

## **2.6 Deputy G.P. Southern of the Minister for Treasury and Resources regarding funding the public sector pay award 2007:**

Following the Chief Minister's answer on the 13th February 2007 when he stated that funding for the pay award to public sector would: "...come from departmental budgets or there will be a request to the House for other means of funding", would the Minister state what savings or other funding mechanisms, if any, are under consideration in departments affected and what Retail Price Index is anticipated for the 2007 pay award?

### **Senator T.A. Le Sueur (The Minister for Treasury and Resources):**

The Council of Ministers will be considering the issue of pay award funding at its meeting on Thursday, 1st March. The Council will be informed at that meeting that the cost of the increased pay offer from June to December 2006 of £360,000 has been accrued within department spending limits in the 2006 accounts. The Council will be asked to consider a number of options for remaining funding required in 2007. Each Minister is currently seeing what impact there might be for their own departments and will report back to the Council of Ministers next month. The Council is currently proposing that the 2008 Business Plan expenditure limits are increased to provide for the likely effect of the increased pay offer, however, this figure cannot be determined at the present time. Neither I nor the Council can know what the R.P.I. (Retail Price Index) will be in March 2007. It will be affected by many factors, in particular, whether or not the Bank of England decides to further increase base rates. The March R.P.I. will be published in April at which time a proper estimate of costs can be made.

### **2.6.1 Deputy G.P. Southern:**

Given the pickle that the Minister has got himself in, does he not consider that his decision to remove what is called the Contingency Reserve from his armoury was a mistake?

### **Senator T.A. Le Sueur:**

I am not in a pickle, Sir, and the answer is no.

### **2.6.2 Deputy G.P. Southern:**

Is it not the case that the estimates for the R.P.I. due in March to be announced in April are of the order of 4 per cent and that the additional bill required in the latest pay deal for 2007 is likely to be of the order of £3 million and not £300,000 as for 2006?

### **Senator T.A. Le Sueur:**

Yes, to the extent that my crystal ball is as good as Deputy Southern's crystal ball, I think the figure will be around 4 per cent and that would generate the costs he is talking about.

### **2.6.3 Deputy G.P. Southern:**

Does the Minister not consider that, while it is prudent to make savings in advance in a considered manner, the fact that savings have been made on the 2007 budget already and now we are having a last minute scramble to make savings elsewhere in a panic, is bad government?

### **Senator T.A. Le Sueur:**

I do not think any of my fellow Ministers are scrambling and panicking. I think we are trying to ensure that the States lives as far as it can within its means and does not spend more than it absolutely has to. The growth of spending already is quite significant and I would not wish, if we can possibly avoid it, to spend yet more money in dealing with this problem.

### **2.6.4 Deputy R.G. Le Hérisier:**

Is it the Minister's thinking at this stage that it would be better that each Ministry take an equal hit so to speak in respect of paying for this deal, or is it his thinking that some will have to take a disproportionate hit so to speak?

**Senator T.A. Le Sueur:**

At this stage, Sir, I have asked the Minister to look at the different options. There is no decision yet as to whether that should be spread equally or disproportionately. That would be a matter for Council to decide at its meeting next month.

**The Bailiff:**

Final supplementary, Deputy.

**2.6.5 Deputy G.P. Southern:**

Are the Minister's loins well girded in preparation for this meeting with his 9 other Ministers?

**Senator T.J. Le Main:**

Yes, Sir, I shall expect that meeting to be well informed to make an informed and sensible decision.