

2.16 The Deputy of St. Mary to the Minister for Treasury and Resources regarding projects funded under the Fiscal Stimulus package:

Could the Minister tell the Assembly which projects, if any, funded under the Fiscal Stimulus package were not worthwhile and should not have been funded, and if all were worthwhile, how would they have been funded if there had not been a recession?

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

I believe that all projects in the Fiscal Stimulus programme have been worthwhile. Projects, I can say, really fall into 2 categories: the States was planning to do them anyway and they were funded at some time in the future, or they were desirable without a funding source; secondly, projects that would not have been undertaken in a different economic climate such as the Social Security Transitional Payment Extension, and some of the skills projects - fantastic projects - Advance to Work, additional Highlands training, overdue investment in roads, cycle tracks, schools, hospitals, social housing, hospice, Durrell and more to come. I think the Fiscal Stimulus programme has been a model of Ministerial government in action and working well with good scrutiny. I thank Members for their support of the programme last May, a bold move which has made a difference to hundreds of Islanders.

2.16.1 The Deputy of St. Mary:

The Minister has extolled the virtues of the Fiscal Stimulus package, and I quite agree the projects are well worthwhile; heating at Les Cinq Chenes, resurfacing Victoria Avenue, the promenade, the cycle track, Rosewood House, and a fantastic row of things that should be done, in fact that had to be done. The question was, how would the Minister for Treasury and Resources, in view of his great desire for cutting public expenditure, how would he have funded these if there had not been a Fiscal Stimulus package?

Senator P.F.C. Ozouf:

They would have taken a lot longer to do. I would say that all of the projects that I have cited - and I know that he agrees - were necessary. They are not recurring annual expenditure; they are part of capital projects and a capital programme. Inevitably, we would have had to try and find maybe more creative ways of funding them. In respect of something that I have not said yet, is the Le Squez Project which will be funded, I hope, from the Fiscal Stimulus project. These projects would have just taken a lot longer to happen.

2.16.2 Deputy P.V.F. Le Claire:

I believe that there is another scheme that is about to be announced, or has just been announced, where there is a significant amount of money being spent on infrastructure in relation to main drains and sewage facilities in the north-east of the Island, nearly £500,000 worth. Why has so much of the Fiscal Stimulus package been put into maintaining the Island's drains infrastructure, rather than stimulating the economy?

Senator P.F.C. Ozouf:

I know that the drains investment will bring a warm glow to the Deputy of St. John's mind. He would have wanted more money to go in. Broadly speaking, the £44 million is being directed at a number of different areas. I would encourage the

Deputy to read the very valuable reports that the Corporate Affairs Scrutiny Panel has made. About £3-4 million of skills and raising training, around about £2.5-3 million directly for Jersey Enterprise and Financial Services, about £5 million for infrastructure, about £4.7 million for a construction and maintenance programme, a whole range of projects, dealing with all sorts of different issues.

2.16.3 Deputy D.J. De Sousa:

Would the Minister not agree that it does seem that the bulk of the stimulus package has gone to propping-up States deficit in spending over the downturn?

Senator P.F.C. Ozouf:

I refer the Deputy to the answer I gave earlier about the growth in public spending. Many Islanders believe that spending has increased to unsustainable levels. It would have been even higher if these matters had been dealt with earlier. I am afraid that there is no hiding place from the reality that one needs to find money in order to pay for things. That is the difficulty. I hope the Deputy will be supporting, if they are necessary, the tax changes that may well be necessary, if we are going to fund further investment in health and other areas that she wants. The comprehensive spending review is about dealing with efficiency. I believe that all organisations must become more efficient and that is what the comprehensive spending review is designed to do.

Deputy D.J. De Sousa:

The Minister did not answer my question. This is about the Stimulus Package, not the C.S.R. (Comprehensive Spending Review).

Senator P.F.C. Ozouf:

I cannot really add... it is all money out from the Treasury that we have to balance the books.

2.16.4 The Deputy of St. John:

Given the Stimulus Package, could the Minister give some serious thought... and I know he has mentioned about main drains, but we have had no main drains extensions at all from within the Stimulus Package. Could he give some serious thought to finding the £500,000 that T.T.S. (Transport and Technical Services) require to finish their liquid waste strategy so hopefully we could have some extensions out to the countryside because that would be all part and parcel of it.

Senator P.F.C. Ozouf:

I have answered questions on numerous occasions about the liquid waste strategy; that is something that Minister for Transport and Technical Services and I are looking at. It is a commitment in the Strategic Plan. We want to find long-term funding arrangements for liquid waste but it is going to require investment and that money has got to come from somewhere. But we have made fiscal stimulus work to catch-up on some of the issues that should have been dealt with.

2.16.5 The Deputy of St. John:

Will the Minister give an undertaking that he will find that £500,000 from the Stimulus Package or somewhere else so that T.T.S. can complete their package on the liquid waste strategy?

Senator P.F.C. Ozouf:

I am not going to please everybody. I am afraid that I have got one Deputy that asked, some moments ago, about whether or not there was too much going into T.T.S. as opposed to investing in the economy. There was a £44 million project which needed to be allocated somehow. I cannot give an undertaking to find another £500,000. T.T.S. has had a lot of money from Fiscal Stimulus, and that is a good thing. The plan is now pretty well completed in terms of Fiscal Stimulus, but the long-term funding is something that we are working on.

The Deputy of St. Mary:

Final supplementary, Sir? Pretty please.

The Deputy Bailiff:

I have told Members that I am going to extend question time by an extra few minutes to cope with 2 matters, one was my own remonstrations to Members earlier and the other was the time spent by the Assistant Minister for Home Affairs in indicating why she was not going to answer questions. So, I am adding 3 or 4 minutes to question time - stoppage time - and I will come to you, Deputy, in a moment. We will finish this question.

2.16.6 Deputy R.G. Le Hérissier:

The Minister talks about helping hundreds of Islanders in terms of the social objectives of the plan. Would he say whether it has made a dent into the increasing serious problem of unemployment of young people, particularly those who are at the lower end of the skill base?

Senator P.F.C. Ozouf:

I will attempt to use the extra time quickly. I have absolutely no doubt that it has made a difference. The Minister for Social Security and the Minister for Economic Development and I attended last week the Advance to Work presentation evening. Certificates for having work placements and improvements are being given to 93 young people. These individuals, and the young people supported by the Minister for Education, Sport and Culture would probably have been unemployed and on benefits if they had not received the Advance to Work. There is another 100 young people getting training at Highlands and that is just the start of some of the programmes that we have been working on. I have no doubt, at all, that unemployment would have been significantly higher, now and over the next few months, if we had not done fiscal stimulus. I thank Members again for their bold move in supporting it last year.

2.16.7 Deputy R.G. Le Hérissier:

Given the wonderful election speech by the Minister, could he identify what, excellent though those initiatives be, percentage they form of young people who are receiving the job search supplement, at the moment?

Senator P.F.C. Ozouf:

I need notice of that question, but I will discuss that with the Minister for Social Security in relation to the unemployment numbers.

2.16.8 Deputy M.R. Higgins:

One of the purposes of the economic stimulus package is not only to help those who are unemployed but also to inject money into the economy. Can the Minister tell us what measures he is using to measure how much money is entering into the economy,

how much is leaking from the economy to, perhaps, overseas contractors? How much is he stimulating and demanding the economy through extra spending directly?

Senator P.F.C. Ozouf:

These are very broad questions which are very difficult to answer just in a very short number of seconds. The Deputy has done reviews of Fiscal Stimulus with the Corporate Affairs Scrutiny Panel. They have done reports and we are seeing the benefit of the money. I am sure that decisions could be improved upon and we will learn lessons about how we did things but we acted fast, we have acted in accordance with the advice that it is timely, targeted and temporary. I think there is wide approval of what we have been doing in Fiscal Stimulus.

2.16.9 The Deputy of St. Mary:

I accept that some of the stimulus package has gone on matters dependent on the recession, like Advance to Work and income support transition payments. But, would the Minister not agree that, in fact, what has happened is that departmental budgets, which have been squeezed to death in recent years, have simply been topped-up and what he has been doing is dealing with some of the historic underfunding and we will see more of this whether or not there is a recession?

[11:45]

Senator P.F.C. Ozouf

I do not believe that it could be said that public spending has not risen. I refer to the answer that I gave earlier, a 70 per cent increase in net revenue expenditure since the year 2000, against the inflation increase. A real growth in public spending which, I am afraid, to these levels is unsustainable.

The Deputy Bailiff:

Very well, that brings question time to an end.