 70 policies which need to be reviewed and reduced down to ... I think it was a figure of about between 25 and 30, something like that. So that has already started and, alongside that of course, is the movement from all the different pay spines to probably around 2 or 3 different pay spines right across the States. So a lot of work has been going on, but I equally acknowledge some of your comments, Chairman, around could we be doing better. What we agreed at the Council of Ministers on the 27th was that we probably need to delegate political oversight of delivery to a specific Minister who will set up underneath them a board which will have non-executives on it to hold officers to account, scrutinise the work that they are doing and, alongside that, then to have almost a political advisory board through which we can keep politicians updated. They can equally say: "Have you thought about this? Have you thought about that?" and just be continually briefed on where we are going. The Council of Ministers supported my proposal that the Minister for Economic Development would do that and they are now working away on that. We have had some early discussions, which I hope to conclude later this week, about the makeup of that board. So we can always go to fast-stream government, but this is a long process which will take a number of years, but it will gain momentum as we go along and, therefore, setting those foundations has been very, very important.

Senator S.C. Ferguson:

Yes. Because the schemes I have seen before are working on a 10-year timeframe, but they also have a parallel stream where they keep a check on where they are saving money, if they are saving money and the accounts at the end of each month, in fact.

The Chief Minister:

Yes. That was an important decision where Council of Ministers asked officers to go away from the presentation on the 27th and manage that, keep records of what the payback is as we go along, and try and quantify it perhaps a little bit more robustly about where the paybacks would come. Because we do know that, obviously, one of the reasons (and there are a number of reasons why we want to modernise States delivery) is because it delivers better customer service, it also delivers people being more satisfied in their work and being happier at work, and all those cultural things, but also it helps to reduce costs and it helps to reduce growing costs, which I think is probably just as important.

Deputy R.J. Rondel:

Are you able to elaborate a little bit on how the structure of the board will be set up? Will it just be politicians? Who will be sitting on it?

The Chief Minister:

What we are proposing at the moment, which is slightly changing as we go along, is that (and this has not been finalised yet) on the particular board we would look to have maybe one or 2 Ministers and maybe 3 ... I think we said about 7: 3 non-executives and then, obviously, John needs to sit on it and probably ... was it officers, H.R. and maybe E.D. (Economic Development) as well, because of Alan's role in that. But then alongside that, or feeding into that almost as well, you would have this political advisory group, so that we are just keeping people informed and so there is a good information flow as well.

Deputy R.J. Rondel:

Would there be anybody from Scrutiny on that?

The Chief Minister:

Well, on the advisory board then, yes, there would be. We are just in discussion at the moment as to whether we can bring in perhaps the Chairman of P.A.C. (Public Accounts Committee) for example, on to the actual board, but there are potentially conflicts there which would need to be managed.

Senator S.C. Ferguson:

Now, the thing is that the number of people in the States working for the States has gone up over the last few years and I get feedback from the frontline. I have a great admiration for the frontline, I think they do an incredibly good job, but they are not always brought into these decisions when they are the people who come up with the ideas for improving the service. You talk about going round with these road shows; how far down did you go?

The Chief Minister:

That was right across from senior managers right down to frontline staff. Now, let us just say we have had extra staff numbers over the last year, I think it is about ... I do not know if these numbers have been published, but I think it is about 100, and they are in education, they are the people who have been taken on on contract to cover lunchtime provision, and they are at Social Security with the Back to Work team. So we have got to be careful in how we just say: "Oh, an increase in staff is a bad thing" unless we understand why they are there.

Senator S.C. Ferguson:

That is why I asked the question.

The Chief Minister:

Yes. But your point about accessing ideas right through an organisation is exactly what Lean is all about, because you are training people and everybody gets into a mentality of looking at their process and thinking to themselves, and I have said it in the past: "Well, those people on the ground know a lot better how to change their process" providing it is in a joined-up way and they are not just doing it in isolation, their process does not add any extra work to somebody else's process. But that is how Lean fundamentally takes people ...

Senator S.C. Ferguson:

But what happened to the suggestions boxes?

Chief Executive:

I think just to follow on from what the Chief Minister is saying with the road shows we did (that was between October/November and early December) in January we then set up workshops with staff from across the whole organisation, many levels from manual work all the way through to the professional level, and after the 10-week period, I think, we had just on 1,000 staff through us. There were some very simple questions asked, but it was the staff which came up with the ideas. Those ideas have now been distilled down into about 5 key themes and areas where the staff has said: "This is where we think change can happen and this is how we can help deliver on that change." That is now just being brought into a programme to say: "Okay, we have got some

departments who can deliver 2 or 3, some maybe one or 2, and let us just work out now how we get into the delivery phase.” So that is happening now. It is important that those staff feel (1) engaged, but (2) they are a part of the delivery, and that is where the Lean, and all of the work we are doing now with them, comes in. But it is their ideas, they have come up with them, we will help them deliver them and part of the investment on Lean training is to make sure we have got the right people at the right level trained to go in and do this work and deliver the changes for us.

[13:15]

The Connétable of Grouville:

These road shows, were they a voluntary attendance or were people told to come and talk to you? Were they asked?

Chief Executive:

No. Completely voluntary ...

The Connétable of Grouville:

You got 1,000, or roughly ...

Chief Executive:

I can give you the exact numbers, but about 1,000 staff went through.

The Connétable of Grouville:

How many staff do you have?

Chief Executive:

About 6,500. It was a fairly good ...

The Connétable of Grouville:

So you did not quite hit 20 per cent, then?

Chief Executive:

No. But it was a fairly good cross-cut, and we did not have any problems filling the numbers.

The Connétable of Grouville:

Well, obviously volunteers are worth much more but, at the same time, I am surprised it was that low.

The Chief Minister:

Well, the ones that I went to, they were packed. There were some at the Town Hall, they were at Trinity ...

Chief Executive:

Maybe I can just clarify, the road shows had about 1,500 and the workshops had about 1,000. Now, some of them had attended both, so it is very difficult to say exactly how many new faces we saw come through, but for us as the first time we have done something of this scale, it was not a bad turnout and the thing that impressed me more than anything was the fact that, when we did the workshops, the participants came from all sectors and we had a scoring system before and after, and the results were very impressive about feeling engaged, wanting to be part of it. So we had that and then, in addition to that, 2 weeks ago we had a workshop with 220 managers, who were predominantly middle to senior managers, to describe the work that has been going on in Leans, and their involvement, how they can be involved with it, and it was probably one of the most positive workshops I have been to for a long while.

The Connétable of Grouville:

I just want to catch up with something you said earlier, and that was that the extra 100 teachers, I think, were covering lunches. Is that ...

The Chief Minister:

Covering lunches and at Social Security for the Back to Work, that is to make up the extra people.

The Connétable of Grouville:

Why is this a new thing, why is covering lunches a new thing? Surely they would have to do that anyway, or have you taken away the responsibility from one person and given it to another?

The Chief Minister:

No. It happened before I was in post, but I think it was about needing to pay lunch breaks and therefore contracts were issued to cover lunch breaks so, on the head count of contracts, there were extra people. It is just the way that it is accounted for, really.

The Connétable of Grouville:

But it still cost you another 100 extra jobs to cover these situations; that obviously is a cost.

The Chief Minister:

The cost is the cost of covering the lunch break, but on the head count it looks like an extra 100 jobs, but it is an extra 100 for covering of lunch breaks.

The Connétable of Grouville:

It is an extra 100 jobs. I just wonder how it was done before. I do not want to dig deep down into it, but I just want to know why we created another 100 jobs for something that was already being done.

Chief Executive:

No. The 100 jobs was not just in Education for lunchtime supervision, it was between Education and Social Security. I have not got the breakdown between the 2 here, but the lunchtime supervision are part-time contract jobs. Because we count on F.T.E.s (Full-Time Equivalents) they do count as additional staff on our books, although they are part-time contract staff.

The Connétable of Grouville:

Yes. It just strikes me as odd that ...

The Chief Minister:

So it shows there are extra people even though they are only covering a lunch break and they might be, as I understand it, teachers on a normal contract anyway. So it could be double counting.

The Connétable of Grouville:

So the normal contract does not cover lunchtime cover.

The Chief Minister:

No, it does not. No.

Deputy R.J. Rondel:

Would it be possible, perhaps, to have a little more detail on the Back to Work Scheme?

The Chief Minister:

I think it was about 60/40, something like that, say 60 for the Education and 40 for the Social Security.

The Connétable of Grouville:

Right. I am not that happy with it, but anyway, I will accept that.

Senator S.C. Ferguson:

Things have changed since you were there.

The Chief Minister:

You have to have lunchtime cover, do you not?

The Connétable of Grouville:

I just do not understand why it was being done before and now it is an extra 100 jobs to do the same thing. If it was being done before without the extra 100 ...

Chief Executive:

Yes. But the teachers were doing it voluntarily before in many cases.

The Connétable of Grouville:

Oh, so they have stopped doing it voluntarily.

Chief Executive:

That was part of the pay round in 2010 or 2011.

The Chief Minister:

It is not part of the current one that we have negotiated, anyway. Yes.

The Connétable of Grouville:

Okay. So what happened was the teachers stopped doing a voluntary job which was part of their original contract, and the contract was changed to their benefit so that they did not have to do lunchtime cover.

The Chief Minister:

I am not sure it was part of their original contract but, as I say, it was negotiated prior to me doing a Chief Minister report on it.

The Connétable of Grouville:

Okay. That is fine.

Deputy S. Power:

Right. We are going to jump around a little bit, Chief Minister. Just touching briefly, if it were possible to do it satisfactorily, on government structure and reform. The last meeting we had with you on 23rd January, you did advise the Panel that you were considering recommending changes to ministerial portfolios. Is there anything you can provide us with today, or is there an update that maybe you could provide us with on this matter?

The Chief Minister:

Well, I think I have just told you about one with regard to Senator Maclean taking political responsibility for ensuring that reform is delivered, but that will really be the operational. What we have come across is that, while the Chief Minister should ultimately be seen as the boss, the Chief Minister does not necessarily have time or bandwidth to be more involved in making sure things are operationally happening. Therefore I think it is important that I am able to appoint a Minister to say: "Yes, okay, decision-making will ultimately rest between us or come back to the Chief Minister, but you are responsible for politically ensuring that it is delivered." So that is one. There is another area in the pipeline where I would like to make some changes, but that is going to Council of Ministers on Thursday and then, if the Council of Ministers agree it, I intend to try and make a statement on Tuesday covering the reform and the other areas so that Members are fully informed of that. Some of those changes were made for law drafting and the States to agree as well, so we have put that in process. More widely, I have got Tom here looking at changes to ministerial structure as well because if I take some of your comments, Chairman, yesterday reported in the media, while I might disagree to a certain extent, because we have gone through change, we have delivered nearly £60 million worth of savings and that has been changing right across the public service, I think we have got to acknowledge that. But, equally, I think people are expecting the Chief Minister to be able to say to people and to Ministers: "Okay, I think you should be doing this because you are the best person for it and I think you should be doing that and there is a better fit across here." I do not currently have that power under the legislation and it is going to be an interesting debate to see whether the States are prepared to give that to the Chief Minister, but I have got Tom working on that piece of work as well, which I hope to bring forward by the end of the year.

Deputy S. Power:

Shortly after your election as Chief Minister, you said that you would present a report setting out the responsibilities of Ministers and their Assistant Ministers in order to comply with Article 30A of the States of Jersey Law. So far that we can determine, that has not come. Have you any plans to produce a report to look at the responsibilities of Ministers and Assistant Ministers given what you have just said, and your imminent discussion with the Council of Ministers?

The Chief Minister:

Yes. Off the top of my head, I do not know whether that was presented or it is automatically presented by the departments.

Deputy S. Power:

So is there a review of Ministers and their portfolios, and Assistant Ministers, in hand at the moment?

The Chief Minister:

No. Well, there are specific areas that I would like to see changed, so that is a piece of work going on. There is the piece of work that I have asked Tom to do looking at changes to the overall legislation, which would give the Chief Minister more ... shall we use the word “ability” to be able to marshal his troops and deal with issues as they arise and changes to responsibilities. Obviously, coming back to the modernisation issue and what that is leading to, one of the outcomes of that will be what needs to be done by whom and where there is cross-over and why we are not bringing things together. So there is a short-term bit of work, which starts with asking the Minister for Economic Development to do that, and the other bit, there is the medium-term work that Tom is doing to bring forward legislative changes and there is the medium-term and perhaps longer term work about change in functions and departments.

Senator S.C. Ferguson:

What about the distinction between “we must do” and “we do it because it is nice to do”; is that coming into your analysis? The States is a bit like a Lego puzzle: there are a lot of pieces which have been stuck on the edges. Should we be doing them? If we are going to reform and modernise government, then what is your vision for a new government: smaller, bigger, same size? Because if it is going to be smaller, we need to look at what we should be doing and what we should not be doing.

The Chief Minister:

Well, in our interactions with the public, currently we have got something like 7 per cent online or e-enabled, and yet in the work that was undertaken something like 80 per cent of people would like to interact with us digitally, then we do not want to set out to say: “We want this, this or this” smaller, bigger or ... but by very nature of saying: “Well, if people are going to interact with us in a different way and we are going to interact with them in a different way” the interaction is going to be different. Yes, in all likelihood we will require use of fewer premises, few people employed and the integration of functions, but our aim is to deliver better customer service and a more efficient and effective service.

Senator S.C. Ferguson:

But who is going to be looking at: “Is everything we are doing something that government should be doing?” I think that is probably the basis.

The Chief Minister:

Well, part of that is looked at in Lean as well, looking at your processes: “Do we need to do that? Could it be undertaken (a) in a different way or (b)” I suppose, “by someone else?” You will have seen when we did our briefing, there is a whole sort of continuum of how you can look at delivering

services, and the States historically have really looked at most services it is delivering itself. It started on incorporation of services, so utilities were incorporated, we are in the process of incorporating harbours, we are in the process of setting up an association for housing but, further along that continuum, of course, you get to the outsource of services and whether some services could be provided in that way. But we end up using words which could be very emotive rather than looking at the services that we are providing, how we are providing them and whether they can be provided in a different way.

Deputy S. Power:

Just a follow-up to my second last question, Chief Minister, and that was: by the time of the election next year, next election, do you foresee little or no change to the structure of ministerial government, some change or a lot of change?

The Chief Minister:

When you say: "Structure of ministerial government" I do not know what you ...

Deputy S. Power:

In terms of departmental portfolios, the structures of the departments, ministerial responsibility and assistant ministerial responsibility; do you anticipate little or no change, some change or a great degree of change in what is left of this term of your stewardship as Chief Minister, and what would you like?

The Chief Minister:

That is a good question. All of that, I suppose, ultimately will depend on the States decision: I will bring forward proposals which will ask the States to change the powers and responsibilities of the Chief Minister and the Chief Minister's ability to move and change portfolios and, ultimately, I think I will be asking ... although some of this work ties in with the work that P.P.C. (Privileges and Procedures Committee) are doing about their machinery of government review.

[13:30]

So I will be taking this particular piece of work to P.P.C. in the first instance, and that is the role of Assistant Ministers, and should there be the restraint that there is with the Troy Rule. That is going to be a difficult debate for the States to think about: how does it want its government to look in future. So I am going to make those proposals because ...

Deputy R.J. Rondel:

In what time scale?

The Chief Minister:

... having been here for 15 months, I think they are important, but the States will have to decide.

Deputy S. Power:

Because you are virtually halfway through your term; well, we all are ...

The Chief Minister:

I do not know whether I should be relieved or ... **[Laughter]**

Director of International Affairs:

In terms of the Deputy's question, the objective is to bring those forward by the end of the year.

The Connétable of Grouville:

This will all obviously depend on the outcome of the referendum, any restructuring.

The Chief Minister:

Well, I do not think the changes to the responsibilities for the Chief Minister and how portfolios are managed needs to be determined by the outcome of the referendum. Obviously, what we do about Assistant Ministers and the Troy Rule or changes to that bit of the machinery of government to a certain extent I suppose will be, although it need not be.

Deputy S. Power:

Yes. One last question related to that, Chief Minister: there was a lot of talk prior to your election, with regard to modernisation and privatisation in certain States departments, such as Tourism, parts of T.T.S (Transport and Technical Services) E.D. (Economic Development) and so on. Is that still on any agenda or do you think it can be revisited or ...?

The Chief Minister:

Well, I mean, we are incorporating the Harbours and Airports, we set up a shadow board for Tourism, which is about leveraging what the actual industry itself wants for its future.

Deputy S. Power:

Is the Public Private Partnership completely abandoned?

The Chief Minister:

As I said earlier, you go down that continuum after incorporation and come to outsourcing or Public Private Partnership, use it as you will, but I am very cautious about using those words,

because there is a lot of baggage and emotion attached to them, generally negatively, whereas sometimes there can be a positive service provision.

The Connétable of Grouville:

Going back to the States expenditure are you, as Chief Minister, satisfied with the States current spending levels?

The Chief Minister:

You mean the ones that the States have approved?

The Connétable of Grouville:

Yes.

The Chief Minister:

Well, of course, I am because the States have approved them.

The Connétable of Grouville:

Okay. All right, we are drilling down a bit. Every time we seem to have made savings they get reallocated to something else and spent on something else. Should we not be aiming to have a less spendthrift States; in other words, should we be looking at savings and saving rather than looking at savings and spending?

The Chief Minister:

We will make, I think, £22 million worth of savings this year, 2013, and I think people have somehow, apart from our eminent reporter in the gallery, forgotten that fact, that we are still working towards delivering those savings. At the same time, we have to be honest about the pressures that we are facing and we are a government where, I think, we pride ourselves on that, that we presented a medium-term financial plan, yes, that delivered on the final year of savings, but laid out for the public the pressures that we were facing and allocated resources to deal with them. The States approved that.

Senator S.C. Ferguson:

Yes. I think the problem is that I think it was 2007 we sat with the Treasurer, when I was Chairman of P.A.C., and he said at that stage of the States financial position: "Either the States reduces spending or inevitably they will have to increase taxes." This is what I think everybody is concerned about. So can we revisit it: are you satisfied with the current spending trends?

The Chief Minister:

I am satisfied with the medium-term financial plan but, equally, I recognise the challenges that we face going forward in Health and we know that, as part of a reform programme, we have to make savings in order to meet those challenges that we know will be with us in 2016, 2017 and 2018. That is why we have done our work with McKinsey, that is why we are committed to supporting financial services and finding new markets and strengthening the economy, that is why we are committed to the Innovation Fund and Digital Jersey. Because we do recognise the pressures ahead, but we have got this window almost to invest at this point in time, to ensure that we can meet those challenges, that we continue to come out of the recession and that we have a strong economy.

The Connétable of Grouville:

So what, in fact, you are saying to us, if I can paraphrase it, is that really, even though you are creating a savings in one area, we are spending more in other areas in order to fulfil your plan; we are never going to get to the stage where we are spending less in total.

The Chief Minister:

You call it my plan, and that I will take as a compliment, but it is the medium-term financial plan that the States approved, and we were very clear about where we were investing money and why.

The Connétable of Grouville:

What moves, if any, have been taken to address the staff costs within the public sector? You may have read about this in the *Evening Post* last night.

The Chief Minister:

When you say "staff costs" are you talking about terms and conditions or ...?

The Connétable of Grouville:

Well, staffing levels and terms and conditions, yes.

The Chief Minister:

Well, we just had a conversation about staffing levels and the work that we were doing on the reform programme ...

The Connétable of Grouville:

I know, somebody jumped on that one, I am afraid.

The Chief Minister:

... which includes looking at and rewriting those policies and bringing staff on to 3 pay spines and, importantly, the performance management. Sorry, Tom has just prompted me: of course, we are already working and have announced the work that we have been doing on making pensions sustainable and ensuring that those costs do not grow. So we are doing a lot of work, but we are not necessarily shouting about it all the time.

The Connétable of Grouville:

We like to get it clear.

Deputy R.J. Rondel:

In terms of the next financial plan, at what stage do you start working on whether, if you do not get the income forecast, you look at the areas of raising taxes, if that should be the case?

The Chief Minister:

No, we are not at that stage. One of the other 7 priorities of the strategic plan was long-term planning, so we have done quite a lot of work on that and, stepping back from the day-to-day politics and government, that is a very exciting strand of work because it looks at what sort of Jersey do we want in 2030, and that will then really lead into other decisions that we need to make. In order to get that, Treasury is doing a piece of work looking at income projections and expenditure projections for the longer term, so they will then help us ultimately make decisions going forward. But this is the first time that the States have done this work, and that is an important point in itself: we are trying to get away from just the year-to-year thinking, and even the 3-year thinking, to a much longer term vision of what is the Jersey that we all want.

Senator S.C. Ferguson:

What is your vision, then? I am giving you the opportunity to stand on the stage ...

The Chief Minister:

I do not want to dictate to Islanders what their vision should be. Part of the long-term planning will be engagement with Islanders so they feel, hopefully not for the first time, that perhaps they have a shared vision of where they want to go to. I, like other Ministers, am optimistic about our future because of the medium-term financial plan, because of the investment that we are making in the economy, but it is not going to be an easy task. I said all along that one of my driving visions is to pass on a Jersey to my children and future generations better than I found it. Now, that goes right across what we are doing.

The Connétable of Grouville:

Basically, going back to the original question which I was asking earlier on, and that is if you continue to spend any savings, even if it is going into infrastructure and investment, you are eventually going to reach the stage where you are going to have to deal with taxes in order to sustain that.

The Chief Minister:

You tried to draw me on these sorts of issues when we were discussing the medium-term financial plan, and the Council of Ministers put forward a 3-year budget which we felt was fair and balanced and did not require tax-raising measures, and we come back to the issue that one of the rationales for reform is the platform of the pressures we know we are going to face and yet, at the same time, not wanting to raise taxes.

The Connétable of Grouville:

Well, you were talking about long-term, you said that a one-year plan is okay, a 3-year plan is better, but you are trying to look even further ahead. I quite agree with that. Jolly good idea, then.

The Chief Minister:

I am trying to think now about the next M.T.F.P. (medium-term financial plan) and trying to get Ministers and Members and the community to think about what that will look like.

Senator S.C. Ferguson:

I suppose we are just trying to tease out ... you say you would like a Jersey that is better for everyone, but obviously everybody has a different idea of what is better for everyone.

The Chief Minister:

Indeed, they do, which is why it has got to be community engagement to get us there. But I am on record as saying I am not satisfied that 2,000-and-more people cannot find work; that cannot be what any of us wants for our future. I want us to have a first-class health service, we cannot be satisfied with anything that is not that, and then we have trade-offs to make. Education, we have got work to do in that area because we want opportunity for all our children.

The Connétable of Grouville:

We are getting bogged down on this, but if I can just go on to the next question which is that ...

The Chief Minister:

But you did ask me, Connétable. **[Laughter]**

The Connétable of Grouville:

I know I did. I was hoping for a different answer. **[Laughter]** How would you, as Chief Minister, respond if the union decided to take “further actions”, which I believe is what they have said, with regard to the 1 per cent public sector pay increase that was implemented by the States Employment Board? That is all part of the people of Jersey wanting to move ahead even though it is a small sector.

The Chief Minister:

It is and the States Employment Board made a pay offer based upon the monies that were available that the States had approved and the savings that the States had agreed, and we have said, and will continue to say, we recognise that these are difficult times and it was a difficult pay round and difficult negotiations. Obviously, I am disappointed that unions feel that they might wish to strike over it. I hope they do not because we did find extra money, we did improve on our initial offer and we still stand by the belief that it is a fair offer. I come back to the other point that the money that we had available rightly has gone into Health, rightly has been put into helping those people who are out of work to get into work.

The Connétable of Grouville:

Right. So basically stonewall on that one, yes. You are not going to budge.

[13:45]

The Chief Minister:

We are maintaining the offer and implementation that we made throughout the course of last year. We recognise it is difficult but we still believe that it was, and is, a fair offer.

Senator S.C. Ferguson:

Thank you. Richard?

Deputy R.J. Rondel:

Would you like to just give us an update on the population policy and how that is progressing? I know it is early days, but on what you have done. Have you started enforcement and ...

The Chief Minister:

Perhaps you have heard enough of me, would you like to, Paul?

Director, Corporate Policy:

Can I just be clear: in terms of the population policies promised in the strategic plan, which were targets to be brought forward?

Deputy R.J. Rondel:

Yes.

Director, Corporate Policy:

There is a piece of work that the Economics Unit is leading on with myself, which is involving analysing the projections on spend and on income under different immigration scenarios, based upon the work of the Statistics Unit. So we are doing a lot of modelling on different scenarios and we have taken to the Council of Ministers at the last council on 27th March an initiation document which outlined the government structures, the work that was being undertaken in relation to those departments, the analysis, and a timetable. We are progressing from that Council of Ministers onwards. The steer from the Council of Ministers was naturally that they wanted the quickest progression in the most proper fashion with the population policy and they wanted it properly aligned with the long-term planning work the Chief Minister mentioned earlier.

Deputy S. Power:

Can I ask a supplementary on that? Paul, probably for you is best. We are all acutely aware of the fear that there are over 2,000 unemployed and the Chief Minister also mentioned cultural change. How do we reconcile those employers at the moment that have big difficulties in recruiting when we have 2,000 unemployed? How do we ally ... how do I put this, those that are locally qualified that sometimes do not want to work as against the non-locally qualified that do want to work? Is that too specific? We all, as States Members, are coming across this problem.

The Chief Minister:

I think that is a political question, is it not? It is a very difficult question and to some extent it goes right to the heart of population, population management and inward migration. I think if the Minister for Social Security was here he would say they are continually reviewing their processes and working with industry. They have just set up a new programme to work with the hospitality industry to try and get people interested in that and working in that sector. I said, and continue to say, when I started work you started at the bottom and you knew that if you took the job you were better in the job than not in the job, and you could prove yourself to an employer. To some extent some, and again I do not say this of everyone because there are lots of people out there who are really trying to find work and struggling to find work, and they are to be applauded that they are keeping going and that they are using the department, and they are accessing all the support that they can. They need to know that their government is right behind them in their desire to work.

But there are some who do not take that attitude and are almost looking for the perfect job before they will take a job. It is those individuals that we need to help and support into the workplace because, you are right, they are competing with people who are recently arrived who are much more committed to work and are motivated to work because, to some extent, sometimes the countries and economies they have come from are even harder, and they know that they have jolly well got to just try anything.

Deputy S. Power:

I am finished, I am not going to ask another question, but myself and Deputy Rondel, having immersed ourselves in population and migration for the full month, I really do not think the question is as political as you would suggest, and I think your response is entirely appropriate.

The Chief Minister:

You are not under any doubt because you know (you have just done the review) but the Migration Advisory Group is pushing employers hard and employers are finding that difficult. But we said right at the start that we want to work with employers and help them, we are helping to mitigate risks, sometimes around cost, sometimes around training, sometimes around motivation, and we are committed to continuing to do that because it comes back to some of the questions that Dan was asking: it is far better to have somebody in work contributing to social security, contributing to the tax system, because they are economically active, rather than the reverse.

Deputy R.J. Rondel:

Okay. What happened, 2,000 we all know is too many people; Alswear(?) had a case this week, it has been difficult for a local business, but when those people are not motivated and they go to a small business and they are not willing to carry out the work and training as they should, what are the consequences? What happens to those people?

The Chief Minister:

When I was the Minister for Social Security, we started up a process whereby companies would report back to Social Security and, if in that instance they were offered an opportunity and they did not take it, or they took it and then dropped out and went back to Social Security, there is now ... and I cannot remember just exactly what the time periods are, but there is now a time period where you will not be able to claim benefit and, if you do not take opportunities, that is counted against you as you are not actively seeking work.

Deputy R.J. Rondel:

Because that is what was happening at some stage.

The Chief Minister:

That feedback loop ...

Deputy R.J. Rondel:

You endorse the fact people should not be better off at Social Security receiving benefits rather than in a workplace?

The Chief Minister:

No. I am not a soft Liberal but I do not think they are better off on benefit, but we must, as a government, because of this contract that we have got with taxpayers who are providing this support, continually reassess and make sure that that is not the case, and that might mean that if the current levels of unemployment continue, that we need to reassess benefits and levels and whether they are acting as a demotivating factor.

The Connétable of Grouville:

It puzzles me as to why we have 2,000 local people unemployed at the moment when, in a boom time, we had no unemployed whatsoever. We have had situations as a parish where we have taken people on and they have walked out because they did not like the job, and they just walk away. Now, what happened to them in the old days ... sorry?

The Chief Minister:

Did you report that back to Social Security?

The Connétable of Grouville:

Of course, yes, went straight back to Social Security and we suggested they disincentivise them in some way.

The Chief Minister:

Good. The system that I have just described would then kick into place.

The Connétable of Grouville:

Well, I hope it has, but I get the impression that perhaps it has not. But is it a factor that now what they are doing is waiting for the right job before they commit themselves? As you so rightly said, when we started working we started at the bottom and worked our way up, and nowadays they do not seem to be willing to do that. I think there is a lack of reality, perhaps, when they take their first job.

The Chief Minister:

As I have tried to say, one of the difficulties is you take 2 cases and they are not the same, so it is very difficult to talk in generalisations, as I just did, and we have to be careful about that. But we do need to constantly look at our processes, as I have just said, to make sure they are working: are the sticks appropriate, is the benefit system acting as a disincentive? Are the time periods that benefit stops or that people are supported appropriate? Are we providing enough risk-sharing with employers to deal with people who are a little bit more difficult and have more barriers to get into the workplace? So it is a difficult area, but it is one that we are absolutely committed to and are addressing.

The Connétable of Grouville:

But there is something missing in the middle somewhere which I cannot seem to track.

The Chief Minister:

Europe is in one of the longest, deepest recessions that it has known in many years.

Senator S.C. Ferguson:

I think that is another hour's discussion.

The Chief Minister:

It is, but Dan says it is difficult to understand why; we know why...

Senator S.C. Ferguson:

We do not seem to have the same puritan work ethic that we had when I was young.

The Chief Minister:

Well, Senator, do not get me started on that **[Laughter]** I think you would find that you and I would agree most profusely on that, but I am not sure it is good for our health.

Senator S.C. Ferguson:

I spent all my long vacations working in places like Accrington when all my friends were going off to Geneva and goodness know where...

The Chief Minister:

But we live in a totally different culture. I had my jobs when I came home from school, I had my job before I went to school. It is a different culture.

Senator S.C. Ferguson:

Is it that the parents have been too slack?

The Chief Minister:

We cannot go back to that, what we have to do is try and help people overcome the barriers that they have got today.

Senator S.C. Ferguson:

Just one last question, Chief Minister: when will the F.A.T.C.A. (Foreign Account Tax Compliance Act) deal with the U.K. (United Kingdom) be signed? Have we reached agreement on it?

The Chief Minister:

Well, obviously, as I announced in the States, we have agreed the package but when the deal itself will be signed, I think we are probably looking towards May, are we? The F.A.C.T.A. dealing with the U.S. (United States) is still subject to negotiation. The I.G.A. (inter-government agreement) has been initialled, we are just waiting for the annex to ...

Director of International Affairs:

But they are linked together to some extent, so the U.S. F.A.C.T.A. inter-governmental agreement is a fairly standard agreement, everyone around the world gets the same agreement, essentially, with the U.S. and then there is simply an annex to negotiate over for certain local differences.

Senator S.C. Ferguson:

But what about the U.K. one?

Director of International Affairs:

The U.K. one, very similarly, the bulk of the text to the agreement is pretty much the same, and then there is an annex to be negotiated and, on both the U.S. and the U.K. one, the progress depends as much on the U.K. and the U.S. as it does on us. So we hope to be able to conclude both over the coming months and we will see how it goes. But it is the nature of bilateral negotiations, I am afraid, that the pace of progress relies on both bodies. So I am a little reluctant to commit to an exact date because it is as much in the hands of the U.S. and the U.K. as it is ours.

Deputy R.J. Rondel:

Are there any other jurisdictions working in parallel with us?

Director of International Affairs:

There are. I mean, as you know, in relation to the U.K., the U.K. is also entering into agreements with the Isle of Man and with Guernsey and so there are the 3 of us working with Her Majesty's Treasury on that, and also you will have seen that the Cayman Islands are also the first of the Overseas Territories to commit to entering into agreement with the U.K. as well. So some of the British Overseas Territories are now joining us in the negotiation group with the U.K. Because the U.S. one is much bigger, because the U.S. is essentially negotiating with just about every country in the world all at the same time.

Senator S.C. Ferguson:

They are too big to ignore, yes.

The Chief Minister:

But the U.S. one, we are negotiating with the other 2 Crown dependencies as well, so we will be in perfect alignment.

Deputy R.J. Rondel:

So the annexes will be done jointly for the same annex.

Director of International Affairs:

Yes, broadly. I mean, you have to reflect slight differences in your local laws and the way you are set up, so they are jurisdiction-specific but, broadly, the negotiation is being done in parallel.

Deputy S. Power:

Have you taken the opportunity, Chief Minister, to ...

The Chief Minister:

I thought that was the last question.

Deputy S. Power:

It is a supplementary last question: have you managed to send a message to the Chancellor of the Exchequer about your displeasure at his generalised comments about the billions of pounds that he was targeting in his recent statement?

The Chief Minister:

Obviously that is, as I said at the time, a number I did not recognise, but if you spread it out across the 3 jurisdictions over, I think it was a 5-year period, and calculated it ... we shall wait and see.

Senator S.C. Ferguson:

Thank you very much indeed, Chief Minister.

The Chief Minister:

Thank you very much indeed. I am pleased the handbag was not in evidence. **[Laughter]**

Senator S.C. Ferguson:

Well, we thought we ought to give you the opportunity to impress.

The Chief Minister:

Thank you.

The Connétable of Grouville:

Tom, can we negotiate all the F.A.T C..A. things in parallel with the seabed agreement **[Laughter]** get it all signed at the same time.

Director of International Affairs:

The seabed agreement is, if you will excuse the pun, going swimmingly, it is going fine, it is just a matter of going through the necessary stages, but ...

The Connétable of Grouville:

We are not hitting any big hurdles?

Director of International Affairs:

No. It is moving ahead with solutions to all of the problems. No, there is no major obstacle, it is just a matter of taking the time to go through each stage of the process in order to get it done, but it is marching.

[14:00]