

#### **4.6 Deputy G.P. Southern of the Chief Minister regarding the policy in respect of pay offers to the public sector workforce: [1(329)]**

Will the Minister as shareholder representative ... no, that is the wrong question.

#### **The Deputy Bailiff:**

Question 6, Deputy.

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

We could try it again if you like, Sir, but I think I will ask mine. In the light of recent statements from the Chief Minister about the good state of the economy, will the Chief Minister bring to an end the policy of below-inflation pay offers either to be agreed by or imposed upon the public sector workforce and will he inform Members what offer he has under consideration for the 4-year period 2017 to 2020, taking into account inflation estimates for this period?

#### **Senator I.J. Gorst (The Chief Minister):**

Jersey's financial position has improved following the investments and savings targets agreed as part of the Medium Term Financial Plan. While 2016 has seen positive results for our economy and public finances, global uncertainties remain and we must stay on track to achieve our agreed aim of balancing the books over the M.T.F.P. (Medium Term Financial Plan) period. As we are currently negotiating pay claims, it is inappropriate to discuss details other than to say these negotiations are taking place within the cash limits already set by this Assembly.

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

Is it the case that the Chief Minister has under consideration a 4-year pay deal with the public sector consisting of 0 per cent this year, 1 per cent the year after, 1.5 per cent the year after that, and 2 per cent in 2020 in the light of predicted inflation figures of around 3 per cent? Is that not the case?

#### **Senator I.J. Gorst:**

As I said, it would not be appropriate to go into details. The Deputy knows that we are working on proposals for workforce modernisation and that pay increases are included in those proposals.

#### **4.6.2 Deputy M. Tadier:**

What message does it send out to the public and, indeed, public sector workers when the directors of an entirely States-owned company - for example, the States of Jersey Development Company - are receiving pay increases which are vastly above the rate of inflation, only for the hardworking, often lower paid employees to be told that they will not even be getting enough money to meet the cost of living?

#### **Senator I.J. Gorst:**

As I said, it is not appropriate for me while we are in negotiations around workforce modernisation and the money that is included in there. The earlier Deputy tried to take the money on a line-by-line basis, not recognising that some people would be receiving with workforce modernisation an increase in the money above that amount and some, of course, less because they are above the band where this process has sat them. Therefore, it is not right to indicate as they have done. In times of economic uncertainty it is incumbent on everyone to have pay restraint and I support that. If directors of a particular company and their remuneration board look at the performance of that particular company or they have contractual bonus-based payments, then those contractual payments ought rightly to be made.

#### **4.6.3 Deputy M. Tadier:**

The Chief Minister is saying there should be pay restraint right across the public sector, including in the top echelons, but he stops short of saying that S.o.J.D.C. should not be awarding themselves vast, above-R.P.I. (Retail Price Index) pay increases because essentially they are a private company. Does he not accept that S.o.J.D.C. has been commissioned and established as an entity but on behalf of this Assembly and on the public of Jersey and, therefore, it is completely inappropriate that their directors at this time, especially when there is still ... well, especially at this time should be leading by example and not taking their pay increase but perhaps reinvesting that money and giving it to the workers within their own company?

**Senator I.J. Gorst:**

They are an independent company. The Minister for Treasury and Resources acts as shareholder. That function has been delegated to the Assistant Minister for Treasury and Resources. I have no doubt from knowing both of those individuals that they do talk with directors about pay restraint in probably the most robust terms. But if a company is performing well and the remuneration committee sees that such payments are appropriate, and as I have said they may be indicated in the contractual arrangements when profits are made that bonuses are issued, and I suspect in that case that is what has happened.

**4.6.4 Deputy M.R. Higgins:**

Will the Chief Minister tell us who is on the Remuneration Committee for the States of Jersey Development Company? He talks about the Assistant Minister being able to try and talk them down, but he has no effect if the Remuneration Committee is going the other way. Who is on the Remuneration Committee, please?

**Senator I.J. Gorst:**

I imagine it is in their published accounts and the Deputy can look at it.

**4.6.5 Deputy G.P. Southern:**

Well, perhaps the Chief Minister can talk about the figures that he gave to me earlier in the response to the written questions which show that the public sector is 7.5 per cent worse off than it was in 2009. If my figures are correct and my information is correct and the 4-year pay deal goes through, that will add another 8.5 per cent to the lack of makeup of wages for the public sector to compensate for R.P.I. So eventually, under his austerity programme, these workers are going to be of the order of 15 per cent worse off than they were in 2009. Is that not the case?

**Senator I.J. Gorst:**

Well, first of all he has jumped to conclusions about the workforce modernisation and the amount of money and how that will be allocated but, of course, the tables in the written answer are correct. There is a differential for most workers between R.P.I. and the pay awards. The envelopes for pay awards, of course, are set by this Assembly and the States Employment Board aims to deliver pay awards within those envelopes. The Deputy knows that. That is why from time to time he has amended such instruments or attempted to amend such instruments to increase those pay awards.