

2020.06.16

5 Deputy R.J. Ward of St Helier of the Chief Minister regarding the role of Ministers in decision-making in respect of possible departmental savings (OQ.156/2020):

Following reports of 20 per cent cuts to departmental budgets, and in light of the role of the chief executive and directors general as accountable officers for such budgets, will the Chief Minister explain how Ministers, within their own departments and portfolios, influence decision-making in respect of possible savings?

Senator J.A.N. Le Fondré (The Chief Minister):

Unfortunately quite a complicated question with a slightly longish answer. We are actively reviewing the Government's financial position obviously in light of the COVID situation and, as I have alluded to already, in preparation for the Government Recovery Plan. That is what you would expect given particularly as we are in a developing situation and one that will require significant action going forward by individual Ministers and the Council of Ministers. At this stage, there are no specific targets proposed for departmental budgets. Departments are seeking to identify options for Ministers to rebalance the finances in order to address all the various issues that we are facing. The departments are going to be working to generate those options over the next few months.

[10:00]

Those options will include zero-based budgeting, that was referred to in the last Government Plan, rethinking the drivers demand, for example, through prevention, re-examining funding models and scenario modelling to look at how best to prioritise public expenditure and obviously those proposals then come forward as part of the Government Plan and, after due consideration, by the Council of Ministers. Ministers will have to approve all possible savings and it is also incumbent both on officers and on Ministers to ensure that Ministers are proactively engaging in discussions on this area as early as possible. I should comment on the 20 per cent but I realise I have taken quite a long time to answer the question so far.

3.5.1 Deputy R.J. Ward:

Following the advent of P.1 in March 2018 is it not the case that with the chief executive as principal accounting officer and a target operating model directors general have created, these decisions on spend have been effectively outsourced from his Government?

Senator J.A.N. Le Fondré:

No, Ministers still control what goes into the Government Plan and, as I have just said in my answer, I am expecting both officers and Ministers to proactively be engaging at as early event as possible on this to make sure that all options are being properly considered. I would just like to take the opportunity to address the other parts that Deputy Ward referred to in his question, which is the 20 per cent. I just need to emphasise there has been no requirement or target set for that level of budget change. What has happened as part of the scenario planning is essentially departments have looked through various options and, in essence, they have arrived at a figure which happens to equate to a percentage. It is not at a percentage that has driven it and I emphasise that is an option that has developed for the Minister and then the Council of Ministers to consider. That process is taking place and is going to continue taking place over the next few weeks.

3.5.2 Deputy G.P. Southern:

I have already heard the Chief Minister mention the 3 Ts, targeted, timely and temporary, when talking about fiscal stimulus and potential of supporting the economy. What about the threesome that reads a halt, defer and reduce? Is that not a more realistic policy that points towards greater austerity rather than fiscal stimulus?

Senator J.A.N. Le Fondré:

I think we are conflating 2 issues there. The fiscal stimulus is obviously around boosting the economy as a whole. We do need to look at our expenditure in terms of growth and other funding pressures as anyone would rightly expect us to be doing. To defer a project is not an indication of austerity. It is just saying we might need to look at the timing and there are those 3 measures he has suggested. We are in very different circumstances to where we were at the end of last year. On that basis we do need to consider everything. I have continually reiterated, everything is on the table and nothing is off at this stage. But that does not automatically mean austerity. But we do need to recognise we have challenges ahead and, as I said, they are solvable challenges but we need to have everything on the table at this stage. The measures he has referred to will be one of the ways we evaluate and consider projects and expenditure that we have committed to do.

3.5.3 Deputy G.P. Southern:

Will the Chief Minister answer the question please? Do the words “halt, defer and reduce” point towards austerity rather than any other solution?

Senator J.A.N. Le Fondré:

I thought I had answered the question. I am saying I do not consider they do automatically point to austerity.

Deputy G.P. Southern:

Would he mind giving us his definition of austerity then?

Senator J.A.N. Le Fondré:

I would suggest that the Deputy’s definition of austerity from his perspective will be swingeing cuts throughout the public sector and an economy that probably stagnates as a result of that. My view is that we have always committed to and will always be aiming to maintain front line public services as far as we possibly can. That is a caveat because at this stage, because of the challenges we have ahead, it depends on the effectiveness of certain measures that we can consider at this stage as to what else we need to do. That is what Ministers are now considering but that consideration, those deliberations, will take a few weeks.

3.5.4 Deputy R.J. Ward:

I do not know what to say, there are a lot of words there but I am not entirely sure. But I will ask a simple question to finish. Has the Chief Minister not replaced silos with unaccountable powerful civil servants that make these sort of decisions on spending and therefore rendered his Government irrelevant?

Senator J.A.N. Le Fondré:

Lovely turn of phrase. No, I fundamentally disagree. Bear in mind the nature of all the Ministers we have around the table, I do not think any of those Ministers would consider themselves to be irrelevant. I certainly would not do so either. As I have reiterated again and again and again, ultimately what goes into the Government Plan, this is then lodged in front of the Assembly, is

initially a matter for Ministers. In other words, Ministers have to decide and agree on what goes in there. The Council of Ministers, as a majority position, have to agree the Government Plan. It is then obviously a matter for the Assembly as to whether they support it and/or whether they amend it and ultimately whether they vote for it.