

STATES OF JERSEY

Corporate Services Scrutiny Panel Population and Migration Review

FRIDAY, 16th MARCH 2012

Panel:

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

Witnesses:

President of the Chamber of Commerce, Mr. D. Warr

Also present:

Ms. S. McKee (Scrutiny Officer)
Mr. W. Millow (Scrutiny Officer)

[14:28]

Senator S.C. Ferguson (Chairman):

Welcome to this hearing of the Corporate Services Scrutiny Panel on Population and Migration and we have certain of the public here, so I will just summarise the notes. If I can draw everyone's attention to the code of behaviour for members of the public which is displayed on the wall and, in particular, to the following: all electronic devices including mobile phones should be switched to silent. The taking of visual images or audio recordings by the public during the hearings will not be permitted. If you wish to eat or drink, please leave the room. I would also ask that members of the public do not interfere in the proceedings and as soon as the hearing is closed please leave quietly. If you want to interview Members or witnesses, if you would like to, do it afterwards but any communication should take place outside the building. For the sake of the witnesses, may I confirm that you have read and understood the witness statement that is in front of you?

[14:30]

President of the Chamber of Commerce:

Yes.

Senator S.C. Ferguson:

For the sake of the ladies who do the transcribing, please can you give your name?

President of the Chamber of Commerce:

Yes, Chairman. My name is David Warr, W-A-R-R, and I am the President of the Jersey Chamber of Commerce.

Connétable D.J. Murphy of Grouville:

Dan Murphy, Constable of Grouville.

Deputy S. Power of St. Brelade:

Sean Power, Deputy of St. Brelade.

Deputy R.J. Rondel of St. Helier:

Richard Rondel, Deputy of St. Helier, Number 3 and 4.

Senator S.C. Ferguson:

Senator Sarah Ferguson, Chairman.

Ms. S. McKee:

Sammy McKee, Scrutiny Officer.

Mr. W. Millow:

William Millow, Scrutiny Officer.

The Connétable of Grouville:

I am kicking off, David, because I will have to go at 2.00 p.m., I am sorry. So they are letting me have first pop.

President of the Chamber of Commerce:

Yes, fine. No problem.

The Connétable of Grouville:

The census results, which I am sure you are aware of. What was your reaction to the latest census results and the fact that the population levels were so much higher than the figures projected in the last Strategic Plan? If I can remind you, in the last Strategic Plan they were projected in 2009 at 92,500 and they came out 2 years later at 97,500.

President of the Chamber of Commerce:

I would not say I was surprised. I think it is a reflection of the success of the Jersey economy. We currently have more people employed in Jersey, despite there being high numbers of unemployed. We have got to bear in mind we have got changing demographics. We are all living longer. So that is also putting pressure on the population of Jersey, but I think it just reflects the successful economy. It is very difficult to predict whether you are going to be successful or unsuccessful maybe 5 years beforehand and I think the problem we have is this idea that somehow the mechanism of regulations of undertakings, which one of the current measures for trying to control population, is just too simplistic.

The Connétable of Grouville:

What indications do you think these presages for the Chamber of Commerce, which is obviously the largest employer representative on the Island?

President of the Chamber of Commerce:

Sorry, could you explain what you mean by that question?

The Connétable of Grouville:

Basically, how do you think it is going to affect your members as regards employment?

President of the Chamber of Commerce:

Regarding employment, while businesses are growing the population will grow and I fundamentally believe that needs to happen because, if you look at the projected figures for old-age pension and the State pension, we are currently in a situation whereby for every 4 people employed it pays for one pensioner. In 30 years' time we

are going to be down to 2 to one and somehow we have to keep generating the funds to pay for people in their old age until we think of a whole new model. So what are the implications? I think right now, yes, we do need a degree of control in some way. I am not convinced that the method of control right now is the right one. I think it is far too blunt an instrument, but the reality is Jersey is a successful economy. It is far better, dare I say it, that the Island population is growing than it would be if we were declining. I think we would then be in a really disastrous situation.

The Connétable of Grouville:

Okay, so that is virtually the answer to my third question as well.

Senator S.C. Ferguson:

Can I take you back on this? You talk about the dependency ratio falling but in actual fact we heard this morning that the dependency ratio after this current census is very similar to what it was in 2001. How does that affect what you are saying?

President of the Chamber of Commerce:

Well, we are talking about going up into 2050, something of that order, where the dependency ratio will change. We already know we are all living longer. We are all fitter. We are all healthier. There are more people who get to the age of 100 now than they did a decade ago and surely it is fairly simple maths to sort of say: "Right, if you go forward on that to 2050 they are going to be even more plus 100, plus 70, or whichever level you put the retirement age at, who will need somehow to be funded in their old age." It does beg lots of other questions about how we fund people in their old age and Third Sector and we go away from that, but that is the harsh reality. So we are increasingly going to have the same working population but having to pay more people living longer who are not earning.

Senator S.C. Ferguson:

Yes. You are assuming that you are going to have to fund all these old people?

President of the Chamber of Commerce:

I am and under the current model I think we pretty much are. I think the challenge we face is that in the end the burden will become too great on the States if we carry on

the way we are at the moment. I think we have to get some kind of mentality that encourages long-term saving. Now, whether you do that as individuals or whether you do that as a business and give business incentives to encourage businesses to save in the long run, you know: “Pays your money, takes your choice.” I think we do need to think about that.

Senator S.C. Ferguson:

I like that because it sounds as if you are encouraging a move away from: “The nanny state will provide,” to taking personal responsibility for yourself.

President of the Chamber of Commerce:

Absolutely and I think personal responsibility - you hit the nail on the head there - is where it is going. We have to have savings plans which are, using friendly words, portable, cheap to run and all of that kind of thing, so that people move from one job to another they do not lose out, which is the danger you have in the current system. Also, I think it is, in the wider States side of things, how do we keep the burden of the States on our overall society down and what structures do we need to put in place? I am a great enthusiast of the Third Sector at the moment because I believe that service delivery needs to come away from the States. The States need to organise things, but service delivery itself should go elsewhere and I think we need to get on with that and push that. It is very, very important. Why do I say that is important? It is important because the burden on business ultimately will cause businesses to become uncompetitive. If we do not do something about that we will have to put social security up ahead of time, we will have to increase I.T.I.S. (Income Tax Instalment System) still further and our tax rates will have to change just to accommodate the burden of the States. Now, if you keep doing that, local businesses cannot compete with other businesses outside of this Island. So I think we all have a part to play.

Senator S.C. Ferguson:

Given your feelings on this, you agree with the decision to keep the management of and migration as a top priority in the new Strategic Plan?

President of the Chamber of Commerce:

Yes. It is one thing to say the word “manage”. I think that is a very simple term to use. The actual delivery is the challenge and I think we have seen the evidence over the last decade is that it is very difficult to do that. What I brought along today, and I am more than happy to pass this across to you, was some research I did on population growth in Jersey between 1961 and 2008 and also 1971 to 2008. Why is it pertinent? It is pertinent because in the early 1970s we tried to control population through a law called Regulation of Undertakings and Development (Jersey) Law 1973. Now, when we tried to do that the idea was that we would control how many people businesses would employ. If you look at the statistics, the rate of increase in Jersey’s population did not change one iota. Businesses still needed to do business and I think there was a bit of pragmatism in the background which said: “Well, we do need these people. Let us hire them.” But obviously what happens when you bring in things like Regulation of Undertakings laws is you put a lot of upward pressure on wages and, again, you come back to business competitiveness. So I think it was extremely blunt tool. I do not believe it is the solution. I think there are other solutions. I know Deputy Power has some views on that point. I think we have to be very, very wary as to exactly how we manage migration and what we mean by managing migration.

Deputy S. Power:

The 2 graphs, which I have seen before, the 2 parallel lines, that is population growth on the Island and the rate of employment on the Island, are absolutely parallel. So it proves that the Regulation of Undertakings and Development (Jersey) Law was largely ineffective and was purely a statistic-gathering exercise and possibly information-gathering.

President of the Chamber of Commerce:

Correct.

Deputy S. Power:

I think I would agree with you on that.

Deputy R.J. Rondel:

Is that because it was not enforced?

Deputy S. Power:

It was not possible to enforce it. It had no clout and I think the Chairman asked a question this morning, had the Director of Population Office ever instituted legal proceedings in the last 5 years. The actual answer is he has not instituted legal proceedings in this country in the last 35 years and that is what happened.

President of the Chamber of Commerce:

Since I took up the cudgel with regard to small businesses, because my personal business came into an issue here whereby we struggled when employment was ... we have got pretty much full employment. We struggled to find an appropriate person. We suddenly found we did not have a licence to employ someone unqualified and that put us in an extremely difficult position as far as the business was concerned. The day-to-day operation of the business was put at risk and I complained bitterly that by holding my hand up and saying: "I do not have a licence," to the regulators, I got into more trouble by doing that instead of filling out the form and just tick the box and gone: "Yes, we are all doing that," but no one was checking and no one has been checking. So the people who have fallen foul of all of this are the people who have been the people who put their hand up and admitted that they require unqualified people.

Deputy S. Power:

I would go so far as to say - and I pose the question to you, David - that those people who conform to the provision of the Regulations of Undertakings who be honest and say: "I do need to hire this girl or this chap and they are non-locally qualified," are causing themselves problems and, in actual fact, the law is an incentive not to conform to the law because of the way it is structured.

President of the Chamber of Commerce:

Correct, and what is the point of a law if you are not going to police it?

Deputy S. Power:

It is creating ideal conditions, would you not agree, for an economy almost on the black side of the economy.

President of the Chamber of Commerce:

A black market economy, yes. That is true. I think what I have already heard and I know this is ongoing at the moment with regard to licenses, because of this concern of unqualified people on the Island and obviously due to the fact that we have got this 1,700 people unfortunately currently actively seeking work, I know the Population Office are actively reducing licences to businesses. Now, I am concerned about it in that I would like to think it was a two-way dialogue. It was an agreement that: “Okay, we have got 10 unqualified licences. We have only ever used 3.” Population comes back and says: “All right, do you mind if we reduce that to 7 unqualified licences?” That kind of negotiation, but from what I understand right now there is no negotiation. Once the Population Office say: “This is how many unqualified licences we are going to give you,” that is it, end of; there is no discussion. I am appalled by that because I think that has huge implications for business.

Deputy S. Power:

Does that not endorse what I have just suggested, that is almost a situation that is making it difficult for a small company - small business I am talking about here - to conform to the provisions of the Population Office at the moment and they go out and do their own thing?

President of the Chamber of Commerce:

Absolutely. To remain competitive, yes. I think the other thing we always have to bear in mind is if you constrict labour flow into businesses, what do you do? It is a very simple equation. It is supply and demand. If you restrict labour flow you therefore push wages up. I mean, okay, there are people, I am sure, who will say that is not a bad thing but, as far as a business is concerned, you have to pay competitive wages and people have to be paid commensurate to their ability the whole way along the line. That is not a Jersey thing. That is a global thing. That is an international thing. You will not find Tesco in the U.K. (United Kingdom) paying super-wages to their shelf stackers. If they are not doing that, why is anybody else having to pay a premium just because of regulation which we have installed over here? We will damage our economy. We will make businesses uncompetitive and, in the end, the consumer will suffer.

Deputy S. Power:

Can I just ask one final question on the census figures? We have seen the *Census Bulletin 2*, which showed that the spike in the growth rate came after 2004 when 3 countries joined the E.U. (European Union). That was Poland, Romania and Bulgaria. We have seen a spike in the growth rate from those 3 countries from 2005 on because some of them came here. Others went elsewhere, but we had them here. So if you combine that spike, which is an increase in net migration into the Island from those 3 areas, plus the birth rate, which has increased statistically in the last 4 years as well, would you think it is fair to say that the population of 98,000, having expanded from 92,000 over a period of time, is probably going to expand at the same rate for the next 5 years? It is not a trick question because we have already had an answer to this and the answer was what you think it ...

President of the Chamber of Commerce:

Okay.

Deputy S. Power:

Do you think that our population will go up to 103,000 or 104,000 in the next 7 years?

President of the Chamber of Commerce:

My immediate reaction is yes, but you have to turn around and say: "Yes, but in context to what?" If we are seeing an economy that is in decline, right now, if you look at the figures, the latest stats on retail sales: non-food have declined by something of the order of 10 or 11 per cent. Even our food spending has flattened. I would almost argue and wonder whether we are currently seeing some emigration away from the Island at the moment as the job situation becomes critical because at the end of the day, if you are unqualified and you are living in rented accommodation and you cannot find a job, seriously you are not going to stay in Jersey. You are going to go away.

[14:45]

You are not going to hang around and pay whatever it is. So I think the market, to a degree, is going to naturally correct itself. Your question is: "Are we going to see, therefore, 5 years down the track, 100,000-odd population?" I have to qualify that. It

all depends. If Jersey's economy does not come back up fairly rapidly I would say no, we will not reach that number. If it does and we start to go ahead again with new ideas in new areas, yes, there is every reason that we should be there. My question to you is: what do you believe is the right number?

Deputy S. Power:

Good question. We do not know. I am going to answer that question by asking a final question and that is we do not know. We know that there is population modelling going on at the moment through the stats unit and the Council of Ministers but what I would say, if we are looking at net migration figures at the moment coming into the Island from those areas plus the birth rate, unless something dramatic happens to change that pattern, the answer is we will go up 5,000, 6,000, maybe 7,000.

President of the Chamber of Commerce:

What I would like to hear from politicians across the board, though, is rather than have this fear factor in the headlines in the *J.E.P. (Jersey Evening Post)* of: "Goodness me, we are at 97,000 people in the population. Is that not terrible? Is it not awful? Let us go back to the 1950s or 1940s and come back down to whatever it is was then ..." The reality is we cannot go back. The question you have to ask is: why do we put fear into people's minds about the level of population that there are on this Island? We have a finite set of resources in terms of water and electricity, natural resources, so we can only fit whatever that X number is. What concerns me is that if you put fear into the population that says: "You know what, we have a prediction that the population of Jersey is going to be 110,000 in 2030," everybody will say: "That is outrageous," and we will just shut the doors. All that you do is you end up with ... the guys who pay for it in the end are businesses because businesses end up finding they cannot get anybody because no one will allow anyone else to come on the Island and we get into an impossible situation. I think we have to be realistic about what Jersey can do and I turn around and say if we want to control migration in some way, shape or form we have got to find a more sophisticated way of doing that than we have at the moment.

Senator S.C. Ferguson:

Yes. In fact our adviser, Dr. Boden, who unfortunately had to leave to catch a flight, raised the query as to whether a headline population figure was the most constructive way of working it. I mean the real thing is on the numbers of jobs available in the Island. That is surely more important. But going back, if I may; you were talking about the number of non-licensed people and the numbers were being dropped. To your knowledge, have your members been objecting to this? Have they appealed? What is the reaction?

President of the Chamber of Commerce:

It has only literally come about in the last couple of weeks that I have been made aware that these licences are being reduced and presumably these are people who are renewing their licences for the next 3 to 5 years. That is where it has become apparent. A couple of them were hoteliers and obviously that is a difficult industry maybe to find locally-qualified people. They want a certain quality level and they are concerned that, if they do not have a large pool to draw from, the quality of service that they are able to offer may well fall and they feel that, yes, every business - and I think I can say this for all businesses on Jersey - we will all want to employ locally-qualified people. It makes a lot more sense for me to employ people who have roots in this Island than people who do not have roots. An example happened to me 2 days ago. A manager of our café has said she is going back to Poland with her boyfriend. Okay. Now, that is easy for her. She literally gets up out of her rented accommodation and off she goes. If you are more rooted in Jersey you are going to stay there and you will be, hopefully, longer-term employed. As far as a business are concerned, that gives me much more stability because it means I do not have to retrain. I can keep developing people within my business to do jobs maybe they did not initially come into be employed for. So, again, it is a misnomer that all businesses want to do is get cheap labour. That is not the case at all. What businesses want is stability, certainty and all those kind of things and they want the right people for the jobs they want them to do, the best people for the jobs they want them to do. I feel I am rabbiting on a bit here, but my one example: on Saturdays, for instance, we employ 3 superstar pupils, 2 of them from Jersey College for Girls and one at Victoria College. They are unbelievably good. These are 16 year-olds. The feedback we get from customers is incredible. They are really good. The sad fact is in 2 years' time they will go off to university and go wherever. Now, I have already been quoted as

saying: “Jersey’s greatest export is their young people,” and I hold by that. These people have that ability to really lift my business and I would employ them tomorrow if I could get hold of them, but, sadly, when push comes to shove and it comes back into Jersey again, they are looking elsewhere, obviously for higher paid jobs. They want to move on in their lives, but the reality is what we are left with, as far as, say, retail is concerned or maybe jobs outside finance - let us put it in a very basic term - it is a challenge to find people as motivated as that who are local. When I talk about “local” I mean with a local surname, rather than people who have become local maybe because they have been here over 5 years. That is the differentiation. Again, a classic example is this. We are opening a new operation down on the waterfront. I have already have C.V.s (curriculum vitae). We are not going to open until July. I have already had a sheaf full of C.V.s from a load of individuals, all with Polish surnames. I have not had one C.V. from a local individual. Now, what does that tell you as an employer about the dynamics of the market and what is going on?

Senator S.C. Ferguson:

Have you advertised down at the ...

President of the Chamber of Commerce:

I have not even advertised it. I have not even advertised this job. We have simply got our company logo on the window saying: “Opening soon.”

Deputy R.J. Rondel:

Are you working with the Advance to Work Scheme?

President of the Chamber of Commerce:

We have and we have hired one individual from the Advance to Work Scheme on their background who happened, interestingly enough, a Portuguese guy. That is quite an interesting point. What I am saying is the difference in proactivity of the Poles or whichever nationality you consider is so much greater; their desire to get out there. That is what I want to see. I want to see desire. I see desire in my young people on a Saturday, a highly motivated workforce. I do not see that same desire of people who want a full-time job or are capable of doing a full-time job in the retail

industry. Okay, I am tarring everybody with the same brush here and I am sure there are some brilliant people, but what we see is not the case.

Deputy S. Power:

You could deduce from that that those who are here less than 5 years, who are not entitled to any benefits, are wholly motivated to work and I think the result of that is there is a much lower unemployment rate among that group than there is among other groups. That is probably the point of it.

President of the Chamber of Commerce:

Of course, they are motivated to work, but who does that benefit? That benefits us because it means the quality of the delivery of service that we can give our customers is greatly improved. That means the customer experience is greatly improved. That means our business is successful and we hopefully have a sustainable business model, which then in turn hopefully allows us to make profits, which in turn allows us to pay social security and taxes and so forth and so on. You know, it goes all the way down the road.

Deputy R.J. Rondel:

Moving on to population control; in your opinion, David, what action needs to be taken to control immigration and the increasing population levels or otherwise?

President of the Chamber of Commerce:

From what I can understand - and I am not in the housing game, as it were - I can only see population being controlled by limiting the amount of housing availability. Sean talked about this before, about limiting the unqualified sector or better controlling the unqualified sector as a way of doing it. Maybe that is a way to do it. It is ultimately hugely challenging because the danger, when anything is in short supply, i.e. labour in short supply, inflation becomes rampant and you create inflationary pressures. I think it is a very great challenge. It is a huge challenge because you almost have to turn around and say: "This Island is successful enough. We are going to stop there." How do you do that in a market economy.

Deputy R.J. Rondel:

Are you aware there is a new housing law coming in?

President of the Chamber of Commerce:

Yes, I am away. Yes.

Deputy R.J. Rondel:

What are your views on that?

President of the Chamber of Commerce:

I think a little bit more control on that, absolutely. I do not have one view either way with it but I think that is possibly the way to go, to be fairer.

Deputy S. Power:

The Director of the Population Office has said - and I am not putting him down or anything; it is an observation not a criticism - that the name and address register, which will come in under the control of Work and Housing this year, should be up and running by the end of the year. That is a name and address register. As a small businessman, how do you feel about having to conform to a new law where every one of your employees will have to have their domicile and a new name and address card being done in a kind of finite period like that? Has the Chamber considered the implications of that?

President of the Chamber of Commerce:

You are now starting to go down the ... having a card to work on this Island and I know that is the I.D. (identification) card. I know lots of people have very strong views about that, but I think, as far as liability to business is concerned, if we talk about breaching the law, currently the way the Regulation of Undertakings work is somebody comes in and says: "I am 5 years qualified." Okay. I, as a business, have 2 unqualified licences. Someone comes in through the door and says: "I am 5 years qualified. Here is my C.V. It shows I am doing that." As far as I am concerned, that is good enough for me and I think lots of people would say: "That is good enough for me." But they could be turning around and saying: "We have only been here 3 years," and they are going in under false pretences. The problem with that is the liability then falls on the business because one could argue then that the business has

not done a due diligence check on it and, therefore, if Regulation of Undertakings knocks on the door, they can take you to task over it and say: “Right, you cannot have that person. Get rid of them,” kind of thing. So I think - we talked about policing earlier - this is probably going to police the situation a bit better and probably take the onus away from businesses because basically there is a card there that says you are either qualified or not qualified in a very simplistic term. If you are talking about policing this situation, I think that is probably a better way. Okay. I come at it from a slightly different angle in that I am not so worried ... yes, the legality is important, but I come at it from a different angle in that I would like to think that there was flex within my workforce that allowed me to have a percentage of people as unqualified in case we cannot find the appropriate qualified people. So my angle is, yes, I agree with what the Population Office are doing but I think they should give a little bit of official give to businesses ...

Deputy R.J. Rondel:

Discretion.

President of the Chamber of Commerce:

Discretion, yes, that is the word I am looking for - discretion to businesses to say: “Right, if you employ 10 people you can have 10 per cent of those people as unqualified people; 90 per cent have to remain qualified.” I think we have to have that degree of discretion and that is the important bit rather than the aspect that you are approaching.

Deputy R.J. Rondel:

Do you think the Chamber itself could play a part in helping to manage population figures?

President of the Chamber of Commerce:

Goodness me. How much further can we go from here? I will be in healthcare soon. Can we help? I think all businesses are sensitive to these discussions. I think we all live here; we all work here; we all know these issues. Can we do something about it? I think what we have to do is encourage maybe employees to get more training in, encourage employees maybe to do a little bit more in the way of apprenticeships.

You know, trying to get young people into the idea of what work means; the idea that you have to get up at 9.00 a.m. to go to work on a Monday morning and it is not just something you do for fun. I think that is the kind of thing we need to get into the system. Now, my only thought would be is what encouragement might there be given to business to do that. You know, is there a role in which there is some - let us put it in simple terms - tax breaks? Well, we said that businesses do not pay corporation tax any more under the Zero/Ten ruling, but if there was some way of incentivising businesses for young people. The danger you get into is exploitation and I know that is a big issue that happened to Tesco and has happened in the U.K. recently. It is a challenge.

Deputy R.J. Rondel:

Do you support the schemes like the Advance to Work Scheme that the Government has set up to help?

President of the Chamber of Commerce:

Absolutely. No, I think it is great scheme. Someone said to me: "Why is this not being run by the private sector?" I do not know if the private sector would be quite as broad-brush as the Government scheme has been. I have to say I sit on one of the boards of the A.T.W. (Advance to Work) and I think it is extraordinary what these youngsters do. What is so tragic about it is that they are given so much opportunity, so many doors are opened for them, whether it be help with health and safety, whether it be getting a St. John's Ambulance lifesaving qualification certificate, you know ... all sorts of help has been given to them to the point where you almost say: "What more can we give of these young people to be out there and be motivated to go and do work?" I almost feel like it is coming to a culture.

[15:00]

We have to have a culture shift and maybe people will be forced to have that culture shift, especially in light of what has happened yesterday with probably greater numbers of people being unemployed; our unemployment rate becoming over 2,000. Maybe the penny will drop and they will become hungry for work, our local populace. Yes, applaud A.T.W. but be warned that we are not making a rod for our own back.

Deputy R.J. Rondel:

Absolutely. Were you surprised at the amount of local people employed within the low value ...

President of the Chamber of Commerce:

Not at all. Again, it is this thing bandied about that the fulfilment industry only employs unqualified people because they are cheap labour: "All you need is envelope stuffers." What the fulfilment industry does is take up a lot of the slack of our lower-skilled workforce, people who have not got great ability but who can find a job to do. The question is: once that goes, where are these people going to end up? Are they going to end up as long-term unemployed? I think that is a tragedy.

Deputy R.J. Rondel:

Do you think there is an element of them employing people that are here for just over 5 years ?

President of the Chamber of Commerce:

There may be, only because of a demand issue. At seasonal times companies like play.com and other big ones, Indigo Starfish, just could not get enough people in around the Christmas period to hire locally and were just pulling in people from everywhere.

Deputy S. Power:

David, we have brushed on the unemployed in Jersey and you talked very eloquently about the 3 girls that you have had who are heading on to hire education and are not going to come back to selling coffee.

President of the Chamber of Commerce:

Sadly, yes.

Deputy S. Power:

How do we get some of the 1,500 that are out there into able employment such as with Coopers, such as with locally-owned businesses, such as with ... How do we deal with that and what concerns do you have about that unemployed in Jersey?

President of the Chamber of Commerce:

Let us just try and break that question down. There is always going to be natural churn in businesses in terms of people retiring, people leaving for other reasons and, therefore, jobs are going to become available. The nature of business has to be that we will employ local first and that is what we have to try and stay focused on. So there will be natural churn. Businesses themselves have to grow; there is no doubt about that. It is interesting that the Government is suggesting that they give money to businesses to take on board students. It is businesses who have a turnover of under £300,000. I think that is the figure that has been quoted. How is that sustainable in any way, shape or form? If you do not have a position for this individual in reality, one your time is up, in terms of having that person there, you are going to just lose them because you are not going to carry the burden of paying their social security and paying all the other costs incurred in employing somebody. I think the way forward is growing the economy, which then comes against your barrier of: "Where is the level of population going?" But it all comes down to the economy being successful. Businesses growing creates positions, creates jobs, and that is why it is so important that Jersey's economy remains strong, remains competitive and all of the other things we have talked about.

Deputy S. Power:

I think there is a correlation, is there not, between micro-economics, the theory of the firm which has to grow to survive, and macro-economics - you know, the macro-economic scale in jurisdictions and countries - whereby it does not do well in a recession and it does do well when it does have a degree of growth and prosperity. We have to deal with this unemployment figure and I do not know whether it is a cultural change needed or an attitude change needed by the States, by the employer or by the young people or those people who do not simply seem to find a niche for themselves.

President of the Chamber of Commerce:

Yes. It is probably a bit of everything under that list of 5 items you said there. I hate this every day, this idea that businesses are seen as pariahs. Business is there to be part of the community. As long as a business operates legally, makes money, hires people, does that, what more does society want from business after that? I think we have to get over this idea that all these businesses are trying to do is beat everybody up, beat all the employees up so that some “fat cat” ... I guess you could probably point a finger at me. I was called a fat cat by some lady on an email recently and I was staggered; if she only knew how many hours a small business owner puts in. I would like to put her in my position and see what she thought about doing that. There is a real perception problem that we have. There is one culture change that we need to get over. I think Steven Hester giving up his £1 million bonus as head of the R.B.S. (Royal Bank of Scotland) is one thing. A small business owner in Jersey with a turnover of £1 million is a completely different ballgame. I think we have to stop merging and messing around with all of that. Yes, I think there needs to be a culture shift. The problem I always have is tarring everybody with the same brush. There are youngsters out there who are well motivated, who are struggling to find jobs, but I am always amazed. How is it that a Polish individual or a Romanian or something like that can find employment? How is it that they can find employment and yet there are local people out there who say: “There is not any job out there at all”? What depresses me a little, I noticed from the Town Hall launch for jobs, was: “Well, I would never want to serve in a restaurant. I would never want to move plates around. I would never want to do this.” Do you know what? If you have got nothing and you have got no job, hey, doing something is better than sitting on your backside at home and doing nothing and you have to start somewhere. People have to understand that you have to build a C.V. You are not going to become a rock star at the age of 25 because you are seen on You Tube and that is what happens to people. No, the reality for 99.9 per cent of people is they have to get out there, go to work, build a C.V. from scratch regardless of what they do. I am sure some of the Richard Bransons of this work have done some pretty funny, odd jobs to earn a few quid to get themselves going and I think if we could get that mentality through we would be getting somewhere.

Deputy S. Power:

I think you are right. You also said in your letter of submission to us: “It is important from a competitive perspective for a local business to be able to hire the best person for the job. That means that all businesses should have access to the unqualified market, regardless of size or sector.” In your opinion how do we do this? How do we factor that into control ...

President of the Chamber of Commerce:

Well, I come into the unqualified licences. I mean I just think that is my point; it should not be about a business fighting to have some degree of their workforce unqualified. I think it would save a lot of time and a lot of stress if you turned around and said: “Right, if you employ” - let us take a number of the sky - “5 people you are entitled to one unqualified. If you employ 10 people you are entitled to 2 and so forth and so on.” The majority, 80 per cent, of your workforce should always be locally qualified, but giving that flex is the person who walks in the door ... and I have had it in my business where we have been looking to hire somebody and found that an individual worked in the door - and it is a guy from Sweden who gave me this book when he left because he was quite a character - and I hired him because he was brilliant. He was superb. He transformed the internal workings of my business. Now, if I had not had that unqualified licence, that one unqualified licence, I could not have hired him; hired him legally, put it that way. I could not have hired him legally and I think it is that sort of point where sometimes you find the person at the most unexpected moment who will make a difference to your business and I think we have to have that degree of flex because it does not just help me; it helps my business and I go back into profitability and sustainability.

Senator S.C. Ferguson:

You are exceptional perhaps. There are a number of employers who would hire people who walk through the door on the basis that they are cheaper to hire.

President of the Chamber of Commerce:

Yes.

Senator S.C. Ferguson:

Would you subscribe to perhaps the Singapore approach where, if you want to hire somebody who is not qualified, you pay into a training fund which is used to train local people up better for jobs?

President of the Chamber of Commerce:

I think that is an interesting idea. I mean, I think that is one way of doing it and it would then discourage people from just taking people off the street because they felt it was a saving. The other area that has been suggested is where you grant licences to businesses to come on to the Island. One of the areas is people are given J-Cats (J Category) or the lead person coming on ... maybe it is a hedge fund who is coming on to the Island. I think there has to be something within the agreement of them accepting that licence that they will train the next leader of that hedge fund up, as it were. So they have to give guarantees that they will train people on the ground to go into their business if those people are not currently here. What you are saying and what I think I would say is I am not very far away from that and I think that is a very, very good idea.

Deputy R.J. Rondel:

What is your and the Chamber's view on balancing growth against the massive demand for housing?

President of the Chamber of Commerce:

How do you balance growth again ... sorry, what was the second point you made?

Deputy R.J. Rondel:

Against the huge demand for housing and, leading on to schools, we have just seen now we have got a call for an increase; a couple of primary schools needing extra classes again. A lot of it is from immigrant labour staying over here. What is your view on that?

President of the Chamber of Commerce:

Well, at the end of the day the Island is 9 by 5 and if we are going to concrete the whole place over I think we will all leave.

Deputy R.J. Rondel:

We cannot have both.

President of the Chamber of Commerce:

That is a good question. You cannot have both. It sounds like you cannot have your cake and eat it. I think we are a long way off that still, in my view. We have an Island Plan which says green fields should remain green and that all building and development should happen in St. Helier and we should develop in St. Helier. St. Helier has got a long way to go yet before it becomes overly densely populated. There are all sorts of other issues thrown into there, but I think we have still got a long way to go. I think what I would say - and I come back to one of the root things of Jersey Chamber of Commerce's plan B idea - is the States will own £2 billion worth of assets. Are those assets in the right places? Are they still in the right places? Is there anybody overseeing all of those assets and saying: "Well, you know what, we do not need that there anymore. Let us release that and put this here." We need a lot of big thinking in that respect to move forward. It is interesting you talk about births growing and the demand on primary schools but right now you are probably aware at secondary school level there are empty classrooms. So we have this juggling act and it is going up and down as the decades go by. Of course, one of the issues is that, because we have empty classrooms at the moment, the cost of education is probably a lot higher at secondary school level than it should be at the moment. I do not think anybody in this room is going to talk about closing schools down just yet but it is a real dilemma. It is a real dilemma how you balance that because ... Sorry, we are getting into education. I will walk away from education now. It is another pet hobby of mine.

Deputy S. Power:

Will I come on to the next one?

Deputy R.J. Rondel:

Yes.

Deputy S. Power:

Slight change of direction. You also quote: “One of Jersey’s greatest exports is her local young people.” I think what you are implying in that statement is that a young Jersey boy or a young Jersey girl goes off, gets a degree and, for whatever reason, they do look to come back but do not come back and one of the issues may be the cost of coming back and housing and that is a big discussion. What would you do to change that? How do they get them back? How do they make it more attractive?

President of the Chamber of Commerce:

Well, I think economic diversification has got to be the big one. You know, we have got to be broader than a finance-led Island. We have to look at other areas. Look at the big picture in terms of sustainability. We are going to run out of oil in the not too dim and distant. What are we doing about encouraging a better use of our resources? I know it is a long way off, but wave technology. Are we getting engineers who can develop and look after turbines that will work better in the sea going forward? Are we sponsoring our youngsters? Dan Murphy who has left the room now is in tidal energy. There are a whole myriad of areas which I believe we should be investing in our youngsters to go out there and do the research for us so that they can come back and build what we need going forward into the future to have a more sustainable Island. Building a £100 million energy-from-waste plant: you have to question, is that a sustainable investment or not? I would argue it is not. We need much cleverer thinking than that if we are going to have a sustainable Island in the long run. For me, that is where you create opportunities for our young people to come back, whether it be engineers, scientists or whatever. I am not sure if you are aware but there is a gentleman who has set up a micro-laboratory in mass spectrometry on the Island at the moment, Dr. Howard ... I am trying to think of his surname. I cannot think of his surname off-hand, but he is at Hotel de France. He gets samples from all over the globe for him to put through his very sophisticated equipment, which requires some very clever scientists with Ph.D.s (Doctor of Philosophy) and all the rest of it. There are lots of micro-industries out there which, if we could get a handle on and understand how we can attract these people to here, we will successfully diversify the economy and have an economy that has a high-value jobs to which our young people, who we have spent fortunes educating on this Island, will come back and have an opportunity to use.

[15:15]

Senator S.C. Ferguson:

Is that something that Government should be doing or is that not something that the Chamber of Commerce should be doing?

President of the Chamber of Commerce:

I think it is 2 things and it is a good point. I think it is business working with the States doing it and it comes back to: what is the purpose of Government? The purpose of Government, for me, is to provide the right infrastructure for businesses and business will then use that infrastructure appropriately. So what you need is a strategy that says: "This is where we are going to go. This is the area we are going to attract," whether that be Government-led or whether that be businesses saying to Government: "We believe there is an opportunity in this area but we need this. We need you to do this." I come back to the £2.5 billion worth of assets owned by the States. One of the arguments on the Esplanade Quarter is: should it be a mini-high-tech industrial park rather than more offices for the finance industry? Good question. I do not know. I do not know how affordable that could be, but I would be interested to know if anybody is seriously researching that and saying: "There is an opportunity there."

Deputy S. Power:

May I ask just the same question leading on about exporting our finest and youngest? First of all, you have often said and your predecessor said that the size of the Government of Jersey is too big.

President of the Chamber of Commerce:

Yes.

Deputy S. Power:

One of the ways to make it smaller is sometimes that Jersey has gone out and ...

President of the Chamber of Commerce:

Sorry, can I correct you on saying "too big". "Affordable", I think, is the word I used.

Deputy S. Power:

Affordable, yes. I think that is more appropriate. Yes. In other words it is a bit unwieldy and it could be more efficient. One of the things that the States has done in the past is it has tended to privatise on a scale that is outside the scale of small business. You hinted at that in an earlier comment to do with the census. Small business is efficient and small business needs to grow. Would you not agree that the States should look towards privatising smaller portions of its activities to smaller business rather than the big ones?

President of the Chamber of Commerce:

That is a good question. If you are talking about service delivery in any aspect I would say the States should always ask the question: “Should we be doing this? Should we still be doing this?” There are going to be areas where the private sector cannot take on board because it is not viable. There is a social element. I have got to be careful when I talk about social element. There is an element which, in pure business terms, you would not do and, therefore, one would say the States should do that. I then go on to the question of the Third Sector and, if you are looking to try and get stuff away and trying to reduce costs out of the States, I think the Third Sector desperately re-organising in every aspect. There are so many people out there who want to do work, who have got time on their hands to do things. It simply needs focus, a strategic direction to be placed on it to help. I think that would then naturally lead to the States saying: “Well, you know what? Business may not want to do that but maybe this could be done by the Third Sector and what we will do, as far the States is concerned, we can give you a fund of £100,000 to get you going and that is what you will need to do that,” whereas originally it would have cost the States let us say £200,000 to do it in-house. Let us use the term “in-house”. So I think it is a bit of a balancing act. It is not simply a case of: “Let us privatise everything.” It is a case of Government has a part, the Third Sector has a part and I think the private sector has a part to play.

Deputy S. Power:

Given that small business is the biggest employer on the Island, I think, would you not agree, that getting locals back to work on the Island ... the incentive has got to be

to help small business to get these people back and that is where the things that Government should get out of should be given to small business and not big ones.

President of the Chamber of Commerce:

I think that is just over-simplifying. If you are talking about trying to grow the economy and that is a method of growing the economy, possibly. Maybe what you have to do by doing that is create new business opportunities and maybe that is a way forward, but probably my biggest view would be that what you need to do is grow existing businesses into larger organisations. One of the things I think Jersey businesses could help themselves a lot with, and it is something I am very keen on, is working together an awful lot more as an operation, using suppliers who are local suppliers, because, if we all use each other, by doing that we create successful businesses, just purely by working together. Let us use a bakery, for instance; buying simple products like bakery products. Now, if I buy from Bakery A and CD&E Company buy from Bakery A, it does not take a rocket scientist to work out that that bakery is probably going to employ 2 or 3 more people to do that and so it multiplies that way. So I think some of the mentality and maybe the message that the Chamber of Commerce should be making is ... you know, we talk about this simplistic thing of: "Think twice, buy local," but I think businesses need to think more about that as well and the impact they have. Again, you have to come back to some businesses are willing to do that and be creative and be inventive and move forward; other businesses go: "Do you know what? I cannot be bothered," but then they are the ones who fall and die.

Deputy S. Power:

What is your view on the permits being issued to U.K. franchises over and above your own thing, in terms of employment?

President of the Chamber of Commerce:

Let us have a think about that. What good does a U.K. franchise come into the market do for the market? From a consumer point of view, one would argue that it brings in more competition. Now, the question is, if they are employing locals that, I guess, is good because they are going to be paying local social security and all of those kind of things. I do not know. I have mixed views about franchises coming in but the harsh

reality is it is the marketplace. Whether you like it or not, there is a demand for - I will not go through the list but certainly in the food sector - the cheapest food available to the most expensive food available and across the whole field. Now, if you, as a business, are an entrepreneur and think there is an opportunity and there is money to be made in one segment of the market, just get out there and do it. I think you cannot start telling ... you become protectionist in that respect and I think if you become protectionist we will have everybody buying on the internet. It is bad enough as it is now. That is the danger. So as much as you love it or hate it, the reality is it is the market; get on with it and deal with it.

Senator S.C. Ferguson:

Yes, and keep Government out of making commercial decisions.

President of the Chamber of Commerce:

Yes.

Senator S.C. Ferguson:

Super. Nothing more?

Deputy R.J. Rondel:

Very informative.

President of the Chamber of Commerce:

Is that right?

Deputy R.J. Rondel:

Yes, terrific. Thank you very much.

Senator S.C. Ferguson:

Thank you very much indeed.

President of the Chamber of Commerce:

No problem at all.

Senator S.C. Ferguson:

What was in the book?

President of the Chamber of Commerce:

This book is basically 1,000 years of immigration into the U.K. and it basically talks about ... in fact I wanted to read you the one quote here. Can this go on record or is this shut?

Senator S.C. Ferguson:

Do you want it to go on record?

President of the Chamber of Commerce:

I would like this to go on record. Yes, please.

Senator S.C. Ferguson:

Yes, that is all right.

President of the Chamber of Commerce:

Can I read this out?

Deputy R.J. Rondel:

Yes.

President of the Chamber of Commerce:

This is a quotation from a book entitled *Bloody Foreigners* by a guy called Robert Winder and it says: "We might do better to think of Britain" - talking about the U.K. as a general - "as a lake refreshed by one stream that bubbles in and another that trickles out. The fish might squabble and at times attack one another. Conditions sometimes favour the pike, sometimes the minnow. Every so often the incoming stream stirs the still pond, but over time the lake adapts and develops a new, unexpected ecology. Without the oxygen generated by fresh water it would stagnate." I think that is a point to think of.

Deputy R.J. Rondel:

Very good.

Deputy S. Power:

Thank you, David.

Senator S.C. Ferguson:

Super, thank you very much indeed for your time.

President of the Chamber of Commerce:

My pleasure. Enjoy the rest of your afternoon.

[15:23]