

2018.06.26

Senator K.L. Moore of the Chief Minister regarding the Productivity Plan: [OQ.83/2018]

Will the Chief Minister give an update on the progress of the productivity plan and explain to the Assembly what level of priority he has placed on producing such a plan?

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

Sorry, it is slightly different to the wording I have been given. In our very first week in office, the new Council of Ministers was briefed by the Chief Economic Adviser on the issue of productivity, and I know that many new Members received a very similar presentation, and that does reflect the importance we place on this issue. Clearly, we have to do better as an Island for our private industry and for the private sector as well. As far as I am concerned, productivity will be an important element in the common strategic policy that will be developed in the autumn. Thank you.

10.5.1 Senator K.L. Moore:

In the Employment Forum's background paper when they launched their consultation recently, it stated that the productivity plan was an essential part of this work. In the absence of this plan being put forward to the Employment Forum in advance of their consultation, can the Chief Minister please explain how he commits to working with the hospitality and agricultural industries, for example, who in particular need assistance with achieving higher rates of wages?

Senator J.A.N. Le Fondré:

As the Senator will be aware, I think last Thursday we were 2 weeks after the appointment of the Council of Ministers, and so the work of the Council of Ministers is still crystallising. As I said, productivity will be very high on that priority list. New Members, and any other Members who were in this Chamber during the induction process, had the briefing from the Economic Adviser at the time, and it is very clear from that briefing that insufficient attention had been paid to productivity over the last 3 to 5 years. That has been very clear from the briefings that were made to new Members and also the briefings that were given to the Council of Ministers. So we are clear, we have to do better and there has to be a far higher level of attention paid to it. Obviously, attention will have to be paid to the industries, such as the industries that the Senator has referred to.

10.5.2 Deputy G.P. Southern:

Given not just 3 to 5 years of pretty slow economic productivity growth, the record is 2 decades when we have failed to increase productivity, what in particular does the Chief Minister see as a better way forward?

Senator J.A.N. Le Fondré:

If one looks back at the previous Council of Ministers, I cannot remember, or the one before, productivity has always been an issue and there were various strategies and things that were identified. But certainly on the basis of the information I have been given, the recurring theme or the progress in productivity policy has been described as disappointing, and recurring themes were the inability to design, agree and implement meaningful strategies that would lead to a change in approach. So, in other words, although the ideas were there, actual implementation did not seem to be happening or at least did not seem to be happening on a co-ordinated basis. I think the big issue will be this Government applying a whole-government approach and we want to see a far more co-ordinated response across the entire Council of Ministers.

10.5.3 Deputy G.P. Southern:

The phrase I believe the Chief Minister used, if I may, was “we must do better”; what constitutes, if anything, “better”?

Senator J.A.N. Le Fondré:

What constitutes “better” is having more efforts being made to improve productivity and seeing the performance turning around. What measures we put in place, I think that will be a matter for the Council of Ministers and no doubt which the Assistant Minister will be involved in.

10.5.4 Senator S.C. Ferguson:

Given that increased regulation is one of the key factors in effecting productivity, will the Chief Minister assure the Assembly that thought will be given to reducing the level of unnecessary regulation in the Island?

Senator J.A.N. Le Fondré:

Personally, yes; the issue will be a matter for the Council of Ministers. As we know, there is this massive trade-off between the regulatory standing of, for example, our finance industry and how that is seen from the outside world, and what therefore is practical. However, what is clear is that productivity, or some of the areas around productivity, include greater focus which means greater cost coming out of things like risk management, assurance, part of it has been provisioning and writing off bad debts, and obviously the fall in bank interest has all had an impact on how productivity is reported within financial services. Productivity within the non-financial services area, I think, has probably been seen as flat and therefore the 2 combined has shown a decline, which then impacts on a decline in living standards as well. So it is a complicated picture and we do need to work on this further to achieve the results we want.

10.5.5 Deputy M.R. Higgins:

Does the Chief Minister accept that there is a relationship between low wages and low productivity?

Senator J.A.N. Le Fondré:

Productivity I think is a more complicated picture, is what I am going to say. Even though I am an accountant, I am not an expert on statistics, but the point the Deputy is making I suspect is taking us down the areas of living wage and minimum wage. But I think overall the calculation of productivity is a far more complicated picture than just that one element.

10.5.6 Senator K.L. Moore:

Given the Chief Minister’s commitment to maintain this important topic on his work agenda, will he also commit to bringing forward the publication of the productivity plan?

Senator J.A.N. Le Fondré:

I am sure when the productivity plan is presented to the Council of Ministers it will then be available for publication. I have yet to see any productivity plan, if that is a legacy from the previous Council of Ministers. If it is not and it is being developed, then obviously it will come to C.O.M. (Council of Ministers) in due course.