

21.03.02

5 Senator S.Y. Mézec of the Chief Minister regarding measures taken by the Government of Jersey to address the impact of a long-term freeze in real-terms earnings (OQ.63/2021):

Will the Chief Minister advise what measures, if any, the Government will propose to ensure that the decade-long freeze in real-terms earnings that Islanders have suffered since the last financial crash does not continue through to the aftermath of the COVID-19 pandemic?

Senator J.A.N. Le Fondré (The Chief Minister):

We must remember that we are still in a pandemic, which has been one of the most seismic shocks the world has suffered in decades, so it has caused unprecedented disruption to our economy, as it has to economies around the world, again emphasising we are not alone. We have hugely supported Islanders' lives and livelihoods through a variety of measures during COVID. In fact, real-terms earnings for the last reported period, which is the last 12 months to June of last year, do show an increase in real-terms earnings. But overall, which I hope answers the Senator's question, as I said, we put a package of measures in place to ensure the economy can recover quickly and to try to reduce any permanent economic impacts. Going forward, the focus will be on supporting increases in productivity and on the wider work of our future economy programme. A lot of that in terms of funding was floated in the Government Plan, so the financing for measures has already been approved by this Assembly.

3.5.1 Senator S.Y. Mézec:

Wow, that answer barely touched upon my question. I thought my question was quite clear. At the last financial crash, a decade afterwards Islanders by and large were not better off than they were beforehand. I am asking if that is going to be the same after this health crisis, not during the crisis, after it. Are we going to plan to end up in a situation after this crisis where we can look forward to 10 years of life getting better in the Island? I hope that would be something the Chief Minister would on principle want to commit to. So will he commit to at least seeking to learn the lessons from the last decade where successive Governments failed to deliver better lives for Islanders? If he does want to commit to that aspiration, could he give us a vague indication, at the very least, of what policies he might want to see enacted so life does get better and people do become more prosperous and able to enjoy their lives rather than see another wasted decade of a real-terms earnings freeze?

Senator J.A.N. Le Fondré:

While I like the fact that the Senator sometimes loves the politics, I did split the answer into 2 parts: one is what we have been doing and the other part is saying we are putting a package of measures in place and that the financing of that has already been approved in the Government Plan. In answer to have we got measures in place to ensure real earnings do increase; yes, on the basis that the big focus, for example, is on improving productivity and the various measures that we have been putting in place. For example, as the Senator should be aware, the reduction in social security rates, which obviously does not affect productivity but does put extra money in people's pockets, has been implemented for a number of months and will continue for a number of months, and it will be 9 months in total. That is a very real and direct impact on people's pockets and making them feel better off already. The future for the economy, which is also about maintaining and hopefully improving people's wages, is partially around infrastructure and support, which obviously as a Government we are putting in place. That is why some of the big capital programmes that are

shovel ready, for example the office strategy, can be released hopefully on time, preserving and protecting people's jobs and hopefully maintaining their employment. In overall terms, the reason I made the point that we had the financial crash, as we know, we have had the impact of the pandemic; we are not alone but we are all putting measures in place. The short answer is we do want to see people coming out of this and seeing a return to what I will call better prosperity than they may have seen before. That will probably take some time but, yes, that is the objective of this Government.

3.5.2 Deputy G.P. Southern:

Does the Chief Minister accept that postponing social security contributions for a short while does nothing for productivity?

Senator J.A.N. Le Fondré:

I think I said that in my answer and it is not postponing. On these particular ones for individuals, essentially the rate has been lowered. It is not postponement; it is a permanent payment that has been made to all working Islanders.

3.5.3 Deputy G.P. Southern:

What concrete action will have any impact on productivity that he suggests?

Senator J.A.N. Le Fondré:

I think I made the point that that was not about productivity. I said that was about putting money indirectly into people's pockets.

3.5.4 Deputy R.J. Ward:

Returning to the question of building back after the COVID pandemic, on the debate on recovery the living wage featured throughout for many politicians across the political spectrum. Would the Chief Minister commit to a living wage as we try to rebuild better?

Senator J.A.N. Le Fondré:

The only difference I believe between, as far as I am aware, most of the Council of Ministers and the Deputy is purely around timing. We do want to see a move eventually to the living wage but equally it is making sure that as we allow businesses to come out of the economic shock they have suffered over the past 12 months, it is about the timing and not crippling them in a financial way as they emerge hopefully back into the sunlight of better economic times. But in terms of the principle, I think the Council of Ministers has already made that commitment. It is purely about the timing.

3.5.5 Deputy R.J. Ward:

Would the Chief Minister not agree that what the people of Jersey want after this pandemic is some political leadership that says we will rebuild better and we will not rebuild as a low wage, low skill economy but a skilled, high wage economy where people have their dignity in their work to live the type of lives that will be productive and add back to our economy. Part of that is a living wage and part of that is a political commitment from our Government. I ask the Chief Minister to make that political commitment and not vagaries.

Senator J.A.N. Le Fondré:

I do not like it when people talk about vagaries. What I have always learnt is not to commit to a particular date when we are in the middle of a pandemic and do not know the exact time when we

are going to come out of it and, therefore, know the exact economic circumstances that we will be facing. I also rather challenge whether we are a low wage and low skill economy. I think we have a lot of skills on the island.

[10:30]

But in terms of do the people of the Island want to see from the Government leadership, they have seen leadership. We did not get to this stage in the pandemic by accident and I think we have made that point before. We have put plans in place about long-term thinking and about long-term planning to come out of this. Part of that is around releasing infrastructure projects. That was approved by the Assembly in the last Government Plan. Part of that is around the future economic programme, which Senator Farnham is charged with, and part of that is around new industries, for example the cannabis work that is going on, and part of that is around improving productivity. We are keeping Senator Farnham fairly busy on that front, which he is obviously enjoying immensely. But that is the focus for the Government as we come out of the pandemic and as we recover from the very tough times that we have had.

3.5.6 Senator K.L. Moore:

Following up on the Chief Minister's comment in relation to the potential for major infrastructure projects to benefit jobs and employment, it would be helpful if the Chief Minister could demonstrate what evidence there is that there is a shortage of local jobs at this stage in the local construction industry, as it is well known that in many instances businesses have to bring in people from outside of the Island in order to maintain demand in the construction area. Therefore, in answering the question, he could demonstrate what benefits there will be to wages in this area and in other areas as Senator Mézec asked in his original question.

Senator J.A.N. Le Fondré:

I did not quite get all the ramifications of the Senator's quite wide-ranging question, but in terms of do the infrastructure projects support local businesses and local jobs, obviously there will be times when there is specialism required but in general the construction industry is very comprised of residents and the businesses obviously generate profits on Island. It is about maintaining the confidence in that industry and giving them certainty in providing a chain of construction projects and that is where the Government has a significant role and that is where sometimes delay can issues. I believe indeed at least one of the larger construction firms was talking about the consequence of delays on 2 or 3 of the projects that they originally had planned for. So obviously when construction projects come through and companies bid for those projects, they essentially line up all the local subcontractors and make sure they have them earmarked to start on an approximate date, subject to the usual kind of planning processes and preparation processes. That is where they need a degree of certainty and not sudden changes in projects which have long been in the pipeline. That is what I would like to try and give that industry, that degree of certainty if we can, because otherwise at that point jobs get threatened rather than supported.

3.5.7 Senator K.L. Moore:

I think the answer there does get to the heart of the political point here, which is that the Chief Minister prefers to focus on profit, and the original question is about earnings and wages and how people can live on the earnings and wages that they receive through work. Does the Chief Minister perhaps identify some other industries and areas where specific work could be done to ensure greater profitability and sharing of that profit to increase wages? Does he have any policy ideas that could achieve that?

Senator J.A.N. Le Fondré:

Again, I am afraid there are quite a lot of questions in there. I think the point I would pick up on is I said jobs as well as profits, and I am surprised that the Senator does not realise that if a business does not make a profit it cannot provide the jobs, which obviously the jobs give the earnings that we have all been talking about.

Senator K.L. Moore:

The question was not answered, Sir. It was identifying other areas where greater profitability could help to support jobs and wages.

The Bailiff:

Are you able to answer that question, Chief Minister?

Senator J.A.N. Le Fondré:

I will give a very simple analogy that once interest rates eventually go up, which is obviously completely out of our control, that will generate greater profits and will significantly improve productivity. That is obviously outside of our control, but I hope that is a very simple example for the Senator to understand. But equally, as I have already identified, one area where we are improving what we believe will be productivity, because that will be profits, it will be salaries and relative to the number of employees, will be, for example, the piece of work that Senator Farnham has been working on about cannabis production. That has great potential to bring a new stream of income, both into the Island and into the tax revenues of this Government and, therefore, money for the Assembly to direct at various times. Other than that, there are a variety of measures that we are dealing with, including the fiscal stimulus measures, the first stage of which is going to be announced quite imminently, and obviously the economic support measures which, as I said, come through the future economy programme, which is being worked on at the moment and will be announced later on during the year, the funding for which has been approved in the Government Plan and no doubt was scrutinised by the Senator's panel.

3.5.8 Senator S.Y. Mézec:

The aim of this question will be to try to get the Chief Minister to finally answer with something relevant to the question, because every time this line of questioning is pursued he trots out a lot of things that are, frankly, irrelevant. He spoke about the social security cuts. Unless that is permanent, it does not affect real-terms earnings. He talked about productivity. Unless that comes with wage increases ...

The Bailiff:

Senator, I was going to give guidance to Members at the end of this question because a number of speeches have arisen. But if you can formulate your question straight away that will be helpful.

Senator S.Y. Mézec:

Without context, question time can be close to useless, Sir, but I have given the context I wanted to there. So my question to the Chief Minister is would he endeavour, if at all possible, to enlighten us with something relevant that he will pursue as Chief Minister in terms of policy to ensure that the decade after the pandemic is one in which there is an increase in real-terms earnings as opposed to the decade beforehand where there was a freeze? How will he do that and what detail on policy can he provide us? If he can keep it to something relevant, that would be great.

Senator J.A.N. Le Fondré:

There are 2 points I have made, which the Senator seems to have forgotten. One is to challenge fractionally his assertion about a decade-long freeze. Yes, there has been a significant impact since the financial crisis of 2009 but I believe we are finally nearly back to the 2008 levels. I would have to go and check the stats exactly but there was a real-term increase in earnings in the 12 months to June of last year. Therefore, his assertion is not quite as bleak as he makes it out. The second point I have said is that while we are coming out of a pandemic, we have been putting measures in place to support the number of Islanders that we have been doing over the last 12 months. At its peak we were assisting one in 4 jobs on the Island, so I refute the assertion he is making that essentially we have been doing nothing to support Islanders to date. Therefore, by saying that, we have put plans in place that as we come out of it, and this is work that is going on at the moment, to then plan for the future recovery. That is why I have made several references to the future economy programme, which Senator Farnham is charged with. The financing for that has been approved by Members in the Government Plan of last year. It is spread over 3 years and in conjunction with that we are putting fiscal stimulus patches in place, the first phase of which will be announced imminently. Those are all geared to enabling the economy to come out of the economic challenges that have come from the last 12 months and, therefore, by supporting businesses we will be supporting Islanders employed by those businesses and supporting their jobs and their earnings. I do not think I can be any clearer than that. Plans are in place and they go through a variety of stages of dealing with what we have been doing through the pandemic, the short-term fiscal stimulus measures and the longer-term economic support. They are all coming together over the next few months.

The Bailiff:

I will add a minute or 2 to the question period as injury time because I wish to give some assistance, I hope, to Members. The Standing Order requires, for a good reason, that questions and answers are succinct. It also requires that answers are relevant to the question. There is a significant leeway in which the answer of a question can address the question and, of course, the longer the question is with the more factual material that is put in, the more it invites a correction if the answerer believes the factual material to be wrong to that factual material. I agree that question time can be meaningless unless there is a context to each question and that applies to supplementary questions. However, that context should be as succinctly stated as possible and should not be used as an opportunity for oratory. I am making no observations about particular questions but it seems to me that that is a feature that is creeping into question time at the moment. Secondly, the answer should be succinct and it has become a practice over many years that ministerial answers should not exceed 1 minute 30 seconds except potentially in extreme circumstances. I have been observing without intervention to see how far we are going along with this and it is quite clear that Ministers are speaking significantly longer on some occasions than 1 minute 30 seconds. It seems to me that it is incumbent upon Members, questioners and answerers alike, to be succinct and careful in the way that they put their questions so that there is a reasonable prospect of canvassing most of the questions on the Order Paper. I observe that we are now an hour into question time with an hour and 20 minutes left and we have only covered 5 questions in the 23 or 25 question list. With those in mind, and I am not singling anyone out, I would be grateful if Members could do their best to comply with Standing Orders and I will from now on ensure the 1 minute 30 seconds is strictly kept to so we can move through as quickly as we may.