

**WRITTEN QUESTION TO THE MINISTER FOR TREASURY AND RESOURCES
BY DEPUTY G.P. SOUTHERN OF ST. HELIER
ANSWER TO BE TABLED ON TUESDAY 17th APRIL 2012**

Question

“In the light of the proposed 2-year pay freeze for public sector workers, will the Minister give full details of the pay agreement reached following arbitration with employees at the majority States-owned utility the JEC?”

Answer

The Minister requires the JEC’s Board of Directors, along with all States owned companies, to provide efficient, effective and affordable services to Islanders, whilst providing an appropriate financial return to the States as shareholder. The Board is responsible for running the company and meeting these objectives and is held to account for doing so.

Therefore the JEC’s terms and conditions of employment for its staff are a matter for the Board of Directors, its employees and their representatives. The majority shareholder is not involved in the pay decisions of the company.

Any individual can make representations and the Minister for Treasury and Resources wrote to all Utilities concerning pay (Appendix 1).

It would also not be normal to discuss the outcome of negotiations of a separate entity.

Minister for Treasury and Resources

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To [all Utilities]

16th February 2012

Dear Chairman

I am aware of important wage negotiations that a number of the Island's utility companies currently have underway. As Treasury Minister I am aware of the effect that local pay awards are likely to have on the local economy. Forthcoming and current pay awards in both the private and public sector could have an effect on the possibility of retaining businesses on the Island, and therefore affect our recovery from the current serious downturn in economic activity.

I am aware that some pay negotiations are reaching a critical point. It's worth noting that the impact and influence that the decisions of a major Island undertaking, like one of the utilities can have. The effects can be far reaching and out of all proportion to the direct effect of increasing their own cost base.

The purpose of this letter is to urge you to be acutely aware of the impact that your organisation can have on other wage negotiations. Possibly of more importance for your company and its staff, I would ask you to consider the negative message that any significant pay rise would give to your many stakeholders and customers; especially from those groups in our society who are being most affected by the current economic situation.

Over the past year, the government has made strenuous efforts to balance the Island's public finances so as to avoid the problems that we are seeing in other places. Whilst we can say we are in a better position than comparable jurisdictions, our plans are predicated on pay restraint for 2012 and 2013. The States' Budgets include a savings equivalent to a freeze on the budget for remuneration for the next two years. It is of the utmost importance that this freeze is held. The reason this is critical is not only to avoid further deficits but also to assist doing everything we can to secure growth and reduce the unprecedented levels of unemployment, which could be made worse by the loss of LVCR.

I appreciate this is a difficult time for all Islanders including your companies. The importance of a concerted effect to avoid unsustainable pay increases cannot be underestimated and I urge you and your Boards to take account of the wider Island economic interests in your wage settlements for this year and next.

Yours sincerely



Senator Philip Ozouf
Minister for Treasury and Resources

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