

**WRITTEN QUESTION TO THE CHIEF MINISTER  
BY DEPUTY G.P. SOUTHERN OF ST. HELIER**

**ANSWER TO BE TABLED ON TUESDAY 29th JANUARY 2008**

**Question**

1. Will the Chief Minister explain to members why no meaningful figures for the Social Security contribution rates required to break even on pension provision to 2035 were given to participants who attended the "Imagine Jersey 2035" event on 19th January?

**Answer**

1. Break even contribution rates are a theoretical indicator of the condition of a strict "pay as you go" pension system and can be used to demonstrate the effect of different scenarios on the system in question. They are based on a series of assumptions described by the Government Actuary as "technical" that would need to be explained in some detail and would have taken a disproportionate amount of the limited time available. However, I must inform Members that in a pension system like Jersey's Social Security Scheme, increases in the working population, through inward migration or increased fertility, actually reduces the break even contribution rate. Rather than confusing participants with a theoretical indicator, participants were given sufficient information on the impact of the ageing population on the Social Security system.

**Question**

2. Will he agree to release the figures produced in the Actuarial Report on the condition of the Social Security Fund of December 2000 updated for current projections to members and thereby to the public so that they can be more fully informed about some of the options for coping with demographic change?

**Answer**

2. The 2000 Actuarial Review is out of date and has been superseded by the 2003 Actuarial Review. This latest review was presented to the States as R.55/2005 and published through the normal channels. The Social Security system contains a statutory provision for an Actuarial Review every three years. The next review for the three years ending 2006 is due to be presented to the States in the autumn of this year.

**Question**

3. Does the Chief Minister accept that the inclusion of non-mutually exclusive options in Section 6 of the "Imagine Jersey 2035" on-line survey undermines the validity of any results produced?

**Answer**

3. No, I do not. The survey provided a means to explore the initial views and values of the Island's residents in the face of the challenges posed by an ageing population.

The survey represented a valuable and constructive preliminary step in the development of conceptual understanding and the opening of a dialogue between policy-makers and Islanders. In this context, the results of the survey provide considerable, useful insight into the initial thoughts and perceptions of Island residents on the issues facing Jersey over the coming decades.

The survey represents one of a number of ways in which people can express their views as part of this consultation process.

### Question

4. Does he further accept that the inclusion of 2 factors (housing the elderly and housing immigrants) in Section 7 of the survey calls any results into serious doubt?

### Answer

4. No, I do not. Section 7 of the Imagine Jersey survey was designed to explore the strength of public opinion towards four possible means of providing housing for Island residents.

The introductory text to the set of attitudinal questions was included to provide an illustration as to why more housing units may be needed in future.

The point of the section was to explore initial strength of opinion on possible strategies for accommodating Island residents in future. The results considered in this context provide a valuable insight.

### Question

5. Furthermore, does the Chief Minister accept that the change in formulation between questions during the conduct of the 2035 consultation on 19th January from “should people (*in general*) work longer?” to “how much additional tax would *you* pay?” to fund the elderly skewed the results and rendered them invalid for comparison purposes?

### Answer

5. The objectives of the Imagine Jersey event held on 19th January 2008 were, in essence, to build an understanding of potential future trade-offs, to enable policy-development to be informed by public preferences and to encourage increased public ownership over future decisions. The questions asked during the event itself were drawn up to facilitate these objectives.

As a former educationalist, the Deputy should be well aware that a pragmatic approach is fundamental to the process of cognitive understanding and ownership of knowledge. It was in this light that the questions were indeed modified in real-time at the event, in response to spontaneous feedback from participants. A small number of questions were asked in terms of, firstly the general, and then the specific. This was done purely to enable deeper understanding of the issues involved and to provide further insight into the strength of attitudes towards these issues.

Rather than rendering the questions invalid, the demonstrated flexibility was important in developing further understanding of issues and opinions, that is in meeting the objectives of the event.

### Question

6. Will the Chief Minister inform members how much the “Imagine Jersey 2035” consultation cost and how much was paid to the “Involve” organisation for their contribution to the consultation process, and what elements they were responsible for / contributed to? In the light of the basic survey design flaws indicated above, does the Chief Minister consider that value for money was achieved from “Involve”?

### Answer

6. The budget for the whole consultation process, including production of the consultation documentation, translation, event planning, advertising and delivery, the survey and associated costs such as printing, venue and technical support is £59,000. Within this budget, the cost of Involve will be £34,500, plus expenses.

The work Involve has undertaken includes:

- Providing advice and guidance on the consultation process and documentation
- Setting up and operating the on-line survey, including reporting the outcome
- Planning, management and delivery of the event
- Producing a final report on the outcome of the consultation process

In addition, included within the above figure are the costs of delivering two one-day training sessions to States of Jersey officers to develop and improve consultation and facilitation skills across the States of Jersey. This element of the work goes beyond Imagine Jersey 2035 and will benefit future consultation exercises.

Whilst Involve have been responsible for providing expertise with regard to the above items, close collaboration with officers of the States of Jersey with knowledge of the subject matter has been a key part of the approach. Involve have therefore worked together with officers to develop key deliverables, including the consultation document, the survey and the event on the 19th January 2008.

As stated above, I do not accept that the survey has design flaws. In my view the engagement of Involve, a well respected not-for-profit organisation committed to improving decision-making through public participation, has been value for money. Not only have they added considerable value to what is an important consultation process; I believe their work with officers, including the training sessions, will lead to real improvements in the way that consultation with the public is approached in the future.

### Question

7. Can the Chief Minister confirm that the scenarios of net annual inward migration levels 325 and 650 heads of households (700 and 1400 persons) in the 2035 consultation were set by economic growth targets of 1% and 2% respectively? Is it not the case that the current economic growth target is 2% and if so, does he accept that this may result in population growth of up to 1400?

### Answer

7. No, I do not believe that the current economic growth target of 2% will lead to population growth of up to 1,400. The two scenarios of 325 and 650 (heads of household) were chosen because these were the approximate levels of inward migration that would be required to deliver 1% and 2% real growth on their own. That is, if there were no productivity improvements in the economy. In reality, productivity growth has taken place in Jersey in the past and is likely to occur in the future which means that the 2% economic growth target is achievable with significantly lower levels of inward migration. Of course, population growth is a function of both inward migration and natural growth (births exceeding deaths) and is affected by a whole host of factors, economic growth being only one of them.

### Question

8. Does the Chief Minister accept that economic growth of 7% and the associated rise in immigration of 700 in 2006 is unsustainable? What information does the Chief Minister have on whether this trend will continue into 2007? What targets will he set for managing or controlling growth in 2008?

### Answer

8. We know that the Jersey economic cycle includes phases of strong growth and ones of weaker growth, as a direct result of the economy and our prosperity being linked closely to the performance of the financial services industry. The economy in 2006 and in first half of 2007 was clearly going through a phase of very strong growth and it was never anticipated that this phase would last forever. Indeed, the recent trends in the global economy and financial markets show that there is already a degree of uncertainty around the strength of growth in the second half of 2007 and into 2008.

Our targets for managing or controlling growth in 2008 remain those agreed by the States in the Strategic Plan and will remain so unless otherwise agreed by the States.

### **Question**

9. Would the Chief Minister explain how using population growth to solve the demographic problem of the ageing society can be effective in the long term, given that the increased population will itself age and eventually cost more? Is he prepared to accept that the most sustainable solution is to accept lower economic growth and higher tax/contributions at some stage?

### **Answer**

9. The scenarios in the Imagine Jersey 2035 consultation focus on different levels of inward migration, which is not the same as population growth. The statistical population model takes into account long term trends and ageing. It has been used to produce forecasts to 2065 in order that any second order effects are considered. That analysis shows that different levels of inward migration have different impacts on the total population and dependency ratios. One of those scenarios for example – the +250 heads of household – means that the population never rises above 99,000, the working population does not fall and the dependency ratio falls after 2035 and then stabilises. In contrast, the scenarios with higher inward migration show continued growth in population and the dependency ratios stabilise at lower levels.

I certainly do not accept that ‘the most sustainable solution is to accept lower economic growth and higher tax/contributions’. Such a solution with no net inward migration would lead to a falling total population and numbers of working age. This combination of factors would bring a significant risk that the Island could get sucked into a cycle of economic decline because key businesses and people leave the Island, accelerating the population decline and deterioration in government finances. Those Islanders who remained in the Island would suffer the consequences in terms of fewer and lower quality employment opportunities and a significant deterioration in the quality of public services (despite higher taxes/contributions). There are in fact a range of sustainable solutions to the challenge of our ageing society and Imagine Jersey 2035 is designed to gauge Islander’s preferences as to which set of policies are right for Jersey.

### **Question**

10. Will the Chief Minister release to members the results of the questions posed to the public during the Imagine Jersey 2035 consultation day, which were already in his possession on the following day, and if not why not?

### **Answer**

10. Yes. The results of the questions posed on the day were published on the 25th January 2008 and were circulated to Members the same day.

It should be noted that the responses to questions were only one aspect of the conference and two other features, namely:

- a. the concluding exercise where participants were asked to consider the main trade-offs and make choices; and
- b. the comments and suggestions made by participants and recorded by facilitators

will be collated and will form part of the final consultation report, which will be produced by the end of February 2008.

### **Question**

11. Will the Chief Minister outline for members the extent of the involvement, if any, of the Corporate Management Board in the research and planning of the Imagine Jersey 2035 consultation process, and will he release to members any notes or minutes of such involvement?

### **Answer**

11. The Corporate Management Board (CMB) has not been involved in the research and planning of the Imagine Jersey 2035 consultation. The work underpinning the consultation was undertaken by a group of officers working to the Chief Executive to the Council of Ministers. Their reports have been considered by the Council of Ministers and have been made available to Scrutiny. Their work has been published in the form of technical papers.