

*A message to the people of the Isle of Man from the Chief Minister, Allan Bell MHK*

## **Driving change to achieve a sustainable future**

The coming year will be one of the most challenging the Isle of Man has faced for a generation. Threats to the world economy and their impact on the Island, together with our immediate need to rebalance Government revenues, will test us all in the time ahead.

Despite these pressures, I believe that by recognising the need for change and by working together with a clear focus on national priorities, our Island community can look to the future with confidence.

There are no quick and easy answers to the problems which confront us. However, we must take courage from knowing our economy is still in a position of relative strength.

### **Our priorities**

We have a new Government - a Government of National Unity - and a new House of Keys, fully committed to working together in the best interests of the Island.

Even though the Government may be new, my vision as Chief Minister reflects my longstanding ambition to maintain a prosperous and caring society based on fairness, opportunity for all, social cohesion and quality of life.

The caring society, of course, is only possible if there is the economic stability and prosperity to fund it. So our top priorities have to be:

- delivering further economic growth and diversification to provide new income for Government and jobs for our people,
- living within our means by achieving a balanced budget,
- protecting the vulnerable in society.

The road ahead will be difficult and some of the decisions we have to take will not be popular or easy to accept. But it is vital that we all face up to these realities and accept change if the Isle of Man is to survive and, indeed, thrive in the future.

The people of the Island quite rightly require us to deliver essential services as efficiently and effectively as possible, and they understand the need for change.

We must focus on both long term and shorter term matters. Positioning the Island's economy so that it is innovative, competitive and consistent with international regulatory standards for the long term, must be a key objective. To achieve this we must change the way we think and act, particularly in the public sector: one of my key themes must be the delivery of a leaner, fitter and more sustainable Government.

### **Taking action**

A number of steps are already under way to deliver this ambition.

Work to rebalance our finances has started across all Departments, with the aim of completion within just over 3 years. This consists mainly of spending reductions to create a leaner Government, coupled with the short term use of reserves and the generation of new income streams, on top of the tax increases that have already been implemented.

Government will also work to reduce its annual salary bill, currently standing at well over £300 million, by 10% in real terms over the next three to four years. Achieving this essential reduction will, inevitably, entail job losses and continuing wage restraint.

I have recently asked the Committee which first looked at the Scope and Structure of Government more than 5 years ago to review its original recommendations and report back by the end of March on the relevance of their suggestions to our current circumstances.

It is my hope that their conclusions will encourage a wide and considered discussion within our community over the appropriate role of Government, though as part of the debate we must not forget the potential impact of reductions in public spending on the local economy.

Alongside changing the scope and structure, it is vitally important that we change the culture across Government, modernising the way we deliver services and focussing on greater efficiency in work practices at all levels. To do this, a Transforming Government group has been established to deliver a strategy to drive through the changes we need, and we will work closely with representatives of our work force to achieve a positive outcome.

There are many further steps I will take forward over the next few months:

- Historically our national insurance and benefit systems have been closely linked to those of the United Kingdom. Given the significant changes in these areas by the UK and the need to ensure we have systems relevant to the future needs of the Isle of Man, I will initiate reviews of our national insurance and benefit systems. My ambition is to have in place within two years, revised systems which meet our values of a fully inclusive, compassionate and fair society, create incentives to work and are appropriate, sustainable and well-targeted for the long term. This will challenge the principle of universality.
- In addition I will set up an independent body to review how the Island can manage the consequences of our aging population, especially its impact on nursing and residential care, health and state pensions. This is a long term and difficult issue and I would expect to bring forward new proposals in time for the implementation of necessary changes early in the next House.
- A report on the Island's future housing strategies is expected within 3 months and should lead to an extensive discussion and new thinking on how we best provide for the housing needs of our residents, especially in relation to social and affordable housing.
- Our criminal justice system urgently needs review and improvement and I have asked my Minister for Home Affairs to report back within 6 months with specific proposals to improve our system.
- I have asked the Ministers for Economic Development and Infrastructure to review the Island's planning process. Achieving sustainable economic growth requires a planning system that includes a presumption in favour of development with greater emphasis on the quality of design whilst still protecting and enhancing the quality of the natural and built environment which supports that growth.
- I anticipate that we will have agreement on a new structure for the Public Sector Pension Scheme ready for implementation in April.

### **Spearheading growth**

Politicians and the public must remember that central to everything we do is the need to protect and grow the economy.

Without a strong economy the Island will neither create the new jobs our people, especially our young people, need nor produce the revenues required to protect our essential public services.

I intend to work closely with the Minister of Economic Development to spearhead the drive for growth. We must work with the private sector and across Government to co-ordinate efforts and target resources so the Island can effectively confront the challenges from competitor jurisdictions.

My aspiration is to ensure the Island as a whole becomes an enterprise zone committed to promoting innovation and entrepreneurialism and I have tasked my Minister for Economic Development, John Shimmin, to deliver this. We must clear away impediments to economic growth, ensuring that our policies and processes facilitate rather than inhibit the future prosperity of our Island.

The Department is developing an effective, long-term international marketing strategy, while encouraging and supporting the further development of local business activities. Under its lead, the Island needs to continue to pursue further diversification of the economy, including into new areas such as clean tech and bioscience technology, based upon our established corporate tax strategy. to promote inward investment.

In tandem with this approach, and to help pave the way for it, my Government is placing renewed emphasis on the importance of promoting the Island's international reputation and external relationships and this has already started.

It is Government's responsibility to make the overall infrastructure, general environment and its operations more business friendly. We must also ensure that as a nation the public and private sectors invest in our workforce to equip people with the skills they need to get into work, stay in work, develop to their full potential and play their full part in our nation's economic future.

As we move into 2012, the process of considering our policy options and identifying areas that need thorough discussion, not only in Tynwald but across our community, has begun.

### **Challenging targets to be met**

The next important steps will be a statement by Minister Shimmin (detailing his proposals for economic development) followed by our Treasury Minister when he unveils his Budget in February. This will set out how Government intends to deal with its finances for the 2012/13 financial year and give an overview of the fiscal strategy for rebalancing its spending over the life of the current House of Keys.

The Budget will spell out the very challenging targets which must be met.

Failure to achieve those targets is not an option if we want to protect our core services and maintain a strong and competitive economy.

In keeping with my pledge to lead an open and transparent government, I plan to have the Freedom of Information Bill ready for introduction into the House of Keys during the present Legislative session.

I will also undertake public meetings around the Island so we may discuss together our policies, aspirations and possible solutions. In the year following the February Budget I plan to hold at least four of these meetings.

There are going to be some difficult times ahead but we have to understand that the world has changed and we have to change with it. We know that things will be tough, but we also know that we have the resilience and resourcefulness to address these challenges.

If Government, under my leadership, is to ensure a sustainable and secure future for the Isle of Man, it needs your advice, your support and your continuing commitment to the well-being of our nation.

As we move forward, you can count on my commitment to work with colleagues and the community for the greater good of our Island, our people and our economy.

I hope I can count on yours.

***Allan Bell MHK, Chief Minister***