

### **3.16 Deputy G.P. Southern of the Chief Minister regarding the justification of a pay freeze for nurses and other public sector workers:**

In the light of the continuation of the bonus culture in banking in the U.K. and Jersey, how does the Minister justify a pay freeze for nurses and other public sector workers?

#### **Senator T.A. Le Sueur (The Chief Minister):**

I have no evidence to confirm that there is an ongoing bonus culture in banking but, in any event, the Council of Ministers' reasons for a pay freeze in the public sector this year are twofold. Firstly, given that budget deficits are forecasted for States finances over the next few years, even after the Island comes out of recession, increased taxes and/or cuts in services will be inevitable. If a pay increase is awarded to public sector staff in these circumstances, this will simply exacerbate the extent of those tax increases and/or those cuts in services. Secondly, employees in the private sector in the Island are being faced with the prospect of job cuts and/or pay freezes. It cannot be fair to expect those very employees to help fund, through their taxes, pay increases for public employees who enjoy much greater job security. In my view, comparisons with the banking sector need to be treated with considerable caution given, for example, a very recent announcement by Lloyds TSB and HBOS that over 180 jobs in Jersey alone are to be lost over the next 2 years.

#### **3.16.1 Deputy C.F. Labey of Grouville:**

Is it appropriate that senior executives of Jersey Telecom, a company wholly owned by the States, should receive sizeable bonuses in these economic times?

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

I do not want to go into individual cases. There may be instances where part of a remuneration package involves a performance bonus based on the profitability of a company. If that is a contractual arrangement, then that contractual arrangement needs to be honoured.

#### **3.16.2 The Deputy of St. John:**

Can the Minister clarify something: given that we have a number of States - and I am thinking here of the Jersey Electricity Company of which we are major shareholders, Water Board, et cetera, and Jersey Telecom - will these companies have to fall into line and take no pay increase this coming year? If not, why not?

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

The Deputy tries to mix up different social relations. Companies set up by the States and owned by the States and run at arm's length are in a different situation from so-called 'quangos' which are totally under States control. In any event, the pay policy which was set out by myself on behalf of the States Employment Board relates to employees of the States directly. Certainly as a matter of good policy, I would expect other organisations which state an interest to have similar sorts of principles, but where they are independently directed it must be for the boards of those companies to make those decisions for themselves in the light of the current economic circumstances.

#### **The Bailiff:**

I am afraid that concludes the time set aside for oral questions and we proceed now to the ballot for the appointment of members of the Bailiff's Panel. I ask the ushers to

circulate the ballot papers. Members are reminded that they can vote for up to 5 candidates.

**Deputy P.V.F. Le Claire:**

I beg your pardon, but given that we are going to be debating probably today the Committee of Inquiry proposition, I had a question for debate today that has fallen away now and I wonder if I could request for the Minister for Health and Social Services to respond to this question by email ahead of this debate to all States Members so we can be aware of that answer, because I do believe it is material. Thank you.

**The Bailiff:**

I am sure the Minister for Health and Social Services will take that into account. I ask the usher and Deputy Viscount to collect the votes. If all Members have put their ballot papers in the urns, I will ask the Solicitor General and Deputy Viscount, please, to act as scrutineers. I assume Members would wish to proceed with questions without notice. Very well, the first question period is of the Minister for Transport and Technical Services and I invite questions. The Constable of St. Ouen.