

5. Questions to Ministers Without Notice - The Minister for Treasury and Resources

5.1 The Deputy of St. John:

Given the Minister is opposed to a wage increase for staff in the Civil Service and within our workforce, does he agree that any restraint in increase would also cover all of the quangos that the States currently have? Also, other States areas, like the J.E.C. (Jersey Electric Company), Jersey Telecom, who are currently talking about paying £340,000 to 7 directors in fees; does he agree that this should still go ahead, given his view on States employees' pay rise?

Senator P.F.C. Ozouf (The Minister for Treasury and Resources):

Absolutely. I have, in the last couple of weeks, had meetings with most of the utility companies and asked them exactly what the situation is with wage rises and expressed concern, as appropriate, for wage settlements that are above the pay freeze. It is clear from the real private sector that there are real fears of job redundancies and wage freezes are being applied across the board. I think it is important that this Assembly sends out a clear message that the public sector must do the same.

5.2 Senator S.C. Ferguson:

We have today received a report on financial management by the Auditor General. Will the Minister explain how he intends to implement the recommendations; particularly as I understand that there is a proposal to ask for tenders from consultants to advise on the implementation of recommendations? Particularly in view of the fact that the Treasurer's view of his role is merely to provide financial information to other States departments.

Senator P.F.C. Ozouf:

I have just been in the role of Minister for Treasury and Resources for just over 200 days. Last week, I gave a speech to the Institute of Directors outlining my views of the Treasury and I am delighted to have received the report from the Comptroller and Auditor General last night and to see that we appear to be as one on the need to strengthen the Treasury. Some Members will not like this, but the Comptroller highlights the current inability of the Treasury to challenge. He talks about departments being able to obscure costs. He is supportive, as I am, and indeed the Treasury, of strengthening the Treasury role to allow us to set public expenditure more intelligently. He says also that changes are likely to require an increase in the number and attitude of staff and I intend in the next few weeks to work on a plan for changing the Treasury and to report to this Assembly when I have completed that work.

5.2.1 Senator S.C. Ferguson:

A supplementary. But this will require leadership on the financial management side. In view of the Treasurer's existing view of his role, does the Minister consider that he has the leadership necessary in his department?

Senator P.F.C. Ozouf:

Yes, and I have had extensive debates with the Treasurer of the States, who is now in the tenth year of his service, in bringing and managing public finances, and his view and mine are as one. If we are to strengthen the Treasury, if we are to be more challenging, then the Treasury, unfortunately, is going to have to have more professional staff in order to do that, and that is exactly what we are working on trying to achieve.

5.3 Deputy P.V.F. Le Claire:

I have been contacted lately by a number of residents of Jersey concerned about the issues in relation to the exposure of accounts and the concealment of funds of accounts in relation to the Jersey Telecom directors, and also in relation to, most recently, the gun-to-the-head diplomacy of the Jersey Heritage Trust, who are now saying they are going to have to close things in order to

make ends meet. Would the Minister for Treasury and Resources undertake to see if those bodies within Jersey that have access to public funds, or are supported to a large extent by public fund participation in their limited companies, start to deliver far more accountable accounts than they do at present? Because in several of the conversations I have had with people in the finance industry and others, they find that the revelations of late of the Jersey Heritage Trust's shortage and the proposed closures and the activities of the Jersey Telecom bodies are just completely woeful.

Senator P.F.C. Ozouf:

I refer the Deputy to the answer that I gave a few moments ago. If the Treasury is to be in a position to be more challenging and not simply ... and I am not in any way saying that the Heritage Trust are issuing a siren call in order to try and argue for more money just because those loud voices get more money. If the Treasury is to be more challenging in departments and all requests from non-departmental bodies, we are going to need the people to do it. In respect of the utilities, I have put arrangements in place, following the previous Minister for Treasury and Resources, of a greater accountability in terms of the accounts, and will be shortly submitting for Members and for publication all of the more detailed accounts of all the utilities. In addition to that, I am carrying out a utility review to strengthen the corporate government's arrangements and change completely the way that the Treasury holds those utilities to account.

5.4 Deputy K.C. Lewis of St. Saviour:

Further to the news that mobility scooters will now be charged Goods and Services Tax, will the Minister agree to exempt mobility scooters and class them as medical appliances? As most users are senior citizens, this will add approximately £250 to the purchase price. Does the Minister not agree?

Senator P.F.C. Ozouf:

I heard on the radio, I think it is not a local issue, it is - as I understand it - an E.U. ruling of the definition of a mobility scooter. I really need advice in order to make a determination on this. What I will say to the Deputy is that the Treasury line must continue; that exemptions and zero-ratings should be avoided. Certainly, the market in relation to scooters - and I know I bought one a couple of years ago - is that, as usual, consumers need to be searching in the local retailers to get a good price for whatever they are buying. Not having duties sometimes influence local prices. I need to look at this particular market.

5.5 Deputy J.A. Martin:

Could the Minister for Treasury and Resources, following on from the wage freeze, confirm to the States if there are any plans for all States departments who pass on a charge to the public to be frozen, and is there also any plans to freeze all benefits and pensions this year?

Senator P.F.C. Ozouf:

The Deputy will be aware that there are no plans to freeze benefits and pensions. Pensions are proudly increased by the rate of earnings in Jersey; something which most other places could not even begin to afford to do. In relation to charges, I am not going to give a commitment to not raise charges because in freezing charges that can have the unintended consequence of providing subsidy for people receiving charges. I want a comprehensive review of charges across the board. I was looking at some charges for one particular sector yesterday and I believe that this Assembly would warmly welcome the increase in that particular charge. I want a comprehensive review of charges. The old days of simply freezing charges, I am afraid, has unintended consequences of making some people that we would not want to be better off, better off.

5.6 Deputy G.P. Southern:

I am absolutely taken aback by that stand, but nonetheless I will press on. In terms of wage freezes, is the Minister aware that the staffing levels among levels at the hospital have caused serious problems and that competition is resulting in reduction in rates of retention and recruitment among nursing? Is he aware also that Guernsey is in negotiation for a 12 per cent deal for its nurses over a 3-year period and the U.K. is currently talking about a 7.99 per cent pay deal? What impact would a wage freeze have on critical services, such as nursing, especially in terms of recruitment and retention? What conversations has he had with his Minister for Health and Social Services to ameliorate that?

Senator P.F.C. Ozouf:

I draw the Deputy's attention to the note that the Chief Minister has lodged on 24th June concerning the salary comparatives with the private sector. Nurses are, at the lowest rate, 34 per cent higher paid than the private sector. He will also be aware of the substantial investment in nurses' salaries that have been made in recent years. We are well aware that Guernsey is making a settlement to their nurses. I should draw his attention to the fact that nurses in Guernsey are relatively lower paid than those in Jersey and I would hope that he would not seek to make political capital out of the necessary wage freeze by using the emotive area such as nurses. There are areas in nurses, and I am advised as a member of the S.E.B. (States Employment Board), there are areas where nursing recruitment has been difficult, but that is in specialised areas, not across the board.

5.7 Deputy M. Tadier:

Does the Minister acknowledge that it is misleading, given the fact that inflation, whichever index you use, is above zero, to talk of a pay freeze? Would it not be more accurate to talk about a pay decrease, in relative terms? Obviously not for J.T. (Jersey Telecom) directors though, presumably. Would he also inform the Assembly what powers he has got to freeze rents - both in the public and private sector - to freeze food prices, and to freeze fuel increases?

Senator P.F.C. Ozouf:

It is competition that drives prices and the putting in place of a competition law which protects consumers suffering cartelised prices, et cetera. Of course, the Minister for Treasury and Resources had no impact on these other issues; it is markets that work for that. In relation to the freeze itself on wages, it is the lead that the public sector needs to take against the private sector. He will be aware that there are many people fearing for their jobs in the private sector and people facing job losses. Private companies are putting in pay freezes, recruitment freezes, and the public sector needs to show some discipline and some leadership in this difficult time.

5.8 Deputy T.A. Vallois:

Could the Minister advise when and how he will be looking to introduce a benefit fraud scheme in conjunction with the Minister for Social Security for the benefit of efficiency and States expenditure?

Senator P.F.C. Ozouf:

I can say to the Deputy that under the direction of the new Deputy Chief Executive and the emerging Resources Department and looking at corporate savings, consideration is being given to the setting up of a fraud office to deal with issues of fraud, both in terms of ...to join together the different departments that are dealing with that matter. I will inform the Assembly as and when those plans are being more developed in the next couple of months.

5.9 Deputy R.G. Le Hérissier:

Will the Minister inform the House who is in charge of cost cutting within his ministry and will this person be investigating the recent figures on meal expenses?

Senator P.F.C. Ozouf:

I am taking personal responsibility for the areas of cost cutting. I have set out, when I sought the position of Minister for Treasury and Resources, that cost savings and efficiencies would be my top priority as I realised the public did not have an appetite for further taxation increases. Therefore, those responsibilities fall squarely on these shoulders, but for also all Ministers in this Assembly, no doubt, when we are going to be discussing the Business Plan. I recognise that Members want to, on the one hand, improve services, but at the same time do not want to see wage freezes, they do not want to see tax rises. I am afraid that savings and efficiencies in a culture whereby every organisation and every department has to deal with efficiencies has got to be taken across the whole of the public sector. There is a change in culture that is required.

5.9.1 Deputy R.G. Le Hérissier:

A supplementary. Will the Minister be looking at major programmes, like supplementation, and in its different guise, rent rebate?

Senator P.F.C. Ozouf:

There are no areas which are going to be exempt from the torchlight of savings and efficiencies.

The Greffier of the States (in the Chair):

Just before calling the next Member, could I give notice to Members in the precincts that a second ballot will be required to resolve a tie for fifth place, so I invite Members to return for that ballot, which I will call at the end of the question period. The Deputy of St. Peter?

5.10 The Deputy of St. Peter:

As a Minister has a responsibility for both Treasury and Resources, what does the Minister see as the way forward, regarding the latter - namely Resources - within his department?

Senator P.F.C. Ozouf:

Currently the arrangements for Resources are effectively shared between the Chief Minister's Department and the Treasury. The Deputy Chief Executive has been appointed effectively as *de facto* the Chief Officer for the combined Resources Department. I am currently under discussions with the Chief Minister and his department to centralise a Resources Department, probably - and in my view rightly - within the Treasury and Resources Department, as I believe the Clothier Report envisaged. I will also need to be considering giving special responsibility for that Resources Department to one specific individual Assistant Minister.

5.11 The Deputy of St. Mary:

I too welcome the overall direction of the Comptroller and Auditor General's report, and at last we might get proper cost benefit analysis of major proposals from departments. Would the Minister agree that one instance of the Treasurer's inability in the past to challenge costs coming from a department was the lead-up work to the placing of the contract for the incinerator and, indeed, any proper financial appraisal of alternative waste strategies? Would he agree with that? We are looking forward to a golden era when departments will have to produce a cost benefit analysis of their proposal.

Senator P.F.C. Ozouf:

The Deputy and I are never going to agree on this, but it was the former president of the Environment and Public Services that brought the Waste Strategy to the States. I would remind him that if the decision in relation to the Energy from Waste Plant would have been made 5 or 6 years ago then taxpayers would have been tens of millions of pounds better off than they were today.

5.12 The Connétable of Grouville:

Hopefully I can perhaps assist the Minister with regards to mobility scooters. When the G.S.T. (Goods and Services Tax) was first brought in I asked the previous Minister if he would include in the medical appliances an adapted car, which were for invalids purposes, and he agreed that this should come under medical appliances. I just wonder if the mobility scooters could also be classified under that heading?

Senator P.F.C. Ozouf:

I will look into it.

The Greffier of the States (in the Chair):

Very well. That concludes the period of Questions Without Notice to the Minister.