

## **AN AGENDA FOR THE NEW COUNCIL OF MINISTERS**

### **Text of speech by Mark Boleat at Jersey Chamber of Commerce lunch, 5 November 2014**

As someone seeking to give advice to Jersey it may be helpful to begin by saying where I am coming from – given the apparent resistance in Jersey to “advice from the mainland”. Not only was I born and educated in Jersey, but I can trace my ancestry back 10 generations. I have written a book on the history of the Jersey population. I have over the years done reports for the States or ministers on housing, population policy, consumer protection and financial stability, and since 2010 and 2011 respectively I have held the positions of Chairman of the Jersey Competition Regulatory Authority and the Jersey Development Company. I therefore have reasonable experience of how things work in Jersey.

Currently, my main role is Chairman of the City of London’s Policy and Resources Committee, a position that in some ways is comparable with that of the Chief Minister of Jersey. Like Jersey, the City is a major financial centre, and the City Corporation plays a significant role in promoting the finance industry nationally and globally. In other ways it is much more than a local authority, managing 11,000 acres of open space (40% of the size of Jersey), running major cultural venues such as the Barbican, managing or sponsoring six secondary schools, providing the national policing for economic crime and acting as a major property developer as well as running a £2 billion property portfolio. Our annual revenue expenditure is around £500 million a year. Over the last few years I have found that my Jersey and City roles complement each other well; each jurisdiction can learn from the other.

### **Why Jersey is wealthy**

My starting point is that whatever people might say in surveys, they want their standard of living to improve over time and they want to give the maximum possible opportunity to their children and their grandchildren.

It is therefore necessary to understand that Jersey is wealthy because of its semi-detached status in relation to the UK, a status it has enjoyed and benefitted from for hundreds of years. It is this status that has enabled the finance industry to grow and to thrive, and it was this status that was behind the economic boom in the early 19<sup>th</sup> Century. It shares this characteristic with other small semi-detached territories such as Guernsey, the Isle of Man, Gibraltar and Bermuda. There are no rich small independent islands, nor any there any rich small islands that are a full part of a large country. This position has been well understood by the Jersey authorities, who have used the ability to set tax rates sensibly, such that tax rates are low but revenue is high, and have ensured that the financial services and other industries operate within internationally accepted norms. The first task of any government of Jersey is to protect this position.

40 years ago to the day I made my first speech at a Jersey Chamber of Commerce lunch. The JEP headline the next day reporting my speech was “A break from the UK would be economic disaster for Jersey”. This demonstrates a consistent position.

### **Is Jersey’s prosperity assured?**

But there is no guarantee that Jersey will continue to be successful. The Island faces significant challenges, some common to all small communities, some specific to the Jersey’s status as an international financial centre. To continue to be successful Jersey needs a clear strategy and strong government, which means taking decisions that not everyone will agree with. Jersey’s has scored reasonably in these respects, but for the future “reasonably” may well not be enough.

### **A strong government**

A new Council of Ministers will shortly take office in Jersey, and there are reasonable grounds for believing that it will be better placed than its predecessor to give Jersey the political leadership that it needs in the coming years.

So why the optimism?

The principal reason is that the Jersey electorate voted wisely and decisively. Ian Gorst now has a very strong position, which he must not hesitate to use. This is only partly because of the power that the Chief Minister now has to fire ministers, and the long overdue normal principle of collective responsibility being applied. It is also because of his personal position. For a sitting Chief Minister to come top of an Island-wide poll is an outstanding achievement and gives him huge political strength. That none of the other members who would make a plausible Chief Minister chose to challenge him for the position reflects the fact that they knew they would not win, and Ian had been re-elected without the need to do deals that would unreasonably constrain his ability to lead.

The American President Lyndon Johnson was fond of the expression "power is where power goes", which reflects a truism in politics that political power derives as much from realpolitik as from constitution. Ian Gorst's senatorial election result and unopposed election as Chief Minister now gives him the opportunity to be a strong leader, which I am sure he will be. Of course this means listening to States members, and even to those vocal former States members who the electorate rejected, but having consulted and listened it also means leading.

### **Reform of the States**

And leadership is needed on constitutional reform. At one level this is a distraction from real issues but it remains necessary in Jersey because the current structure gets in the way of good policy making and trivialises politics. By any standards there are many too politicians, most with too little to do.

It is now clear that it is the wish of the people of Jersey that Constables should remain in the States, and the majority was so large that not even the deputies in the States can ignore the results of the referendum this time.

Having settled the position of constables, it is now necessary to deal with the excessive number of members and the anomaly whereby to be elected as a deputy in St Mary required just 408 votes whereas to be elected in two St Helier districts required over 1,100 votes. This is really not difficult to solve, by grouping together the smaller parishes so that

the number of electors per deputy is equalised while at the same time reducing the number. Whether or not senators remain is a secondary issue to reducing the number of members. This does not need a huge exercise, as all the necessary information is available. A quick referendum may well be desirable, but on this occasion it needs to be clear at the outset that the results of the referendum will be implemented.

A related issue is the pay of States members. There are very good reasons why almost all organisations relate salaries to responsibilities. It is absurd that in Jersey ordinary States members are paid £46,000, a multiple of what they would get in any British local authority and 50% higher than the figure in Guernsey (£30,770). And it is absurd that the Chief Minister is paid the same amount. I was surprised that the independent review panel recently recommended no change to this position, but noted that it is intending a more fundamental review this year.

Much more importantly, there a need for a change in the way the States operates. The system allows individual members too much power, particularly through being able to move resolutions that seemingly have to be debated and by having too much airtime generally. This is not the case in most jurisdictions. There should be strict limits on the time for questions and debates, with rather more time being devoted in committees to scrutiny, as opposed to grandstanding. Most commercial organisations regard long meetings with constant repetition of points and lengthy contributions to be damaging to the business; the same applies to the States.

### **Joined-up government and reform of public services**

One of Jersey's significant weaknesses as a jurisdiction has been the lack of joined-up government. Departments have operated independently at both ministerial and official level. The issues facing Jersey are such that they can be adequately addressed only by a strong team with strong leadership pursuing a single strategy in a joined-up way. For all of the published strategies and endemic consultations this has not been the case. In particular, policies, or rather practices, on immigration, education, housing and economic development have sometimes worked against each rather than been complementary, and the tortuous decision taking process is no longer tenable in a fast moving world.

There are some in Jersey who always want a “Jersey solution” and who decry looking elsewhere for lessons. The best organisations always seek to learn from others, and Jersey should be no exception. I would commend Singapore as a model for how to run a smallish Island state heavily dependent on financial services, and moreover a state that does not hesitate to draw on best practice from around the world. I should add that we in the City of London and the UK generally are keen to learn from Singapore. Singapore has an integrated policy covering talent management, economic development, financial services and immigration. It has a clear and realistic strategy to develop the economy. I should also add that it recognises that to succeed it needs outstanding civil servants and it pays them accordingly.

The new Council of Ministers should be reasonably joined-up, given the strong position of the Chief Minister and the fact that the concept of collective responsibility has been accepted. But this is not nearly enough. States departments are largely run as separate bodies with too little movement of staff between departments, and too little staff development. There needs to be a unified civil service, all chief officers reporting to the chief executive, and managed as a single organisation, as is the case in almost every other jurisdiction. A related problem here is the multiplicity and standard of States offices. Large businesses know all too well the problems caused by operating from multiple locations; in the case of the States this reinforces the silo mentality that is already inherent in the political structure. I know that consideration has been given to this, but as is so often the case the Jersey factor means that there is much discussion and little action.

This leads to another general problem, that is the seeming wish to please everyone and to consult endlessly rather than face up to hard decisions. The people have elected the States to govern, and the States will duly elect the ministers. They should get on with it. Yes, consultation is important, particularly on detail, but ministers need to exercise leadership. To govern is to choose, not to abdicate.

## **So what should Jersey look like?**

There has been a tendency to default to prevarication and consultation. Through the “Preparing for our Future” document it is intended to engage the public. The document will be familiar to those who have engaged consultants to produce strategies, but it is far too complex and full of jargon to be a basis for public consultation. There are 18 strategic goals, each one of which can be applied to any jurisdiction anywhere in the world. It is nice to know for example that they include “we feel safe and protected at home, work and in public” and “we enjoy clean air, land and water resources” and “we maximise the value from our key economic sectors”.

Let me suggest a simple alternative. Jersey should look to the past and return to the spirit and approach that made the island what it is today. Jersey is a community that for centuries has punched above its weight. It has been outward looking since boats first sailed the seas. Jerseymen were fishing in North American waters in the 16<sup>th</sup> Century if not before. The Island was incredibly successful in the 17<sup>th</sup>, 18<sup>th</sup> and 19<sup>th</sup> centuries and was a world leader in industries as diverse as knitting, cider, shipbuilding, cod fishing, shipping, privateering, cattle and new potatoes. And more recently it has been a world leader in finance and the law. Jerseymen have made their mark not just in St Ouen and St Helier, but in London, America and numerous other countries. Not satisfied with establishing outposts in what is now Canada Jerseymen were prominent in Canadian society in the 19<sup>th</sup> Century. Let me quote from the Encyclopaedia of Canada’s population –

“People from Jersey and Guernsey also dominated local political life, where their influence far surpassed their meagre numbers but was an accurate representation of their social position. They were mayors, town councillors, sheriffs, custom agents, justices of the peace, school commissioners, secretaries of municipal councils and school boards, postmasters and telegraph operators.”

So Jersey should continue this great tradition, celebrating the locals who make good in the rest of the world and welcoming newcomers. Half of the current population were not born in Jersey, and most of those who were have ancestors born outside the island. And in case anyone thinks this is a new phenomenon, this has been roughly the position for about 40

years. And as long ago as 1841, the earliest time for which we have comprehensive population figures, 30% of people in the Island were not born in Jersey.

And Jersey should seek to be world class in everything it does as befits one of the richest communities in the world. Yes, it has world class financial and legal services, but no, it does not have world class education, infrastructure and communications, reflecting a less than world class government. Unless it gets these right it will not continue to be world class and the people of Jersey will no longer enjoy the prosperity and lifestyle to which they have become accustomed, and the young people will emigrate in ever-increasing numbers.

There are those who seem to think that the traditional Jersey was somehow different, a quiet peaceful island relatively untouched by the outside world, dominated by leafy lanes, sandy beaches, tall cabbages and brown cows, reliant on the skill and entrepreneurship of the native Jerseyman, able to ignore the rest of the world. Jersey has always been much more than that.

And let there be no doubt that Jersey's economic success has resulted from it being open to large scale two way migration. The economic boom in the first half of the 18<sup>th</sup> Century brought great wealth to the Island. In the 30 years between 1821 and 1851 the population of Jersey doubled. Had this happened in the last 30 years the population of the Island would now be 150,000. But there was also mass emigration, particularly in the 1870s when more than 400 islanders made their way to New Zealand. But even then the Island needed to recruit French farmworkers without whom the new potato industry would not have existed.

So the message to the new administration is indeed follow what has been done in the past – keep Jersey as open as possible, aim to be world class in everything the Island does, do not hesitate to learn from others and do not pander to those who yearn for an Island that has never existed and who seemingly wish to deny the young people of the Island all the benefits that they themselves have enjoyed.

## **Immigration**

So what are the big policy issues that the new administration needs to address? Listening to politicians or studying the media one would assume that it is immigration, but this is wrong. What is needed from politicians on immigration is honesty, giving the public the hard facts and not pandering to sentiment, however well-intentioned. And the facts are that Jersey needs significant net inward migration if it is to continue to prosper, and in any event it is not practical to have a hard target for either total population or net migration. The natural increase in population is around 400 a year and net immigration of over 300 a year is needed if the island is to continue to prosper. No amount of further consultation or analysis will change these hard facts. Change the name from interim population policy to permanent population policy, stop being obsessed with numbers and plan for realistic forecasts of the population not numbers plucked out of the air. The resources currently devoted to population policy will be far better utilised dealing with the real issues facing the Island.

## **Education – getting more public focus**

And one of those real issues is education. That Jersey's state education system is failing many of the Island's young people should be regarded as wholly unacceptable; that this did not seem to be understood by politicians until recently is even more unacceptable. It would be helpful to compare performance of Jersey schools with those in the UK and indeed globally, but the available published figures for Jersey are not adequate for this to be done.

The City of London sponsors three academies – in the poorest parts of three inner London boroughs, Southwark, Islington and Hackney. This year the benchmark scores - five GCSEs A – C including English and maths - were 56%, 69% and 82%, and we are not satisfied with those figures, particularly the 56% even though this is above the national average. To the extent that I have been able to find the figures for Jersey state schools one was 45% (a huge improvement of just 12% three years ago) and another one was 36%. I am sure the figures are not comparing like with like, but it really would not be difficult to do a meaningful analysis.



That should be the first priority for the new education minister. Children get only one chance for a good education, and political leadership is required to help the schools put Jersey at the top of the league table rather than at best middling. And for the avoidance of doubt this is not a criticism of schools, teachers, and student. It is a criticism of the States.

Getting Jersey's schools up to speed is essential for the benefit of the young people in those schools. It is also essential as part of an integrated policy to promote economic development while seeking to minimise population growth. No Jersey business wants to recruit off-island when it can employ local people, but Jersey businesses should not feel pressurised to employ local people as if it is a charitable gesture. Young Jersey people should be equipped to compete with the best in the jobs market, not be given an unfair advantage merely because of where they were born. The high successful Jersey Rugby Club, a splendid example of Jersey punching above its weight, is a model here.

### **Planning, economic development and housing**

Jersey should plan on the basis of a population increase in the region of 1% a year, but let me stress that this not a target or a wish; it is merely a rough estimate of the sort of population growth that is likely to occur if Jersey continues to be a prosperous community enjoying steadily rising living standards. That means providing the necessary infrastructure and having a planning policy that facilitates new house building. If there is a political wish for this to be concentrated in St Helier then it means more high-rise buildings, mirroring what is happening in many other parts of the world, London included. The planning system in Jersey, like that in the UK, gives undue weight to the "haves" rather than the "have nots". The current high cost of housing in Jersey present problems for Jersey families and is a disincentive to encouraging talent to come to the Island. The solution is not schemes to help people pay high prices, but rather to increase the supply.

Jersey's economic future will depend heavily on financial and related professional services, together with the revitalisation of an old industry, tourism, and the emergence of a new one, digital, both as a standalone industry and as an essential part of any industry in an increasingly digital world. There are welcome signs that tourism and digital have the support that they need, harnessing the experience and skill of local business people to

develop and implement strategies. But all industries need a more supporting environment in three respects –

- They need a better equipped pool of young people, hence the importance of improving the quality of education.
- Post-school training and development needs to be improved, as it does everywhere. Young people need not only the necessary academic qualifications but also the important soft skills that are so important in the workplace. There is scope for more to be done in schools, and for stronger links between schools and business – there are some outstanding education-business partnerships in the UK as models – and more also needs to be done for those young people who through no fault of their own did not have adequate exposure to the world of work at either school or home.
- The current population policy is being implemented in a way that is inhibiting economic development and therefore restricting job opportunities for local people. Officials and States members are in no position to second guess whether or not a business is able to recruit on-island. I doubt if they attempt to judge whether there is a good local-born fly half when allowing the Jersey Rugby Club to import yet another. It really is no different for any other sector. This is probably a matter of practice rather than policy, but either way it needs sorting.

### **A more mature public debate**

Finally, a few thoughts on how to improve the quality of the public debate. At one level I suppose having the press dominated by salaries paid to civil servants, expenses, the cost of flights and dinners is a good thing, as it means that politicians are not subject to scrutiny on more important matters such as education, planning and economic development. But on another level it is inappropriate. As is the constant wish of some States members to have airtime for their latest plans for giving away goodies with other people's money. The personal abuse of hard working politicians doing their best for the Island in difficult circumstances is something the Island should be ashamed of. Yes, politicians need thick skins but the abuse does not make their job any easier, it can have a real effect on their families and it is a deterrent to people coming forward to do public service as States members or taking on a position with a quango.

But business has a role to play here. If businessmen keep their head below the parapet they should not be surprised if policies developed on the battleground are not to their liking, a point that is very topical in the UK at present in respect of immigration and EU membership. So business must speak up more and be more engaged, including ensuring that their workers understand what drives business success.

In Britain the policy making process is helped by a number of think tanks, all of which get financial and other support from business. The City of London supports more than a dozen at a cost in excess of £200,000 a year. Jersey would benefit from such a think tank, that could produce properly considered analyses of policy options and provide a forum for debate. This would not cost much, but simply requires someone to show the necessary leadership to get it off the ground, and for businesses to give it modest financial support. Such a think tank could also engage Jersey students at UK universities for a variety of research projects.

### **Conclusion**

Jersey is a wonderful Island in so many ways, and an incredibly successful one and for this there are many who deserve credit. But no one can rest on their laurels. Jersey's continued economic success, and the prosperity of its people and opportunities for young people, are not given. They have been hard-earned, and even more work is needed to keep Jersey where it should be. The political structure has not been as helpful as it might have been. The election results were encouraging in many respects and there is now a much better environment that will enable the Council of Ministers to be an effective team, able to take the tough decisions that any government has to take. But their job will be easier if business plays its part.

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