

2018.09.11

10 Deputy R.J. Ward of St. Helier of the Minister for Treasury and Resources regarding allocations in the Medium Term Financial Plan for public sector pay awards: [OQ.113/2018]

Will the Minister confirm how much money was allocated in the current M.T.F.P. (Medium Term Financial Plan) for public sector pay rises over the course of the current M.T.F.P.? Will she state how much of this figure has been allocated to pay awards since the start of the current Medium Term Financial Plan? Thank you.

Deputy S.J. Pinel (The Minister for Treasury and Resources):

I think I thank the Deputy for his complicated question. There is an equally complex answer. The current M.T.F.P. allocated funding for pay awards, workforce modernisation and P.E.C.R.S. (Public Employees Contributory Retirement Scheme). Provision of £4.2 million in respect of 2016, £5.6 million in respect of 2017, £6.7 million in respect of 2018 and £5.3 million in respect of 2019. £6.7 million was allocated to departments for the 2016 pay award and £3.9 million for the 2017 pay award, i.e. £10.6 million against the £9.8 million available. The pay awards made in the M.T.F.P. so far, in 2016 and 2017, have therefore exceeded the amounts allocated in those years and the shortfall has had to be funded by underspends. Thank you.

4.10.1 Deputy R.J. Ward:

Given that States' workers' pay has fallen behind R.P.I. (Retail Price Index), any estimate between 5.1 per cent and 13 per cent - depending on what group you are looking at - since 2001, does the Minister believe our public service workers in Health, Education, Civil Service and Infrastructure are overpaid? If so, how much more does she suggest we cut?

Deputy S.J. Pinel:

Pay awards are incredibly difficult, as the Deputy will be aware. There have been many meetings and discussions with unions over the current situation. There are many requests, including workforce modernisation groups and doctors, who have accepted pay awards, but this would be £40 million if the pay awards were agreed and we have £33.6 million allocated, a difference of £6.4 million. Teachers would be £5.1 million; uniformed services, £1.6 million; civil servants, £9.8 million; nurses, £5.3 million; and manual workers, £2.3 million. All of the above are consolidated.

4.10.2 Deputy G.P. Southern:

Is it not the case, in the Minister for Treasury and Resources' opinion, that this is yet again another case of below inflation pay rises and worse to include the unconsolidated figures, whatever sector, in the overall picture of what is being paid, is misleading? I do not know who misled, but I believe somewhere in ministerial government it has been misleading, because those unconsolidated figures drop out of the calculation in any true measure. Does the Minister not agree?

Deputy S.J. Pinel:

I am not quite sure what the question was, but the M.T.F.P., which was approved in this Assembly, set the maximum expenditure limits for 2016 to 2019 and these limits reflected a target of savings of £145 million by 2019. The current Finance Law means that spending limits are fixed for 4 years and cannot be adjusted upwards in the event of a temporary or permanent increase in income.

4.10.3 Deputy G.P. Southern:

Nonetheless, does the Minister not agree that this is below inflation pay rise; it is a pay cut?

Deputy S.J. Pinel:

As I said, it may be below inflation, but I do not think anybody including the Deputy would have expected a figure of 4.5 per cent R.P.I. As I said before, the expenditure has been fixed and agreed by this Assembly and the M.T.F.P. until 2019. Early next year I will be proposing a new Finance Law that will allow more flexibility to adjust to changes in income.

4.10.4 Deputy M. Tadier:

Does the Minister believe that because inflation is not something we can control and it is something which nonetheless affects the quality of life for all of our Island residents that we need to get to the point where the Government automatically gives all of its workers a cost of living pay increase every year, so that they are no better off and no worse off, with regard to inflation?

Deputy S.J. Pinel:

Of course, in an ideal world that would be the way forward, but the income in order to do that, to match inflation, has to be sourced.

4.10.5 Deputy M. Tadier:

Is it not the Minister for Treasury and Resources' aspiration to achieve an ideal world or at least an ideal Jersey, insofar as she, as Minister, can achieve that?

Deputy S.J. Pinel:

Of course I would, but it is not ideal and we face the same as many other jurisdictions do, that income is not sufficient to pay the increased cost of living.

4.10.6 Deputy K.F. Morel:

Deputy Tadier was almost right in saying that inflation is something we cannot control. One way we can control it is by providing lower pay rises. Can I ask the Minister whether she views public services pay rises as a means of helping to control inflation in the Island?

Deputy S.J. Pinel:

No. This pay restraint is across the board in Jersey. The private sector is included as well in this. It has been fixed, as I said before, in the M.T.F.P. until 2019 when there will be a more flexible finance law involved.

4.10.7 Deputy R.J. Ward:

I thank the Minister for her answer. Given that the answer to written question 136/2018 today informs us that 86.1 per cent, that is 5,796 workers in public services received a below R.P.I. rise, is the document published by the Communications Department suggesting average increases of 6.88 per cent, 4.6 per cent, 4.5 per cent for many groups simple misleading by mistake or by design?

The Deputy Bailiff:

I am not sure you can suggest it is misleading by design, Deputy, but you can say you suggest it is misleading by mistake.

Deputy R.J. Ward:

I was asking, Sir.

The Deputy Bailiff:

Yes. There is not much of a line between asking a Minister if something has been misleading by design or misleading by mistake. But you have asked misleading and you said by mistake, so the Minister can answer.

Deputy S.J. Pinel:

Thank you, Sir, for your explanation. No, it would not be misleading by design, of course.

The Deputy Bailiff:

I think you were also asked if it was misleading by mistake, Minister.

Deputy S.J. Pinel:

I doubt that as well, Sir.