

2016.03.08

3.10 Deputy S.Y. Mézec of the Chief Minister regarding the social and economic impact of plans to outsource Department for Infrastructure jobs:

The Bailiff:

We come to question 10 which Deputy Mézec will ask of the Chief Minister? I believe, Deputy, it has been agreed, has it?

Deputy S.Y. Mézec:

Sorry?

The Bailiff:

Question 10 you are asking of the Chief Minister I believe? Is that agreed?

Deputy S.Y. Mézec:

Well, I wanted it for the Minister for Infrastructure but I do not mind if it goes to the Chief Minister.

The Bailiff:

Chief Minister, is it to you?

Senator I.J. Gorst:

That is correct. I can only apologise that the message was not received in a timely manner.

Deputy S.Y. Mézec:

That is okay. The Minister for Infrastructure has obviously had a tough day so that is fine.

[11:30]

What estimates, if any, has the Minister made of the social and economic impacts of plans to outsource Department of Infrastructure jobs and has the likely impact on income tax receipts, social security receipts, supplementation costs, income support payments and short and long-term ill health payments to those who are made redundant been taken into account?

Senator I.J. Gorst (The Chief Minister):

Each department, if they are considering outsourcing, is required to have an agreed business case which demonstrates the value for money of the proposed course of action. When considering the impact on the economy of the proposals in the Medium Term Financial Plan it is important to look at the impact of the approach as a whole and not just selected elements. This should include the investment being made in health, education and infrastructure through the significant capital expenditure over the life of the M.T.F.P. A distributional analysis will be undertaken of the measures proposed in the M.T.F.P. Addition, consider how the impact may vary across households with different income levels. The terms of reference have been drawn up and shared with the Corporate Services Scrutiny Panel for comment.

3.10.1 Deputy S.Y. Mézec:

Supplementary. The Minister for Infrastructure today seems to have flip-flopped over whether the outsourcing is going to happen, whether it is not going to happen, who is going to make the decision and what have you. If that decision has not been taken and if outsourcing, when we are talking about it at the moment, is purely hypothetical, how can it be possible to have done an impact

assessment on it and if such an impact assessment on this specific element is to be done, when can we see it and when can we have that information so that the States Assembly can make a decision on whether it is the right path of action to take?

Senator I.J. Gorst:

The Deputy should know from other answers given that will be available at the same time of the lodging of the M.T.F.P. Addition. As the Minister for Infrastructure has said this morning, there is a process to go through and it is only once we have completed the detailed business plan, which is going to look at value for money and going to look at a model that might be used, that then we can do the distribution analysis upon that. The Economic Adviser will also, as I have said, consult with other departments to look at further impacts, perhaps considering some of the issues that the Deputy has requested in his opening question.

3.10.2 Deputy K.C. Lewis:

I am reminded in the 1960s the American astronaut, John Glenn, was asked what he was thinking when he was sat in that tiny capsule on top of that huge rocket waiting to go into space, and he replied: "How do you think I feel? I am in this tiny capsule on the top of this huge rocket waiting to go into space, built by the cheapest tender." As I mentioned previously, the county councils in the U.K. and local governments are now insourcing because in the long run it is cheaper. Will the Chief Minister admit that outsourcing in the long term does not work?

Senator I.J. Gorst:

It seems this morning that we have had an ideological banter coming from some of the Deputies asking questions. The Council of Ministers is not ideologically attached to outsourcing, that is why they have undertaken the service reviews and they are doing the detailed business plans to make sure that it stacks-up, to make sure that it is going to make financial sense. Because what the Council of Ministers is committed to is not ideology, as suggested by the questioner, but by delivering value for money to the community that we serve and trying to deliver effective good services for the best value that we can. It is not just about money. At the same time, what we are doing is balancing our budgets in the medium term, as requested by our independent economic advisers, because that ultimately will deliver a sustainable government and sustainable services at reasonable tax rates alongside competitive markets, to everybody's benefit.

3.10.3 Deputy S.Y. Mézec:

That is some gall from the Chief Minister, frankly, when he tries to say that this is not ideological, right after a completely legitimate question from Deputy Lewis, which shows examples across the country of outsourcing simply not working. If the Chief Minister is taking a pragmatic approach would he not look at the examples across the country which show that there are some services which the government is better able to do and fund than the private sector? Would he accept to relook at these services and take into account the potential impact of emergency situations which may arise: bad weather, damage to infrastructure that is not predicted, and the extra cost where that ends up with Government having to fund when it is being outsourced. Would he accept that is the pragmatic way to go rather than his ideologically far right Conservative path that he seems to be taking now?

The Bailiff:

Well, Chief Minister, that was not a short question; you can speak for at least a minute and a half, if you wish.

Senator I.J. Gorst:

The Deputy is trying to say that every single outsourcing project - and I do not know which country he is referring to, I assume he is referring to every country across the world - has not worked and, yet, when he looks in his own Island, he will see that the work that Visit Jersey has done has been an astounding success; they are seeing numbers rise. That was difficult, it required us to look and operate in a different way, but what it also has delivered is greater value to the taxpayers of Jersey and it has delivered on a strategic priority of this Assembly. It is not right to take the ideological view and say that all outsourcing is a failure; there are many examples where it has been a great success. But the Minister is not taking an ideological approach, he is taking a careful approach: first of all to undertake service reviews, secondly, to get the numbers attached to these service reviews to make sure that it is delivering value for money, and then we are going to do the distribution analysis to see if there are any unintended consequences and effects, not only on the taxpayer but also on those individuals that might be impacted by this change. We cannot stick our heads in the sand and say we can continue growing the cost of government and growing the number of employees in government, as we have done for years in the past. We have got to take an approach that says: "It is about time we delivered value for money for the taxpayers into the future", and the only way that we are going to do that is looking to reform the way that we deliver our services.