



STATES OF JERSEY

Corporate Services Scrutiny Panel Migration and Population Sub-Panel

MONDAY, 27th APRIL 2009

Panel:

Senator S.C. Ferguson (Chairman)
Deputy G.P. Southern of St. Helier
Deputy C.F. Labey of Grouville
Deputy D.J.A. Wimberley of St. Mary
Deputy T.A. Vallois of St. Saviour
Dr. P. Boden (Panel Adviser)

Witnesses:

Mr. C. Spears (President, Chamber of Commerce)
Mr. R. Shead (Vice-President, Chamber of Commerce)

Present:

Mr. W. Millow (Scrutiny Officer)

Senator S.C. Ferguson (Chairman):

Welcome to this hearing of the Corporate Affairs Sub-Panel on Migration and Population. In front of you there is a piece of paper with all sorts of health warnings and so on. We will be recording the hearing and will let you have a copy of the transcript to make sure that there are no errors of fact. Perhaps if you would like to introduce yourselves and then I will take you around the panel.

Mr. C. Spears (President, Chamber of Commerce):

I am Clive Spears, the president of the Chamber of Commerce until 13th May when we have our bi-yearly changeover, and Ray is my vice-president and he is due to take up the reins on 13th May, so that is the explanation for us both being here, we are somewhat inseparable this month as we are in course of changeover...

Mr. R. Shead (Vice-President, Chamber of Commerce):

We are a double act.

Mr. C. Spears:

But most important this month. So that is where we are coming from. Our submission, just by way of background, has been circulated to our council, we have 12 members on council representing different sectors, and so our thoughts are an amalgam of those 12 people because you will see that some thoughts are not quite the same as others, often that is the case with the Chamber of Commerce, that different sectors have different views and we have expressed those differences where they have appeared, so if at times you see our submissions being mildly contradictory that is why.

Senator S.C. Ferguson:

If the panel would introduce themselves.

Deputy D.J.A. Wimberley of St. Mary:

Deputy Wimberley of St. Mary.

Deputy C.F. Labey of Grouville:

Deputy Carolyn Labey, Grouville.

Deputy G.P. Southern of St. Helier:

Deputy Southern, St. Helier No. 2.

Dr. P. Boden (Panel Adviser):

Peter Boden, adviser to this Scrutiny Panel.

Senator S.C. Ferguson:

Myself; our scrutiny officer, William Millow, and ...

Deputy T.A. Vallois of St. Saviour:

Deputy Tracey Vallois, St. Saviour No. 2.

Senator S.C. Ferguson:

Super. So, when you were doing this submission, for which we are extremely grateful, what sort of general consultation did you do with all your members?

Mr. C. Spears:

Beyond the Council itself, I have also put out the letter to a number of our ex-presidents and vice - presidents, so there are probably another half a dozen people there. Also we have conducted a questionnaire exercise earlier in the year to give ourselves an idea of what our members think, and one of the things that was particularly on their mind was the Regulations and Undertakings Law and the application of that. We received just under 200 membership responses, and the particular question related to: "What most concerns you in the next year about the progression of your business?" and 2 things came up, Regulations and Undertakings Law was roughly every other one was concerned for one reason or another, and also, not for the purpose of this committee, but just so you know what the other point was, future planning regulation and how that was panning out. So I then went and asked individual members questions about what their concerns were, and I probably asked about 10 or 12 members outside of council, and 2 distinct strands came back, which were the development sector was concerned about preservation of jobs in the application of the Regulations and Undertakings Law, which was one facet, and small business was concerned about the lack of flexibility to employ expert labour. That was also overlaid by some complaints we received about the Regulations and Undertakings Law from some members following a newspaper article where the Housing Minister said he was going to get tough with the Regulations and Undertakings Law. We received some complaints from those in the education and medical sector who were saying that: "What do we do about employing people that we need?" and they felt that article sent the wrong message. So we received some inputs from there as well. Also from our small business sub-committee, headed up by David Warr, we also received some reservations about the proposed Migration Law and moving the 5 year qualification up to 10. The major concern there being the perceived lack of further flexibility of the workforce at small business level. That also has come out as an issue at the Small Business Forum that was conducted with E.D.D. (Economic Development Department). So a number of different strands coming through into that paper, probably those views developing over the past year in fact. We have also had, during that time, a presentation from the Chief Officer last year on the population policy itself. We also had a meeting with the current Chief Minister on the Strategic Plan where the issue of population came up. We discussed with him our current view on that. Also, we discussed with him the migration policy, wherein we received various assurances about transition, but we still could not work out why we were doing it. So we have never really got to the bottom of that in terms of understanding the need for the policy. So hence our submission in terms of saying we are not sure the case is made because quite frankly when

we have asked, because we did have another meeting at our Council last year, and you would have to refresh my memory, Ray, a chap came along from Regulations and Undertakings.

Mr. R. Shead:

Yes, population guy, Paul Bradbury.

Mr. C. Spears:

So we learned a lot about the proposals in the law and various ways it was going to be applied, but we still could not quite get to the bottom of why we were doing it. It was more a case of: "We are doing it and this is how we are going to apply it" rather than why we are doing it. Maybe we were asking the wrong person, a civil servant charged with preparing a law and applying it, rather than deciding why you do it, but we still could not get under the reason for doing it, so at the moment, as you will see in our application, we are not sure that the case is made for introducing this change at this time, because we are not really sure why we are doing it.

Senator S.C. Ferguson:

Can you identify a particular section in your membership who do rely perhaps on immigrant labour?

Mr. C. Spears:

Certainly small business does rely on some of that. Our development sector probably used to, building and construction, but probably our local businesses can find people now and probably they have moved into the reverse where they are looking to preserve the local employment. Of course there is the finance industry that does require to import expert staff from time to time. We do get some reaction from the medical side of things where the doctors and dentists come to the Island, what their situation might be. So that is probably all the ones I can think of that would be affected in some way.

Deputy G.P. Southern:

There is a fair amount of discussion down with your membership and of course to the Council of Ministers. Can you just expand on, you do not understand why the need for a migration policy?

Mr. C. Spears:

I will go through the question you asked. We looked at the mechanism here and I am saying we are going to talk about the 5, 10-year rule for a moment, rather than numbers. I think numbers is a separate issue. So moving the rule from 5 to 10 years, we said: "Well, why do you want to do that?" and the answer comes back: "It is because we want to make the housing qualification period the same as the employment." So I said: "Why?" "Because we want to." So there must be another reason that I am not being given, because: "Because we want to" is not the reason. So I have asked controversially in our letter and said: "If you want to conform, you can conform at 5 years or 10 years or any years, but why the need for conformity?" Whether we like the Regulations and Undertakings Law or not, we do have a mechanism that operates that controls people already, so why do we need this conformity? The point our members make, as to whether or not they like the Regulations and Undertakings Law as it is, the 5-year rule does give them more flexibility in terms of who they might employ, or ask to employ, than a 10-year rule would. So our members see that as detracting from the current flexibility they have. So my assumption therefore is, and this assumption may be completely wrong, I am not told anything to the contrary, is that by moving from a 5 to 10-year rule you are in fact exercising more control over the working population than you might have done before. That may arise out of practical or political concern, but that is not something I have actually been told, that is a deduction, so if anybody can enlighten me today it would be appreciated ...

Deputy G.P. Southern:

It is the magic word "control" that they keep using, and I keep objecting to, because I do not think they actually have any control, they can just count in and count out. But in terms of there is no fundamental structural change being proposed in terms of the right to be able to work in the Island

or to be able to live in the Island. In particular, obviously you are concerned with the right to work and the ways in which we regulate work. What is the starting point; what are your members saying about R.U.D.L. (Regulations of Undertakings Development Law) in particular, specifically?

Mr. C. Spears:

About R.U.D.L. specifically, we think the message we need to send through R.U.D.L. at the moment is we are flexible in terms of employment and perhaps if I talk about the population policy and how that faces on at the moment. When I saw the Chief Minister I said: "Well, you are looking to press on with a population policy and agree some figures for the future." and I further said: "We are going through probably the major economic dislocation certainly we ever hope to see this century, and probably just as fundamental as any in the last, and Jersey is a finance centre and it is reliant on global finance, and we honestly do not know how we are going to surface from this period. We do not know what the G-20 are going to think and we do not know how our core industry is going to be affected. We may in fact find that we are struggling to maintain a viable workforce versus the demographic issue we have. We do not know how many people will leave the Island. We do not know how our own industries might develop. We all hope it might just rise and remain the same." So I said to the Chief Minister that I did not think it was a good idea at this time to look for specific limits or figures because a lot of this work, although it is quite thorough work in its way, from what we have seen, is based on a steadily improving economy and steady growth with a known industry that is producing. We are not in that situation this year and I do feel that it is not a good idea to start fixing figures until we emerge from this and we know where we are. Because we might find ourselves wanting to send a much stronger message about attracting people here to replace people we lose, and we might find we need different types of expertise because we have had to develop different types of industry or pursuit, because we find the finance industry is not delivering what we need any more. So it is because of all of that I was not keen on a fixed number in population policy, but then moving into Regulations and Undertakings, I just felt it was right that we reflected a message that we were as flexible as possible during this period of uncertainty, so we can give business the maximum flexibility to attract new business or indeed maintain their own. So, to a point, I think what we've got, rather than going to something a bit more rigid or structured at the moment might be more helpful. So I think it is all about perception and messages in the international market at the moment, and going on to Regulations and Undertakings and what our members do not like, I think probably the greatest number of complaints we have received have been from small businesses who feel, rightly or wrongly, that they have not had a fair crack of the whip in terms of the odd person they want to employ. So generally their complaints will centre on one or 2 people they want to employ. I have not had any complaints from larger employers who want to employ a lot of people, so that is the little hot spot. So I am suggesting to you that, as we move into this period of change, it might in fact be attractive to encourage small businesses, where they can grow to start to take up some of the space that I believe we will see from a contraction in the finance industry, because I do not see that the finance industry is going to remain totally intact, beyond G-20 and the end of this year. To some extent there must be some shrinkage in what we do. Whether we succeed in attracting replacement business by being a superior jurisdiction for regulation ...

Deputy G.P. Southern:

On the white list?

Mr. C. Spears:

Yes.

The Deputy of St. Mary:

Whiter than white.

Mr. C. Spears:

Yes. But being on the white list may not be good enough as there are developing conditions.

Deputy G.P. Southern:

Let me take you into the realm of some numbers. Most recently the migration policy has suggested that we should be creating 500 jobs a year, some of which will be filled by inward migration. We have seen figures like 1,200 or 1,600 jobs created in a year. Now we are talking, if we are to believe the population policy put forward, of the order of 150 heads of household coming in. It seems to me that is a remarkable scaling back, even in time of recession. With 150 as the target for new heads of household coming in, do you see, or does your organisation see, a problem with recruitment coming as a result of that?

Mr. C. Spears:

Do I see a problem with that figure? I think the figure will lend itself to tougher control over the period than we have seen in the last 2 or 3 years in terms of growth, because I do not doubt that the level of growth in the last 2 or 3 years has been a lot higher than that, so yes that will be more restrictive. Ergo, I do not really want to send a message to the outside world at this time that we want to be overly or underly restrictive, I just want to leave it flexible until we know where we are. But you are right, yes, compared to what we have seen that would be a significant containment. Whether or not however we are going to see the rate of growth that we saw for the last 3 years for a very long time is another matter.

Deputy G.P. Southern:

Can I just press you further before I pass you on, you can see that 150 heads of household, 325 in total coming into the Island, either a low figure as a consequence, caused by the recession, low demand, therefore low numbers required, or you can see it as a constraint, low numbers of supply into the Island, therefore inevitably an inability to grow, unless by other means. How do you tend to see it at this time?

Mr. C. Spears:

I think the current downturn, come recession, will create the capacity to regrow anyway. If we were looking at all things being equal a year or 2 ago, 150, 200 as it was then, would be ... I would observe to be restrictive. But when Mr. Ogley made his presentation, if you look at the upper end of his band of figures there is no doubt that would mean we would live in a different way in terms of the impacts of the upper end. I do not think our members were particularly keen on either in terms of living space and how you would live in future in fact our tourism members want to preserve the integrity of the Island as a destination and they were not pleased with the upper end of the figures we saw and I think as an organisation we felt the middle road was a reasonable compromise across having some growth but not to the detriment to the Island.

Deputy G.P. Southern:

Now we have come almost right down to the bottom end: appropriate or not?

Mr. C. Spears:

In the current environment maybe, but this is why I say stay flexible rather than hit yourself with a long-term figure, that probably in this environment that is quite liveable, but I do not think it is a good idea as a long-term plan.

Deputy G.P. Southern:

Ray, do you have anything to add? You were looking pensive there.

Mr. R. Shead:

I was thinking I will have to do this soon. [Laughter]

Senator S.C. Ferguson:

Taking lessons from the master. Just one sort of corollary to that, there is a sort of public perception though that, although there may be a headline 150 heads of household figure, that the underlying non-official immigration is fairly substantial. What is your feeling for that?

Mr. C. Spears:

That is entirely possible. I cannot check it in the same way as you cannot, but going back to Deputy Southern's point, we were talking about the 5, 10-year rule, I think he was also saying there we need to exercise greater control so we knew where we are, I do not think we have a problem about you having a law so we know where we are, you can measure people better, it is just the flexibility of what we do with it after that concerns us. So, in terms of a Migration Law and having a better system and counting the people that are here to plan properly, we do not have an issue with that, no.

The Deputy of Grouville:

Mine is the million dollar question. I would like you to - I can ask it to a million people and I will get a million different answers - but I was wondering if the Chamber of Commerce per se have a definition of what makes a sustainable population.

Mr. C. Spears:

That is a very good question. Well, I suppose you have to look at 2 aspects that come through from our members, there is the economic aspect obviously of earning sufficient to support your people, ergo they pay enough tax to support services, pensions and the rest of it. But that of course is not the only aspect that our members are concerned about, they are also concerned about it being a pleasant place to live. So those 2 have to be in balance. How you price the second one is obviously quite difficult because the greater the price for the second one, the less you tend to earn.

The Deputy of Grouville:

It is more the definition.

Mr. C. Spears:

So I think the definition has to be the balance of the 2, and we have members in both sectors who would agree with that, being finance and tourism where the 2 main pressures are. Definition by numbers, in terms of what we saw from Mr. Ogley, the 200 mark seemed a reasonable compromise to us, but of course there are other factors, dare I touch on them, when you are looking at what is sustainable, and that depends on what you spend your money on already and where you spend it, because government spending is a key component of answering your definition, how that would be controlled in future years, also our expectations for a health service and our expectations for pensions and savings. So the definition you are seeking, which is an extremely difficult one to give, has at least all those things bubbling in it and they are all questions that we have yet to address. So I suppose the definition must be that we must have a balance of economic and sustainability that make this a decent place to live with a decent standard of living. How to achieve that is much more difficult than saying it, but that is about as near as I can give you.

The Deputy of Grouville:

It might be an interesting question to your members, because it does focus the mind a bit wider than just the commercial aspects.

Mr. C. Spears:

Yes, but certainly I would like to convey the message that most of the members we speak to see something in the middle ground that we have been speaking of. I know one or 2 Ministers think that we are an out and out economic growth at all costs type organisation, I think that has changed a lot in the last 5 years since I have been sitting in the Chamber of Commerce in that issues of sustainability and what the Island looks like have become a lot more important to businessmen, or at least quite a few of them, than you would have seen 5 or 10 years ago, especially in among the small business community this is certainly on their minds.

Mr. R. Shead:

And we do have a Sustainability Committee, which is fairly new.

Mr. C. Spears:

James Godfrey leads it, and if you wanted to talk to James that is not a problem because for us this is a new sort of area of understanding and we understand, if you will excuse the contradiction, that we need to understand it. So we have formed a committee and we have a number of people who have come in and who are new to us to teach us about that, but that is probably because of David Warr's efforts to explain to us that sustainability is a big thing for him in his business and so we have got I think we are moving more to the middle ground, so compromise is a good thing, we do not want to look at extremes, but, going back to our original submission, at the moment we just think being flexible, staying flexible for a moment, just for the next year or 2, is a good idea, so we do not send any messages to the outside world, of the old "Closed for business" message, but I think we have to moderate that with: "Open for business but sensible business". I think it depends what sort of business you want to attract.

Deputy G.P. Southern:

That is a catchphrase: "Open for sensible business." [Laughter] You have a winner there.

Mr. C. Spears:

Im sorry I could not be any more definite than that, I normally am a more analytical creature, but that was not a very easy question to answer

The Deputy of Grouville:

No, as I say, it is a difficult question.

Senator S.C. Ferguson:

We have already asked around the table, with 5 people we have 6 different versions.

The Deputy of Grouville: I have yet to hear the Chief Minister's definition of it.

Mr. C. Spears:

We sort of asked him the question, but through figures and the wish to drive at figures or not, and his answer was: "Jersey must be kept special." So we are sort of trying to think what that might really mean.

Senator S.C. Ferguson:

With your various submissions to the Council of Ministers and so on, you have already mentioned that they can be a little superior about your ideas, did you find that they were receptive to what you said? Was there anything you said that you wished they had listened to?

Mr. C. Spears:

There are 2 answers to that, depending on where we have been. The Chief Minister we found extraordinarily polite and the people who sat with him and we felt well received and well treated. To the extent, has there been any great change in the Strategic Plan, probably not however. There has been the odd change, but there has been a change of attitude to the extent that people will sit with you and listen to you, so I think in that sense that has been quite a good thing. We have been offered a further meeting with an expanded group of Ministers in early June, but Ray will be leading at that time. That will be the Chief Minister, Treasury Minister, Economic Development Minister, and also the Transport Minister.

Mr. R. Shead:

Health as well I think.

Mr. C. Spears:

Yes. To focus more on the proposed redevelopment of St. Helier over time, town master plans and the wider things there. So, in terms of actually getting a seat at the table, it has become a bit better. The Housing Minister, on the other hand, basically we have never really got very far there

in terms of the Regulations and Undertakings Law and the Housing Minister has sent me a note saying that his belief is that the Chamber of Commerce want uncontrolled immigration and the Regulations and Undertakings Law scrapped and he is not doing it and he is not interested in what we have to say. So that is where that has gone.

Deputy G.P. Southern:

In fact the Housing Minister made an announcement he was changing something, which was not a change. You cannot take a current employee and make them into a (j). Basically, that is all he said, as far as I know anyway. He announced that as a change when it was not, it has always been policy that you are not supposed to take a current employee, employing them in other circumstances, and make them into a (j). It has to be a fresh (j) coming in.

Mr. C. Spears:

So 2 different places, 2 different styles of response.

Deputy G.P. Southern:

That is what I understand from the Housing Minister.

Senator S.C. Ferguson:

Yes, perhaps it might be something you mention when you meet with the Chief Minister next time?

Mr. C. Spears:

We have mentioned it.

Senator S.C. Ferguson:

You have, all right. Daniel?

The Deputy of St. Mary:

Yes, thank you. I want to follow on from Deputy Southern and Deputy Labey. You said the greater the price you are prepared to pay for the environment, the less you earn.

Mr. C. Spears:

In broad terms, if you were looking at volume of activity versus preservation of environment, probably you would earn less in terms of the types of business that we are into at the moment. We may find other businesses, as we develop, where that may not be the case. But as of today, let us just take an extreme example, we wanted to build another 20 banks because you want to double your business that probably would impact on the environment and there is a price there.

The Deputy of Grouville:

Well, you would need to build another 3 schools probably, I do not know.

Mr. C. Spears:

However, that statement made in the context of current day business, perhaps what it does ignore however is that there may be alternative industries that can produce income without damaging the environment and maybe if we were looking at power and energy and redirected agriculture, in terms of what we do today, they are interesting but unexplored areas in terms of the future. This is a personal view, and not necessarily a Chamber of Commerce view, but I believe there is great future in exploring the renewable power industry and, in theory, we should be in the right place to exploit that and that would have, I should have thought, significant economic appeal if you can attain control of your own power production without relying on the cost of world resources, and they are renewable resources, which is not impossible. That, as an economy, would put us in a very strong position, so I accept that you have to be quite careful in terms of where you put wind turbines or tidal power stations or whatever, but the prize of becoming self-sufficient in terms of energy must have a very strong long-term economic appeal. I did express disappointment to the

Chief Minister that in the Strategic Plan the only comment about this is that we will look at it over the next 3 years to 5 years, it does not say we are going to do anything about it.

Deputy G.P. Southern:

No, it is a Strategic Plan, not a “we are going to do anything” plan.

Mr. C. Spears:

Quite specifically I think that sums up the way we should expand our thinking. I know it is an expensive, complex and difficult task to progress, but I think you ought to have some ambition to move from just looking to starting to do, as we see Alderney cum Guernsey doing through commerce, but obviously if it can be achieved there, or at least some progress achieved, so I am struggling to work out why it cannot be achieved here.

Senator S.C. Ferguson:

I think you will find that Connétable Murphy of Grouville’s Tidal Power Group is doing quite a bit behind the scenes, you may want to have a chat with him.

Mr. C. Spears:

Good, I think we need to hear about that then.

Deputy G.P. Southern:

Nonetheless, I think we have to accept that we are a fairly high cost economy with a major industry, which drives the way, 60 per cent of our economy based around finance. We are not going to shift from that very easily, given that its profitability is so high, 150,000 or 180,000 now, per employee. So it is a difficult thing to move away from overdependence on that central branch of the economy.

Mr. C. Spears:

But of course, at least, looking at the other side of the coin, if you have sustainable power you can then move into areas of sustainable transport, and cheap but sustainable power gives you the opportunity to develop other industries.

The Deputy of St. Mary:

Yes. Another one, more fundamentally you talk now about switching to basically a new industry, or other industries, possibilities that are more environmentally ...

Mr. C. Spears:

I do think over time we need to research and make progress there because we have to ask ourselves where the finance industry is going in the next 10, 20, 30 years.

The Deputy of St. Mary:

But more fundamentally do you see any possibility, or maybe your sustainability group could look at that, of decoupling prosperity from population? The idea that economic prosperity goes hand in hand, we have to have the 150 new households, or net immigration, because there is always coming and going, in order to generate this thing called rising prosperity, and your model was: “We need a base for taxes to support services and so on”, there might be a completely different model whereby you do not have so many costs anyway because you reduce ...

Mr. C. Spears:

Which is why I think we ought to not rush for the line this year, or 2. Because although I have been brought up and educated with all the points you have in mind, also we are now looking at a change in the world that could be quite radical and quite permanent, so as I said before, the figures I have seen are based on historic research, based on an existing industry with exponential growth every year. We are not going to see that in the future. I would at least say, Deputy Wimberley, that we need to be exploring different types of activity that may or may not involve us in additional population. So for me it is a very big grey box with a big question mark in it and I

think to actually start to impose limits and figures in a box that looks like that is not a good idea at the moment. I do accept that strategic long-term planning to manage your resources over a period is the right thing to do, but I think it is the worst possible time to go for fixed figures and views, because what are we really basing these fixed figures and views on? Historic information where we know we are living in a very, very changed world from only a year ago.

The Deputy of St. Mary:

Yes, I was very puzzled. On your page 2 you list these various changing scenarios in the modern world and I quite agree it is a very uncertain world, and then you surprise me by or this document said: "The message for me presently is that imposing long term annual ceilings on migration would be unsafe." That was not where I thought those 4 bullet points would go, it sounded ... because there are people flowing in and out all the time, if, for example, there was a shrinkage in the finance industry, and certain people left, that would simply mean a bigger hole to be replaced with ... it would not be net, so why not ...

Mr. C. Spears:

Let me give you an example then, there is one scenario I have in my mind. Say the finance industry does not do so well, but we have a lot of existing structures with 5, 10-year lifetime, so they need managing, they need people, but they run off over a period of time, because a lot of business in this Island is geared in that way, so it has a sort of future maturity. But if you are not seeing replacement business at a similar rate, you are going to get a steady tail off of the number of people working in the finance industry and it will settle at a lower level, but personally I hope it goes up again. But one has to be sensitive to these possibilities. So, on the other hand, let us say, for example, that we decide that we want to get into power generation and we need 200 or 300 specialist workers or whatever to start a new industry, where does that leave us? We have a need for a workforce to manage a diminishing industry, we have a need for a new workforce to start a new one, and if we are left with this figure in between, how do we manage the changeover between skills in the future? But if we have an annual cap that might not be helpful in doing that.

Deputy G.P. Southern:

Indeed. Now, you also mentioned there - it is the first time I have come across anyone saying this - that the changes that we are seeing, witnessing, are quite radical, you said, and may be quite permanent.

Mr. C. Spears:

Maybe, yes. But ergo the example of the finance industry.

Deputy G.P. Southern:

What we have heard so far from the Ministers is that this is a temporary thing, it is a recession, we are talking 2 or 3 years, do you take a different point of view on that?

Mr. C. Spears:

It may be that we have a downturn in terms of recession and growth, as you have seen, that happens roughly every 5 to 7 years, but the characteristics of this particular one are so profound that we do not know how the composition of industry is going to come out at the other end. We already know, for instance, that the U.K. (United Kingdom) Government are going to take around about 20 years to heal their borrowing problems, so although you will come out of the recession, what level of growth you go into might be completely different, it may be very restrained marginal growth for a long time. So I do not think we can simply look upon this as an ordinary cycle, because we are very reliant on the finance industry and we do not know in what shape or form that finance industry will emerge.

Deputy G.P. Southern:

Are you factoring into that the initiatives by the O.E.C.D. (Organisation for Economic Co-operation and Development) and the G-20 around avoidance rather than ...

Mr. C. Spears:

We really do not know how that is going to emerge, but if you are asking me , Geoff, does it concern me, yes it does, in terms of the amount of business we may or may not do, we do not know quite where that is going.

Deputy G.P. Southern:

But you are suggesting that the Government should take it seriously?

Mr. C. Spears:

I think we should, because there are a number of scenarios that can emerge here. You could have Jersey, it gets its white list arbitrage and you get business moving from other jurisdictions to here, where those centres do not match up any more, and we could have significant growth. On the other hand, we may have more of a blanket approach from onshore that says: "Well, we do not want so much of this at all and we will introduce tougher regulations and make it more difficult to do things." We have seen that as recently as last week when we saw the German Government introduce new measures and controls on German investors in offshore businesses, funds, and the rules are that complex the German Government has set that will allow the lawyers and the accountants of the offshore fund to make the returns and look after the investors' returns, because they are probably too complex for them to make themselves, so those sorts of rules start to make more things difficult, it puts people off. So, it is hard to say at the moment how we might emerge from this, all we do know is we are back to that big grey box with the question mark in it.

Deputy G.P. Southern:

In relation to your plea for flexibility, are you aware that the population policy is outlined to last for 3 years and then to be reviewed? So it is a 3-year population policy.

Mr. C. Spears:

I am saying do nothing now and review it in 3 years' time, rather than start imposing some figures.

Deputy G.P. Southern:

And then change it, okay.

Mr. C. Spears:

I think it is very right that we do look in 3 years' time, because by then we will have some idea of what sort of upturn we are into or not, and what it comprises of. But I just think introducing figures for one thing or another at the moment sends messages. I am not sure it is the right time to send these messages when we do not know where we are trying to get to.

Deputy G.P. Southern:

Can I come to you again with ... I am a numbers man, I should get a life really. The end result of the population policy is that we should keep the population below 100,000. Would you accept that is a valid aim?

Mr. C. Spears:

Based on the research that Mr. Ogle has shown me, that looks valid because if you start to stray above that figure you are into a different way of living here and many people may not regard that way of living as being special at all. So, yes, as a concept certainly.

Dr. P. Boden:

You just mentioned a few times this concept of control, controlled immigration and uncontrolled immigration. Just interested to know whether the situation with significant economic growth in the last few years, would that be about uncontrolled immigration, and the level of control imposed?

Mr. C. Spears:

The Regulations and Undertakings Law, of its own account exists and is applied, and judging by the complaints of a number of small businesses, control is being exercised, because they are not being allowed to bring people into their businesses.

Dr. P. Boden:

Okay, and that has been a constraint on economic growth?

Mr. C. Spears:

To a point, yes. It can be argued, and this is an argument that some Ministers put to me, but when you have a finance industry and you are sort of going gangbusters and earning loads of money, the small businessman down the road who is not going to earn so much does not have such a great priority, so he does not get what he wants. It is okay; that is hard economic fact in terms of how you allocate resource, but I am suggesting now we are straying into something that might be completely different, where we might be glad of small businesses who are motivated to grow their business and earn some tax revenue or whatever, so on a see-through basis, of course, not directly. So I think the climate is becoming sufficiently uncertain, or possibly changed, that we need a more agreeable treatment across the board for business than perhaps we have seen before. So I suppose the final answer to your question is that, given the feedback I have had from small businesses, I think controls are being exercised.

Senator S.C. Ferguson:

But are they totally effective at the bottom end of the scale?

Mr. C. Spears:

It is difficult to tell, is it not? I certainly have not come across any black market workers or anything like that personally, but it is difficult to tell.

Senator S.C. Ferguson:

Yes, there are apocryphal stories about cash in the hand people or whatever.

Mr. C. Spears:

Yes, but I have not experienced it....

Senator S.C. Ferguson:

But there is no hard evidence.

Mr. C. Spears:

No. But I do understand, the message coming back this way, that in terms of knowing who is here and what they are doing is important to be able to measure what you do or what you intend to do, I do not have a problem with that, it is just building numbers around it that causes me some concern at the moment. Long term, maybe, but it is a question of knowing where you are first of all.

Senator S.C. Ferguson:

Yes, because the elephant in the room is the cost of public services to support all these people.

Mr. C. Spears:

There is that, of course, as we touched on earlier.

Deputy G.P. Southern:

I would not agree with that, but never mind.

Mr. C. Spears:

We probably do agree on that point, but of course that for us is quite a wide subject, perhaps for another day.

Senator S.C. Ferguson:

Perhaps I should not have brought it in. Tracey?

Deputy T.A. Vallois:

You have mentioned the standard of living and how the Chief Minister believes we should keep Jersey as a special place. Would you say that the current population at the moment have a very high expectation of what the standard of living in Jersey is?

Mr. C. Spears:

I think the current population does have high expectations. One of the great difficulties in fulfilling expectation versus living in an Island is that of course you have a small population and the synergies of providing the services directly versus the size of population we have are quite difficult. Sitting in business, for instance, although in principle I accept that all the laws of equality of employment are ideal, the cost to business of applying all those in a small Island such as this are quite difficult. So that is an example, but if you look at the health service and if you were to say, sure we would like our own cancer facility here and whatever, but the cost of it is so prohibitive, so there are a couple of examples where people will tend to have expectations, as they have in the U.K. for some of these services, because a lot of people come from there.

Deputy T.A. Vallois:

Would you agree though that we would have to bring our expectation levels down in order to keep it sustainable long term?

Mr. C. Spears:

That is possible, certainly in terms of what we can afford, yes.

Deputy T.A. Vallois:

Based on the figures that have been presented by the Chief Minister's Department, would you agree that they are very unrealistic or realistic assumptions?

Mr. C. Spears:

Last year, when I saw Mr. Ogley's presentation, his 200 unit plan, i.e. the middle of the plan, made economic sense to me. This year I am not sure it makes so much sense, not because it is not middle of the road, but tying - I know I am repeating myself to a point - ourselves to figures based on an economy that we are no longer sure about just does not seem a good idea at the moment. I gave you the example of where in businesses, you may have a transition between types of business, or you may find that in order to support something that is sustainable you do need a particular growth in population or whatever. So last year I found the plan quite believable and sensible. This year I think we should wait and see where we are going.

Deputy T.A. Vallois:

Do you believe there is another model that could be used, other than historic assumptions, going forward?

Mr. C. Spears:

Good question. I think that is why we have to wait. **[Laughter]** Because I do believe in the next 2 years or so we are going to have a better idea of what we are going to be doing in the next 10. I think just at the moment we are not that sure what we are going to be doing in the next 10 years. Because by then we will have gone through the politics of offshore tax centres and we will have had a chance to look at some of the sustainable issues that have come along as well because I think, knowing the world of sustainability, I think certainly local business is only just learning. I think once you have been through that learning experience a bit and you can see some of the opportunities, then I think we will have some answers to your questions.

Deputy G.P. Southern:

It is always a bit awkward when the political planning does not agree with the economic timing. Nonetheless, we have to sketch something out going forward. There might always be the fact that we would rather be making a decision at a different time.

Mr. C. Spears:

No, I accept that. On the other hand I am not sure you will be faced with the problem of a net increase in population for the next year or 2 anyway unless something particularly radical happens.

Deputy G.P. Southern:

Which makes the 150 fairly safe if it is going to be reviewed in 3 years' time.

Mr. C. Spears:

It could do, but it sends a message; that is the thing that concerns me.

Deputy G.P. Southern:

Again, we are back to the perceived perception.

The Deputy of St. Mary:

I was wondering about why there was this problem with setting 150 net inward, which means a steady population or flattening out, on the basis of this uncertainty. If there is going to be shrinkage and then suddenly we need more engineers for renewal energy ...

The Deputy of Grouville:

It sends a message that we are almost closed for business.

The Deputy of St. Mary:

But 150 does not, that is a net immigration plus.

Mr. C. Spears:

I will use that same example but just sort of turn it a little bit. Let us just say, for instance, we have an international power company who decides that they are going to build a tidal power station somewhere on the Minquiers or whatever, and they need to import 100 or 150 families to run that in terms of construction for 2 or 3 years, and then they look at our law and they go: "Hm, well, it is 150 only that you can import for everyone, is Jersey the best place to go? Maybe I will go and look at one or 2 of the other Islands and see." So it is the message that sends. So, at the moment, by using the Regulations and Undertakings Law, much as there are components of it we do not like, I think just for the moment it is as good a mechanism as we have, although you will see in my submission I have asked for some flexibility for small businesses because I think in a period of uncertainty and downturn, if there are small businessmen who want to grow, that is not a bad thing to encourage.

Senator S.C. Ferguson:

In addition, if they are not in the finance sector, they will be contributing tax to the Island in the future, rather than otherwise, in certain other firms, which is always a benefit, I would have thought.

The Deputy of St. Mary:

Yes. I am still puzzled because your 150 households that you need "to run this thing on the Minquiers" is not a net inward plus, because you have lost 150 for some other reason. They could even be converted bankers.

The Deputy of Grouville:

That is not the message that will be given to the outside world.

The Deputy of St. Mary:

But there is no message, because we are talking about net. There is a flow of 2,000 in and out every year anyway.

The Deputy of Grouville:

Yes, but the message is 150.

Senator S.C. Ferguson:

That is one step beyond where we are going; we are talking about the realism of it. Coming in from left outfield, in your view, we are talking about the skills shortages in the Island. Where does the Chamber identify those and what sort of skills shortages are there?

Mr. C. Spears:

That is a very good question at the moment. In the finance industry I think we are going to find that we will need different types of skills, so some will go, depending on the - as Geoff put it earlier - the impact of avoidance regulations, so there will be avoidance products here where you will have particular lawyers and accountants who are experts in that, and you will need different types of lawyers with different expertise. Intellectual property I would say is probably one of those, and other stuff like computer law and e-commerce law and those sorts, so you are going to see a need for certain skills to be swapped I think. But that is probably the most apparent one in the finance industry. In small business it tends to be particular marketing or market skills, people know where to buy things from or know how to run particular businesses, and I will use a well worn one for you, as I have said, and you have probably heard it many times, but the Island has a shortage of professional coffee roasters, for instance...

The Deputy of Grouville:

This from David Warr

Deputy G.P. Southern:

He may need one more.

Mr. C. Spears:

You do find individual small business, and you may also find there is another business I am aware of where the particular sustainable products that people want to import that some people know an awful lot more about than other people, so you get these little pockets of business. I think the accountancy industry needs a look as well, in the sense that, at least until Christmas, they were saying that they were particularly short of certain people, and of course the sorts of people they now need are insolvency practitioners and those sorts of people. Again, we will probably need a change of skills, and you are into this wind down of one type and wind up of another. But certainly 2 of the major firms I know of were very short on people in the area of insolvency and restructuring, and that will probably go for lawyers as well to a point.

The Deputy of Grouville:

I would just like to ask if the Chamber, or if business are looking to train up people and then highlighting to Government is there is a particular niche?

Mr. C. Spears:

I will tell you where we have come to with that, because the Chamber probably did not do enough in this role back a year or 2, but we now have the Skills Executive, and we have some representatives on that. We are currently in negotiation with that committee to canvas our membership in terms of skills and training they want, so Carol Canavan is preparing our questionnaires to go out to our members. Also, we are preparing our website to give a much better signposting and information facility to our members than we have. In answer to your question, that activity, both at Chamber and everywhere else, needs to be a lot better than it is at the moment, because we need to get a better connection between the skills we need versus what our education people might think we need. The difficulty in between will be what people want to

do, but that is down to how much you force that issue or you do not, so whether you want - again, another well worn example - 1,000 media studies students and 5 studying sustainable business or something, a better balance can be a difficult thing to achieve. But we do need to do better at communicating those needs from business and vice versa so that is one of major tasks.

Deputy G.P. Southern:

In terms of training packages, are you actively negotiating on behalf of your members with the Economic Development Minister or the Treasury Minister who did the fiscal stimulus package?

Mr. C. Spears:

We are doing it through the Skills Executive, Mr. Plaster in terms of actually progressing.

Mr. R. Shead:

He sits on the H.R. (Human Resources) Committee.

Mr. C. Spears:

We have found that has been a big improvement in terms of communication and he has come and made some presentations to us. It has made it a lot clearer to us what we need to do.

Senator S.C. Ferguson:

Super. Well, thank you very much indeed, gentlemen. We are extremely grateful to you. I must regretfully draw this discussion to a close and thank you very much for your coming in and, as I say, we shall be sending you a transcript just so you can make sure you said what you thought you said.

Deputy G.P. Southern:

Can we just have a quick whip around; is there anything that you came to say that we have not touched on and you thought you cannot leave without saying this?

Mr. C. Spears:

I have said but I will just re-emphasise it. The one thing our members wanted me to put over today was can we have a bit of flexibility for small businesses at this time in terms of the Regulations and Undertakings law? That is one thing they made me promise to ask for but, apart from that, no, the generalities of things is as discussed.

Senator S.C. Ferguson:

It is written in letters of fire across our transcript.

Mr. C. Spears:

Thank you very much indeed.