

Corporate Services Scrutiny Panel

Migration Policy

Institute of Directors Jersey

Monday, 19th March 2018

Panel:

Deputy J.A.N. Le Fondré of St. Lawrence (Chairman)

Deputy S.M. Brée of St. Clement (Vice-Chairman)

Deputy K.C. Lewis of St. Saviour

Senator S.C. Ferguson

Witnesses:

Mr. J. Shenton, Institute of Directors Jersey

Ms. B. Hill, Institute of Directors Jersey

[10:30]

Deputy J.A.N. Le Fondré of St. Lawrence (Chairman):

I will kick off. Welcome, everybody, to the Corporate Services Scrutiny Panel. It is a high-level hearing on the migration policy. We have the Institute of Directors, represented by John Shenton and Becky Hill. Am I okay to address you that way?

Ms. B. Hill (Institute of Directors Jersey):

Yes.

Deputy J.A.N. Le Fondré:

I should declare I have known Mr. Shenton for a very long time.

Mr. B. Shenton (Institute of Directors Jersey):

Yes.

Deputy J.A.N. Le Fondré:

But I am sure he will be giving appropriately sharp answers, as he normally does. The purpose of this, I should just say, is to really do a high-level review into the draft migration policy that has now been lodged by the Council of Ministers. We have made it very clear this is really just to help people or inform people of what the key aspects or issues around that policy might be. We very much assume that the future Corporate Services Scrutiny Panel after the elections will then have a look in somewhat greater detail. This is very much just to get your initial views and have a discussion around it. It is very short, it should be about half an hour. The other thing I should just draw to your attention is the notice in the middle of the 2 of you, which basically means, as witnesses, you are covered by parliamentary privilege in terms of how these hearings work. Also as to people who are in the public seating, no interruptions and no noise from electronic devices and laptops off, please. The hearing is recorded and you will get a copy of that just in case there are any factual issues. For the benefit of the recording, my name is Deputy John Le Fondré. I am Chairman of the panel.

Deputy K.C. Lewis of St. Saviour:

Deputy Kevin Lewis, panel member.

Deputy S.M. Brée of St. Clement:

Deputy Simon Brée, Vice-Chairman of the panel.

Senator S.C. Ferguson:

Senator Sarah Ferguson, member of the panel.

Deputy J.A.N. Le Fondré:

If you could say your names for me.

Ms. B. Hill:

Becky Hill, I.o.D. (Institute of Directors).

Mr. J. Shenton:

John Shenton for the I.o.D.

Deputy J.A.N. Le Fondré:

Brilliant. Just to start off, would you like to take, I do not know, 5 or 10 minutes - or however you want to do it - just to give us an overview of what your view is on the proposition that has now been lodged?

Mr. J. Shenton:

I think I can safely say that we were slightly disappointed, having waited so long for a new migration policy. I think the paper is very generalist; I think there is not enough detail about how, what, who, when, why. The detail within the paper, it is very nicely written for people to understand, but I do not think the real crux of the matter in relation to migration has been properly addressed. I do not think that when you are looking at it, either wearing a business hat in relation to me employing staff or looking to employ staff, it gives me the full comfort, and I think if I then turn that on its head, as me as a Jersey resident with a family here, the policy gives me very little comfort either. There seems to be big holes in it. I would imagine that it will be kicked further down the road into the long grass by the new States unless there is something slightly more meaty put on the table.

Deputy J.A.N. Le Fondré:

Do you want to add to that?

Ms. B. Hill:

Yes, we agree. We are speaking for the I.o.D. committee. We have discussed it and we feel the same, particularly with our for businesses hat on. Businesses come to us regularly and say: "How do I know if I can get one? How do I measure whether I pass the test?" and it just does not give us enough to be able to determine whether somebody could or they could not. I think it is going in the right general direction in terms of we agree with the principle of work permits and times and that you need to balance what a business needs to do versus what the Island wants to preserve, so that is good, and obviously everything about photo I.D. (identification), those details are fully supported. It is just down to, as John said, the nitty-gritty as a business, where we know businesses are growing, that the level of people that are unemployed has reduced and the types of people that the businesses that we represent need to employ to grow to service local clients. This just does not give us the detail as to where they can or they cannot. That is what we need to see.

Mr. J. Shenton: If you look at it - I do not know where you want to start - there are references in there to the Guernsey policy. The Guernsey policy has a detailed list, which basically I can go down the list, which runs to about 20-odd pages, which gives a clear idea of if I need a tax associate, I may or may not get one; if I need a tax manager, I may or may not get one; if I want a tax manager, then yes, I will probably get one. That then leads to additional questions about skills. If I am looking to train someone, if I am going to train someone who happens to be subject to the migration policy, then I train them for 4 years and I lose them, but I can bring in a manager with 5 years' experience. It seems there is no direct correlation between me training my staff, because it concentrates on skills, and then being able to jet someone in above them all, so where is my career aspirations for these people? It talks in here about people who are currently registered serving their 5 years as a pizza delivery guy or a bartender or whatever in order to get his job and then he can use his skills after 5 years within other sectors. It talks about the Polish being much better educated than the U.K.

(United Kingdom) or the Portuguese community and then you have to ask the question, why do I then have to wait 5 years in order for these people to change from registered to licensed under the current rules? All the current rules have done is effectively allowed you to bring in 1,000 under-skilled people over the period of time, because effectively what you are saying and what you are agreeing to is the fact that once they get to year 5, they drop out of registered and into skilled. If you then look at other parts of the document, I think it is on page 14 about skills and productivity, there is clearly a fundamental problem with the Jersey educational system. We seem to have 40 per cent of the population below level 2; we have 20 per cent of our people leaving schools with no qualifications. Again, in the introduction we talk about skills-based and we talk about getting people into jobs with the relevant skills. Our education system is clearly failing these people. I then went on to the skills strategy which they published, a lovely colourful document: "develop, improve, maintain." There is no substance in that either. I have an educational document which stands alone with nothing in it and then I have a population document which relates to skills which we clearly do not have and are not fostering. I am stuck, as a business, with having unskilled locals which I cannot employ and I am also not allowed to bring in skilled foreign people until they have been here for 5 years, unless I bring them at such a level that that disincentivises my staff from training and building up the skills base, because what is the point if all I can do is bring someone at manager/senior manager level? What is the point in me training my own staff? Because they are going to think: "What is my career progression? I am just going to have someone jettison above me." The other bits and pieces in here, there is no direct correlation between the ageing population. You are trying to put a number on migration. How can you possibly put a number on migration? How can you possibly say that 1,000 people is where we want to be? Do we get to 1,000 and then suddenly we need a brain surgeon and say: "Oh no, I am sorry, you cannot come until next year because we have reached our quota"? How do we know what the population is doing? How do we know what the social impact is? If you walk through town, we seem to have coffee shops and charity shops. This paper does not say what the economic value of either of these 2 is to the community. It does not say - and the numbers are there - how much does the Government pay per individual member of the population. What is your mean salary required in order for me to pay for myself in Jersey as a Jersey resident? It needs to be there. If you go back to the lovely table about average earnings by sector on page 9, it breaks it down between financial services, public sector, electricity, gas and water, lovely, nice - beautiful little bar chart - but what we are talking about here is we are talking about an ageing population. That is our biggest problem and that is what is referred to in here. Where are the statistics about what is the average income of a pensioner? Where does that fit in the table? Where can I create the correlation between losing somebody in financial services at £1,000 a week and gaining another pensioner? How many more people do I need and what is my mix within sectors in order to keep the Government functioning? At the moment I think there is 2 of us to one pensioner. The policy is changing, whereby the population is ageing. How many workers do I need in order to keep my current pensioner with the healthcare and the standards which they

have got? We all know that healthcare is going up. Where is that analysis saying: "I need 1,000 more people"? One thousand more people is not going to cut it if all I have is a lot more pensioners. Lay out some facts in here and say: "If my migration is going to be 500 or it goes back to where we were, 200, or I am going to freeze it" say that: "Yes, it costs £30,000 per annum" or whatever the number happens to be. Tell me what I am looking at, allow me to make the decision, which basically says that: "If I want my migration to stay stagnant, then it is going to cost me an extra X thousand pounds in tax and it is going to cost everyone X thousand pounds in tax and it is going to cost you this in these charges and this in those charges." Be honest with the public. This skirts around the edges and addresses the points which we all know are there, that we are under-skilled, we are ageing, health is getting far more expensive, housing is expensive. There is a little bit about not wanting to build on the green zone and everything else, but at some point in time you have got to take the difficult consequences, which means that I have to give up 2 potato fields, because if I give up 2 potato fields because that equates to 500 affordable houses, which means that my economy can continue to grow and therefore I end up with another tax in the coffers in order for me to go and attend the new hospital, for me to be looked after until I am 85. What is the ageing dynamic? My background is tax, so maybe you do need to look at tax and maybe say: "My business is locally owned, every pound we pay, every pound I earn gets taxed in Jersey. We do not send income away offshore. I am not like other businesses and maybe if I am paying tax and all my money flows back into the tax system and into the Jersey economy, maybe I should be given priority for staff against some of the big household names, whereby they do not, or private equity in the trust industry" which again, so much of the money leaves the Island, maybe it is a joined-up policy. Maybe we are saying: "John, you pay tax at 20 per cent, therefore you have priority for staff. If you do not pay tax you are not contributing that much to the economy, so why should I allow you to have extra staff, which are going to use economic resources?" But there is none of that. It is a very nice discussion document which I would imagine will be discussed for days on end, but there is just a lack of substance in it.

Deputy J.A.N. Le Fondré:

Simon, do you want to kick off?

Deputy S.M. Brée:

Just purely for clarity's sake, the I.o.D. Jersey, who do you represent, what types of businesses?

Mr. J. Shenton:

All sorts of businesses. Yes, we require directors and everything else, but we are not solely banks, trust companies, lawyers and accountants, which I think is the popular misconception. We have members from the hospitality sector, from retail, we have a wide cross-section. I think at the last count, our membership was around about 700.

Ms. B. Hill:

Yes, and it ranges from large corporations that you would have heard of to the S.M.E. (small and medium-sized enterprise) population as well, so it is absolutely across the board.

Deputy S.M. Brée:

Out of that 700 membership, that is individuals?

Mr. J. Shenton:

Individuals, 700 individuals.

Deputy S.M. Brée:

How many businesses would you say? Have you looked at many actual individual businesses you represent?

Ms. B. Hill:

I would say that that is probably about 500.

[10:45]

Mr. J. Shenton:

In some ways, take the 2 people you are talking to today. Grant Thornton employs just over 50-odd people locally. We are a Channel Island business, so we have got 100 across the Island, locally owned, Jersey and Guernsey residents. If I take Becky, you are an owner-managed business. Where people look at us and think that we are the C.E.O.s (chief executive officers) and C.F.O.s (chief financial officers) and the corporates which just employ people, yes, we do have the large corporates as members, but we go all the way down through the whole of the business community.

Deputy J.A.N. Le Fondré:

A quick query. There is one other question I want to ask as well. In terms of how this has been developed, were the I.o.D. approached or consulted at all?

Ms. B. Hill:

Yes, we had the original version. We spent quite a bit of time with Paul Bradbury and we provided quite a bit of input into this one. The commentary was fairly similar to what John has just said.

Mr. J. Shenton:

I think I would say that the input was more us to them than them to us, that we asked for input. We have been pushing for what has been going on with the migration policy because our members have

been pulling their hair out, saying that they cannot get staff. There is a bit in here which alludes to financial services not having problems with getting staff. The Island does not run solely on financial services, especially given our educational stats.

Deputy J.A.N. Le Fondré:

You referred to sort of 2 hats, as it were. One was the I.o.D. and then you flipped it over and also looking from the family perspective and Jersey-born family et cetera. Do you want to touch on that a little bit?

Mr. J. Shenton:

My son is 18. He is just about to go off to university. He is going to study primary education. There is a lot of talk, especially in that sector, about encouraging people to return to the Island. Are we simply pricing ourselves out of him returning? You are looking at average house prices of about £430,000-odd for an average house. I am not sure they pay primary schoolteachers quite that much money in order to fund it. What is the tax dynamic going to look like when he comes back, by the time you have got his salary, his Social Security, his long-term care charge? If he is buying a house, you have still got the infrastructure which you will want to bring in, he will end up paying the waste charge if people come and visit them. We have all these charges and everything else and where we seem to be missing it is that a lot of business here is using all this, our resources, and we only tax a small proportion of them. I think it needs to go back to the tax policy. I want to encourage my children to come back here, but it needs to be economically viable for them to do so. Then I am lucky, I paid for my son to go to Vic, my daughter is at J.C.G. (Jersey College for Girls). I do pay. I do not mind paying, but am I blown away - I am going to get killed by both the headmasters here - by the standard of education in the Island? No, I am not. From what I see coming through the door at Grant Thornton, we are severely lacking in producing people. From my family point of view, I am concerned. In today's mobile world, we are not encouraging people back. I think the housing policy we have and the migration policy we have had for the past few years does not encourage the 20 to 25 year-olds, the bright young things, to come to Jersey as a place to start. I do not think the new policy is going to do that either. What on earth are you going to do, coming to Jersey, if you want to build and develop your career, if you are basically told to get lost after 5 years, if we do not have clarity around training, apprenticeships, what is covered and what is not covered? As an example, I had a very good member of staff. She happened to be Belgian. She could not find decent housing. I went to Population. I asked for a (j) cat licence, as it was known - she was going through her training - and I was told basically because she did not earn enough, I was not going to get a (j) cat. What message does that send out? So I do not want someone to train, I do not want them to live in decent accommodation, but I can use them in order to further my businesses, but I cannot supply them what I want. It was a bizarre decision. Needless to say, she is no longer employed by me. She has left the Island. That is what we are not growing. We are not growing the leaders of

tomorrow, either through our educational system or our housing policy, because it does not encourage the youngsters to come through, it does not encourage them to stay here and train. This is not going to do it either.

Ms. B. Hill:

Yes. There is a gap that we are finding with employers that I represent. I have got an H.R. (human resources) consultancy business and we are finding a gap for people like Grant Thornton that want to hire in school leavers, that there are not enough of those that are educated to the level of academia that is needed to go in to do some difficult training that will be provided. The pool just is not big enough. Businesses are changing their model to bring in - which is great - more trainees and more apprentices, and generally lots of people are sending the right message, that this is what they want to do, but there is this gap. How long the gap will last we do not know, but there is a gap between having enough people to fulfil those opportunities. But the business model stays the same, so then we have to come to the Population Office and say: "If we cannot get enough locals to fill these training opportunities to serve local clients, can we go off-Island?" "No." The business model does not work because then you are into charge rates and things that just do not work. That is in professional services, but it is also in the proper apprentice roles in other business as well, so in more commercial.

Deputy K.C. Lewis:

What do you think the level is of the skills shortfall? Are we talking hundreds, thousands?

Ms. B. Hill:

In terms of the numbers of people?

Deputy K.C. Lewis:

Yes.

Ms. B. Hill:

I do not know. It was going to be a question that I was going to ask you, how do you determine the right number of people? If this number is 1,000, how do you know if that is the right number? How do you come to businesses and say: "What do you need?" What is your source to determine what the economy needs?

Senator S.C. Ferguson:

Do you think that Government should be dictating which businesses should be allowed to expand? Effectively I suppose you go to the Population Office for somebody and they look at you and say:

“You cannot take somebody on.” Is that not Government dictating who can have a business that expands?

Ms. B. Hill:

If we recognise on a positive level that the economy is getting better, you need to keep that going, surely, by employing more people to create ...

Senator S.C. Ferguson:

Yes, but should Government be deciding which business should expand?

Mr. J. Shenton:

No.

Ms. B. Hill:

In specifics, no, because it is up to a business to decide how they need to develop.

Mr. J. Shenton:

I think the fundamental difference here is that if we do not make a profit, we go bust, so nobody in business takes on an extra member of staff with all the additional bits and pieces around the employment law and all the costs - Social Security, redundancy, maternity and everything else which goes around to employing an individual - and we do not take that decision lightly. We do not just go down and think: “Oh, I think we will have someone else to sit at that desk, because I have a spare desk.” There is an economic cost to the business and the business has to make money. The business is there in order to provide fulfilling employment to all my staff, plus I need to meet their career aspirations and everything else. If I want an extra member of staff, I am not going to take the decision lightly that I want an extra member of staff. I then go off to the Population Office, I sit in front of the great and the good, who try to tell me that I do not need this member of staff, with no knowledge about my business whatsoever. I am not only saying that I want an accountant or a trainee, it is getting the skills in order for every single business to flourish. That might be a professional hairdresser, it might be a professional butcher, it might be whatever business you are in, but nobody takes it lightly in order to employ someone. If you look at the stats and you go on to the Government website about how many jobs are still available, you then go on to any of the other top personnel, there are thousands of available jobs out there with no one to fill them. If we start going back and closing the door, all we are going to end up with is inflation, because you are going to get to the point whereby I need another member of staff, so I am going to nick one from my competitor, who is going to nick one from their competitor, who is going to nick one from me and we are going to end up with this cycle of high inflation, with people being promoted to places where they probably do not have the skillset in order to do the job, which is then going to have a knock-on effect,

whereby if they cannot do the job, you have risk, you have anxiety, you have problems at work because you are asking too much of these people by over-working them. The whole cycle starts again. I have got someone telling me in here what the right number is. The right number in here does not even stack up to the numbers you put in the same document about how many houses you need and what care and everything you have got. My personal view is it does come back to being economically beneficial to employ a member of staff. If it means that I have to pay more money in order to get an extra member of staff in, then so be it. I will change my business model. I sit there, running a business, and I look at my economic output of them and what I can afford. If it means that you end up charging and we end up with less unskilled people coming in, then unfortunately the Island I recognise cannot just carry on employing people.

Deputy S.M. Brée:

Can I ask a question though? Earlier on you did touch on it, Mr. Shenton, but obviously from what you have just said, am I correct in my understanding that I.o.D. in Jersey does not believe there should be any kind of formal maximum number of net inward migration? Is that correct?

Mr. J. Shenton:

I do not think that you have the data currently or the crystal ball to be able to adhere to a number. Yes, that is correct.

Deputy S.M. Brée:

So you would be supportive of a policy that was business need driven as opposed to population number driven, if you see what I mean, that there is no restriction effectively, as long as the business can prove that there is a requirement?

Mr. J. Shenton:

Yes, as long as the policy dovetails into all the other policies in order make Jersey a better place for all. I am not saying that we should have rampant immigration because members of the I.o.D. want to increase their profits. What you have to do is, yes, you need migration in order to fund education, which needs improvement, in order to fund healthcare, because we desperately need a new hospital - with the ageing population, that is also going to get far more expensive - we need to fund infrastructure, we need to fund the environment, we need to fund all facets of Government. I am saying that if everything is joined up, then you may not need to place a number on it. With everyone making their own decisions in little silos, you probably do have to put a number on it, because that is the only way you continue to be able to influence other policies. If our education policy is right and our infrastructure policy is right and our health policy is right and they all dovetail in together, then no, I do not believe that you need to sit here and tell me that Jersey needs 1,000 or 800 or 500 people. No, definitely not. Business will find the right level, because it is driven by economic forces.

Senator S.C. Ferguson:

Given that Guernsey have apparently managed to stabilise their population, what lessons can we gain from that?

Mr. J. Shenton:

Guernsey, in my opinion, are slowly going bankrupt. Their population is shrinking, their ageing dynamic is far worse than Jersey's. If you look at the ageing dynamic between us and Guernsey, they have a much larger ticking time-bomb in relation to their ageing population. I think time will tell that you cannot, in this current day and age, have a population mix, as they do, where the amount of over-65s is increasing and their overall population numbers are decreasing. It is an unsustainable model and Guernsey will end up in a terrible mess. If you can explain the economics of how that can work, I would be really grateful.

[11:00]

Deputy K.C. Lewis:

Bringing it back to Jersey, I am sure you would agree there is a balance to be had. From a personal level, you mentioned you hoped your son will come back to Jersey one day, but if we have a relatively open door policy, then obviously demand housing-wise is going to outstrip supply. Where do you think that balance should lie?

Mr. J. Shenton:

The balance will lie, but I agree housing controls, I agree with the 10-year licence to buy, I agree with the benefit system in relation to you are not entitled to benefits until you have been here for 5 years. I find the opt-out around education slightly odd, that we still have anomalies within the system whereby, again, we do not have a level playing field. Certain things require you to be here for 5 years; other things do not. Again referring back to your document on social inclusion at 23, it is completely disjointed, because at one point they are saying education is free on arrival and then the next point they are saying free non-emergency healthcare and subsidised G.P.s (general practitioners) is not for 6 months. It is an inconsistent document. Going back to your point, of course we need to control the level of population into the Island, which we do with the 5 and the 10-year in the housing rules and everything else. I do not think there is a better way to do it than through housing. Yes, we have to improve the standard of housing and everything else, but my personal view is that we need to up the skills at the bottom. The number of unskilled businesses operating in the Island will hit a point whereby it is uneconomic for them to continue. I am amazed there is quite so many coffee shops and sandwich shops as I walk back to work. I think that business will hit a level. I think what has happened at the moment is we have pushed business down, that there are

opportunities. Government should not be there as a safety net for people who fail because they have taken the wrong business decision. Government is there to support the people who are unable to support themselves. Yes, I think you do need control, but I do not think that Government coming up with a number is the right way to do it. I think that everything will find its own level.

Deputy J.A.N. Le Fondré:

Three questions or comments, I guess, just picking up what you said. Going back to page 23, so in the summary you think there should be some form of consistent approach, in other words, you have the zero, you have got the 6 months, you have got 5 years, you have got 2 years somewhere in there, I think, in the summary, that that should be an area that should be addressed from a consistency point of view, agreed?

Mr. J. Shenton:

Yes.

Deputy J.A.N. Le Fondré:

Secondly, is it fair to say then in summary that we do not seem to have the data yet on which to make some good decisions here and that would include things like - I think you called it - who is economically beneficial; I might call it financially beneficial? Is that basically saying you need to understand by roles or by posts what their financial impact on the Island is as well as economic and social benefit type of scenario? The recording does not pick up nods, so that is a yes, is it? Okay. I suppose the other one, just probing slightly, because obviously that is the counter side, another side of the argument, is that at the moment, if we carry on at 1,000 a year, by 2035, I think it is, the population increases by over 25,000 people. Do you consider that to be an issue? In other words, I suppose it comes down to is there a limit at some point that the Island can take?

Mr. J. Shenton:

There is a limit. You are going to reach the limit at some point, but it has to be more the balance of what you are trying to achieve, because as I said before, if you stick a cap on and you say: "I want 500", that basically says: "I need 1,000, but I am only going to take 500" it is the decision about where you want your public services to be, what you want your education to be, what you want your health to be. At some point, someone is going to say: "Yes, in 2020, your basic rate of tax will be 22 per cent, but if we keep at 500, your basic rate of tax will be 27 per cent, your basic rate will be 32 per cent, 35 per cent, 45 per cent" and we will end up like the U.K. It is getting the data there. You need to understand what the consequences of making the decisions are. If you are going to say: "What I am going to do is I am going to carry on with unskilled and I am going to carry on producing 40 per cent of my schoolchildren with no qualifications, so they are going to fall into the low-income category. I am going to carry on putting up personal allowances so they make no

economic contribution, therefore my overall bill is being fulfilled by less people who are economically active in the Island” then you are going to end up with a point where people will start leaving because it is too expensive to live here. It is not going to be the retired. The retired, with the good healthcare and the house and the assets, who have been here for 40 years, they are not the people who are going to be leaving because they have the asset base. The people who are going to be leaving are going to be the ones who are economically active, which are the ones we need in order to generate the money. The unskilled are not going to leave, because they are not going to find anywhere better to go. Again, we have got a dwindling amount of economically active people at the moment who are paying the bills and they need to be encouraged. That is where the growth has to come from. Yes, if it means we end up with 1,000 people a year for the next 20 years, then so be it.

Deputy J.A.N. Le Fondré:

Just to be clear, economically active means paying tax?

Mr. J. Shenton:

Paying tax at a sufficient level in order to cover the cost to Government. This is people who are able to, not people who obviously are unable to.

Senator S.C. Ferguson:

As we go along, we are finding that more and more of the low-skilled jobs are disappearing.

Mr. J. Shenton:

Yes, they are. So your net migration in relation to the low-skilled, surely if we put the right controls in place should decrease then migration in that area, if the low-skilled jobs are disappearing. If we are also increasing our educational standards, then they would be reluctant, as you mention in here, for locals to do these low-skilled jobs, because they will no longer be low-skilled, because our educational system will be better. It is about bringing it together. If our unskilled jobs are disappearing, good, but is that not another wake-up call to say that our educational system is broken?

Deputy K.C. Lewis:

Looking at the stats for education, that is quite worrying, I agree, but do you think we should maybe look through the other end of the telescope, without interfering with people's free will regarding education, whether people, as well as taking the art, should take more business-level courses? Should there be any intervention at an earlier level?

Mr. J. Shenton:

It is an interesting point, because people need to understand the driver behind why these people are content to come out without the skills. Society is only going to get harder. The skills you require are going to be different, but you are still going to require skills, you are going to need educational skills. Even with A.I. (artificial intelligence) and everything else, you are going to need these skills. Someone needs to understand why we are producing so many unskilled people, whether it is business courses, whether it is Highlands, whether it is a P.R. (public relations) job for hospitality or trade or agricultural or construction. These are the jobs whereby auditing ... we have an audit firm. I expect the majority of the auditing to be done by artificial intelligence, I expect it to be data analytics going forward, where someone is going to read a spreadsheet. I am not going to get somebody with data analytics to come and fix my pipework at home or put in a new light in. These are the skills and I just think that Jersey maybe is a little bit behind in promoting that these are quite good jobs. Maybe it is our fault as the finance industry by seemingly paying too much, but why are we paying too much? Because we cannot get staff, so it is a vicious circle.

Ms. B. Hill:

I think we have a timing gap, because we cannot say no to bringing in new people that firms need at the trainee level, the apprentice level, whatever industry they are going into, if they are not coming out of school, because the pool just is not big enough.

Deputy J.A.N. Le Fondré:

To change the output from the schools is going to take time.

Ms. B. Hill:

Yes, so it might be appropriate to say no - computer says no - at a point where everything else is adding up to that that is appropriate.

Mr. J. Shenton:

I have full employment. We have more people in jobs than we have ever had as an Island ever. If you look at the number of unemployed, that is again the lowest level we have had for a number of years and it is, percentage-wise of the working population, one of the lowest we have ever had. I would suggest, given a working population of 60,000-plus, that having 1,000 unemployed, I would imagine most of those are probably unable to fulfil most of the vacancies which exist. I think there is no doubt at all about it, that the people who are unemployed do not have the skills to meet the majority of the vacancies. What do we do? Do we stagnate? Do we become inflationary? Do we price ourselves out of the market? We are an international business, finance is international. Do we price ourselves out of the market because we cannot get someone, because you have drawn a line and said I cannot have any more? Unemployment is not the problem. Jersey, as an Island, is

creating more jobs than we have people, but we need to create the jobs because we have an ageing population, worse than the U.K. and not as bad as Guernsey.

Senator S.C. Ferguson:

Yes, because the published figures are saying that is fairly steady, around about 62,000, 63,000.

Mr. J. Shenton:

Of workers?

Senator S.C. Ferguson:

Of population in total in Guernsey.

Mr. J. Shenton:

In Guernsey. The Guernsey population has decreased so your proportion of working to non-working is going up and it is unsustainable. Unless you can tell me - which is what we alluded to earlier on - where a pensioner sits in my nice bar chart, if a pensioner sits above the mean, then fine, we are sorted. I have a sneaking suspicion that it probably does not.

Senator S.C. Ferguson:

I would suppose that it depends which sort of pension scheme they are in, whether is a defined benefit or defined contribution.

Mr. J. Shenton:

To be honest, final tax schemes are few and far between and there is only one notable exception to that one, which hopefully Charlie Parker will do something about.

Senator S.C. Ferguson:

Yes, but until that has worked through.

Mr. J. Shenton:

But the vast majority do not work for the States. Of the 60,000 people, nobody within most industries operate a final salary scheme. If you look at the mix of jobs in Jersey, there are so many one-man bands and small businesses. The amount of red tape to set up a business: nobody sets up a business on the hoof. As I said before, even the one-man bands and everything else, they are met with the same levels of regulation as we are, as a bigger business. Yes, we can take sickness and maternity and all that on the chin. If you want to bring in compulsory pension schemes and this, that and the other, we can take that on the chin. I am not quite so sure that the small businesses can

manage quite so well. You are going to end up creating a 2-tiered society. Migration is a real problem, but business will stagnate without skills and without staff.

Deputy J.A.N. Le Fondré:

Shall we stop at the point? I do not want to keep you; we said about half an hour.

Mr. J. Shenton:

I am sorry.

Deputy S.M. Brée:

Can I just ask one question?

Deputy J.A.N. Le Fondré:

Shall we just start from the end? Are you done?

Senator S.C. Ferguson:

When you talk about skills, are you aware that every primary school in the Island has got a whizz-bang up-to-date computer system, but they have not got the teachers trained to teach them how to use them? Are you aware of that?

Mr. J. Shenton:

That comes down to your educational skills strategy. I looked at something the other day whereby a school in the U.K. acknowledged that there was an acute skills shortage in relation to teachers, so what they did was they offered assisted accommodation costs in order for the teachers to meet the certain requirements that they had. Therefore they encouraged them, because they realised that they were in a very expensive housing area, so they offered incentives, the incentive of cheap accommodation. The cheap accommodation was obviously for them to fulfil their role in education in order to meet certain targets. Maybe there needs to be a little bit more innovation around what you do in order to encourage key workers. Personally, if you want to put the starting salary of a primary teacher up in 3 years' time when my son has finished at university, I am sure he would be delighted.

[11:15]

But seriously, you need to look at each industry and try to address the problems.

Deputy S.M. Brée:

Just very quickly and just to clarify, the I.o.D. Jersey, do you support the introduction of work permits, as laid out in this document?

Ms. B. Hill:

Yes.

Deputy S.M. Brée:

You do?

Mr. J. Shenton:

Generally, yes.

Deputy S.M. Brée:

Do you see any problems that may arise though?

Mr. J. Shenton:

Yes, that the criteria in relation to who gets a work permit is too tightly drawn. The people giving out the work permits do not understand each individual business and there is an inflexibility around where you have invested in someone for 4 years, who has clearly demonstrated that they are going to be economically active in the Island in future and that there is a the “computer says no” approach to the renewal of permits.

Deputy J.A.N. Le Fondré:

Just leading on from that, does that mean there needs to be greater flexibility, something along those lines, in how the system is dealt with? The impression I am getting from industry is that a one size fits all approach is being adopted and that is not appropriate.

Mr. J. Shenton:

I would agree. I would also suggest that you might want a more independent appeals process where you have people who may have run a business and understand some of the fundamentals and what they are trying to achieve, rather than a tick box civil servant that says no.

Deputy J.A.N. Le Fondré:

I think we will stop there. I will make the point it is not our policy, it is obviously generated by the Council of Ministers.

Mr. J. Shenton:

Thank you very much. Can I just say that with all of this and with any other thing which Scrutiny does, the I.o.D. is very committed to the Island, wants to help in any which way it can and is more than happy to support anything. We are forthright in relation to our comments. We have no allegiances to anybody and therefore if you ever need our help, our door is always open.

Deputy J.A.N. Le Fondré:

Excellent, thank you very much. That concludes the hearing.

[11:17]