

## **STATEMENTS ON A MATTER OF OFFICIAL RESPONSIBILITY**

### **5. The Chief Minister regarding staff pay negotiations**

#### **5.1 Senator F.H. Walker (The Chief Minister):**

Members will be aware that negotiations on the annual public service pay review, from 1st June 2006, appear to have stalled and that Members of the Transport and General Workers Union are being balloted on whether to take industrial action on pay. The States Employment Board, in accordance with States' policies, has offered States employees a choice of 2.4 per cent for 2006/2007, or a 2-year award of 2.5 per cent for the year 2006/2007 and a further 2.5 per cent for the next year. These cost of living pay offers are based on the relevant price index figure as at the end of March 2006 which stood at 2.4 per cent. To date, police and prison officers have settled but other pay groups still maintain higher claims. On Members' desks is a report which sets out the budgetary background to the pay negotiations. It shows the tight budgetary constraints set by this House for 2006 and 2007 when it approved the Annual Business Plan. In taking these decisions, the States were responding to increasing public and business pressure to limit growth in public spending. More than half the States' annual budget goes towards staff salaries, so the annual pay awards are the single most important factor driving increases in public sector spending. Under the new Finance Law there is no longer a central contingency and the full cost of pay awards has to be met from within departments' cash limits. Accordingly, any increase in pay in excess of the 2.5 per cent provided would have to be funded from cuts in jobs and services by departments. The money for pay increases has been budgeted for and the States Employment Board has decided it should now be paid to staff. The annual award is payable from 1st June and, because we have not been able to agree the rate of settlement, our staff have been waiting for an increase for more than 8 months. The States Employment Board has decided that staff should receive the money that the States have set aside for their award. We therefore intend to make a payment of 2.4 per cent of salaries, backdated to 1st June 2006, to all public service employees who have not yet concluded their negotiations. The payment will be made at the first opportunity next month and staff are being advised by letter today. This payment is not an enforced settlement. We intend to continue negotiations but on the understanding that, if a higher deal were to be concluded, it would have to be met from departmental budgets. The payment is a gesture of goodwill in recognition of the long wait employees have endured as a result of pay talks stalling. Our public sector is staffed by loyal, committed people who go the extra mile to provide good service but there is a stark choice to be made. The States have decided that the contingency fund is a thing of the past. Staff are therefore getting all the money allocated for the annual pay increase and they will have it in their pay packet shortly. A higher pay award, as I have already said, can only be funded from existing departmental budgets. In bald terms, that means service and job cuts or the alternative tax increases. I urge all staff to consider the implications of this for the services of which they are rightly proud. In particular, I know the manual workers are committed to the quality of service provided by the public sector and I urge them to consider the implications when they cast a vote for or against industrial action. In the meantime, I am pleased that we are able to give all States' employees this backdated increase.

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

Any questions on that? Very well, that concludes matters and we move to the adjournment...