

4.13 Deputy G.P. Southern of the Chief Minister regarding the state of Jersey's economy: [1(492)]

Is the Chief Minister aware of the latest report from the Institute for Public Policy Research, *Time for Change: A New Vision for the British Economy*; and, if so, is it his assessment that the Institute's conclusions that "the British economic model needs fundamental reform" and that the economy's deep and longstanding weaknesses "make it unfit to face the challenges of the 2020s" apply equally to Jersey?

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

Our Island, of course, shares many challenges with the United Kingdom; Brexit, deeper globalisation, demographic and technological change and the need to reduce our impact on the environment. I understand that the major issues highlighted in this report were already being considered as we develop the Island's long-term vision. We are looking at ways to seize the opportunities of technological innovation and achieve higher productivity. We are aiming for a sustainable economy that minimises its impact on our unique environment.

4.13.1 Deputy G.P. Southern:

In particular, on page 4, the conclusions of this report, it suggests at least 2 things here that I would argue apply to Jersey and I seek the Minister's agreement. It says, third: "Wiring the economy for justice, which includes more secure jobs and regulating unjust practices in the labour market." Does he agree that that equally applies to Jersey and what actions will he take on those issues?

Senator I.J. Gorst:

It is a very broad-ranging report; the Deputy has picked out 2 areas. I think all governments, and ours not least, want to ensure that there is justice. The Minister for Social Security is responsible for employment legislation, for health and safety legislation and they are constantly under review, even now. We are out to consultation on changes to discrimination legislation about disabilities. Of course, in that regard we do accept that those areas should be under review. This is a wide-ranging report, it is their analysis of where the United Kingdom economy is but they are coming forward with proposals at a later stage. Let us not get ahead of the game in that regard, as it were, let us see what those proposals might be at a later stage to address some of the issues that they consider with regard to the U.K. economy.

4.13.2 Deputy G.P. Southern:

Will the Minister act to regulate the inappropriate use, for example, of zero-hours contracts in the Jersey economy?

Senator I.J. Gorst:

The Deputy knows there is already consideration being given and continues to be given. The Minister for Social Security has an open door for anyone to come forward where there are cases where it can be proven. I know that she has been in conversation with the Deputy of St. Ouen, who felt that he was aware of some cases. I do not know what the progress of that conversation is. I am quite clear, there is and can be a perfectly legitimate use for zero-hours contracts, even the States of Jersey uses them. But we have undertaken a piece of work to go through our use of zero-hours contracts and remove them where we think they are inappropriate and I hope that other employers will do the same.

4.13.3 Deputy S.Y. Mézec:

We had the recent report from the Stats Unit that showed that over the last 10 years in real terms earnings have only increased by 0.1 per cent. In the context of this report from the

Institute for Public Policy Research, what consideration does the Chief Minister and the Council of Ministers give to ensuring that where there is economic growth in Jersey that the proceeds of that growth are distributed fairly and that those proceeds are not simply focused at people at the top of the income distribution scale but helping those people at the lower end who have seen their standard of living go down in recent years and towards the middle, people who are feeling more and more squeezed over recent years? Is this something that features in conversations he has around the table with the Council of Ministers?

Senator I.J. Gorst:

The Deputy knows this and he is trying to make his point, as he is able to do. Ministers have brought forward and lodged and brought to this Assembly impact analysis from various measures that are being proposed. We are thinking about budget measures for later this year and how they can be balanced and the effect that they will have across our community. It is why we supported the work that Oxera did into minimum wage. It is why we are reviewing the potential for the Caritas living wage and what that might mean, as an employer as well. Of course, we do so but we try to do it reasonably and in a balanced way.

4.13.4 Deputy G.P. Southern:

The Chief Minister has talked a little about wages but is he prepared to reform his tax system, as advised, to make certainly the U.K. system fairer? Is he equally prepared to reform the tax system to make it fairer and to spread wealth more fairly in our economy?

Senator I.J. Gorst:

The Deputy is picking up on the analysis, not what the solutions are that this body will come forward with. I do speak in particular to one of these individuals who produced this report fairly frequently and we discussed some of these issues. I think the analysis for the U.K. economy is reasonably straightforward, as they have done here, but I have no doubt whatsoever that the answers and solutions that they might propose are extremely complex. We are talking about improving productivity across our economy. We are talking about the effect of technological change on jobs and earning capacity. We are talking about the ageing demographic and providing for those who become older in our community, that is as in this Assembly, not those who are currently old and how we are going to provide for them; pensions, long-term care, health care. On top of that, of course, the cost of education, investment in infrastructure, investment in housing. It is not just one narrow particular political point that the Deputy is trying to make. It is a broad range right across our economy. The Deputy, I think, will admit that in lots of those areas we are taking action. We do have plans to provide more affordable homes. The Minister for Social Security is reviewing about changes that might be needed in pension and long-term care over the next 20 or 30 years dealing with demographics. The Minister for Health and Social Services is investing more in health. The Minister for Education is investing more in skills. These are all important interconnected parts of delivering an economy for everyone.

4.13.5 Deputy M.R. Higgins:

Does the Chief Minister believe that there is inequality within the Island and, in many cases, it is exceptionally bad inequality? If he does, what measures will he bring in? Forget about the U.K. and their problems. I believe there is - I believe even the Chief Minister probably recognises there is - a great deal of income inequality. What measures will he bring in to try and address the issue?

Senator I.J. Gorst:

I assume that the Deputy is alluding back to the Income Distribution Survey that deals with income equality. I suppose there are 2 issues there and that is while income distribution is an important economic measure and that is the differential between the lowest and the highest paid, that I do not think should be a government absolute priority. All of these things are interconnected and we want the poor to get richer. We do not just want the rich to get poorer to deal with inequality and we have to be careful that policies do not drive in that direction. But if we look at the last Income Distribution Survey we know that that worsening, or at least no improvement over the last 10 years, which is what that showed; it showed an improvement 5 years ago and then a worsening again over the next 5 years, was about house prices and was about the recession and was about interest rates. The Deputy knows that the Minister for Housing is putting a lot of effort in a lot of work to helping address some of those issues.

4.13.6 Deputy G.P. Southern:

The Chief Minister falls back on his prop, it is all about housing and ignores the fact that he has failed over certainly his tenure of the past 6 years to grow productivity on the Island.

[11:15]

What specific measures does he have in mind, at this late time, before we get a new session, to improve productivity once and for all on this Island, which he has singularly failed to do so for the past 6 years?

Senator I.J. Gorst:

Once again the Deputy wishes to make a political point. He is a politician, of course, he may. But he knows that the reduction in productivity is what we expected because we knew that banking, which is our highest and most productive sector, would be losing jobs as it consolidates, as it suffers from the continuing effect of the economic downturn. Our challenge was around replacing those jobs and any sector that you care to look at that where we would replace those jobs, which we have done a very good job at doing, is going to have lower productivity than the ones that were being replaced. The Deputy, it is about time that he understood our economy and what was happening. It is not an accident, it was by design. Banking was consolidating, it was dramatically affected by the recession. Those jobs that were being lost here and elsewhere needed to be replaced. They could only be replaced with jobs that had a lower productivity because there is no other sector that could have a higher productivity. It is disingenuous for him to suggest anything other than that. Having said that, of course, officers are in the process of bringing forward a new enterprise strategy that will look at new ways of improving productivity going forward.

The Bailiff:

When you say disingenuous, Chief Minister, you mean unintentionally misleading, do you not?

Senator I.J. Gorst:

Sir, I do apologise if I said anything out of order and I withdraw the word “disingenuous” but he does keep seeming to make the same statement.

Deputy G.P. Southern:

That was a half-hearted withdrawal. **[Laughter]** Why then does the Minister promise to improve productivity time and time again when he stands on honesty and never delivers?

The Bailiff:

Deputy, you have had your last question on that particular topic.