

## **2.14 Deputy T.M. Pitman of the Minister for Treasury and Resources regarding public sector redundancies resulting from his CSR policies:**

Will the Minister confirm that although the number of public sector redundancies resulting from his C.S.R. (Comprehensive Spending Review) policies is likely to fall between 500 and 600, he is confident that between private sector job creation and income support monies all these employees will be financially protected given the current economic climate, and if so, can he explain how?

### **Senator P.F.C. Ozouf (The Minister for Treasury and Resources):**

I do not recognise the Deputy's numbers that there will be in the region of 500 to 600 job losses as a result of the comprehensive spending review. The latest estimate suggests that there will be in the region of 70 posts' reduction in 2011 and up to a further 150 direct jobs in 2012 and 2013, although clearly the comprehensive spending review process has still some way to go. The phasing of the C.S.R. over a 3-year period, along with implementing any C.S.R. tax increases in a manner that minimises the impact on the economy, will ensure that the economy is in as robust a position as it can be in the coming years. Any individuals affected will have opportunities to gain other employment. The Skills Executive will be working hard to ensure that they have the right training opportunities for people to find employment, and as a last resort of course, there is the safety net of income support for those that might face any period without employment

### **2.14.1 Deputy T.M. Pitman:**

It is difficult to get figures out of Minister so I will press on. As those of us who remember the failed, morally bankrupt policies of Thatcherism recall, a significant section of society was seen as expendable and thrown on the scrapheap for years, resulting in an entrapped benefit culture becoming a way of life. Given the danger of this happening in Jersey as a result of the C.S.R., what figure of unemployment does the Minister view as being acceptable, or indeed sustainable for the taxpayer should his optimism be misplaced?

### **Senator P.F.C. Ozouf:**

No individual should be thrown on the scrapheap as the Deputy suggests. This Assembly and this Island have a strong record in terms of minimising unemployment and putting in policies to ensure that when the economy does sustain a downturn that we maximise job opportunity creations, and that is what we have done with fiscal stimulus. I would say that I would not want to see one person on unemployment benefit arrangements within Social Security. One person is a failure as far as what we are trying to do. There will always be a certain group of people that are transiting from one job to another, and everything that has been done in the last 12 to 24 months and all of the work that Social Security, Education and Economic Development do is designed to minimise unemployment. I would respectfully ask the Deputy not to be scaremongering about the necessary changes that the comprehensive spending review requires to put our public finances in order.

### **2.14.2 The Deputy of St. Mary:**

The Minister is relying to some extent on private sector job creation. Does he not accept that public sector cuts reduce economic activity - despite what the Chairman of Corporate Services might think - and that that makes it less likely that there will be growth in the private sector to take up the slack?

**Senator P.F.C. Ozouf:**

Of course public sector money and public sector investment do have an impact on the private sector, and it is right to do investment in the private sector with fiscal stimulus and other measures in the economic downturn. But you cannot live on that for ever, and we are proposing to put in place spending reductions to balance our books and do everything that we possibly can for the private sector to create jobs. I would ask the Deputy to support the Minister for Economic Development in what he is doing in terms of these business promotion activities which are designed to create sustainable private sector jobs not at the cost of long-term taxpayers' money.

**2.14.3 The Deputy of St. Mary:**

A supplementary, please. Can the Minister explain why he thinks that public sector jobs are in some sense bad, and they are better replaced by private sector ones? I really personally cannot see the difference.

**Senator P.F.C. Ozouf:**

I have not said that. Public sector jobs provide public services, but they have to be paid for. There is no point in engaging in public sector stimulus which requires ongoing funding by taxpayers, either by debt or by higher taxes. That is not a sensible economic model. A sensible economic model is to invest in the economy in the downturn, which is what we have done, and then balance our books and create the right conditions for the private sector to prosper and flourish. That is what is going to provide stable public finances and low taxes and low unemployment.

**2.14.4 Deputy A.E. Jeune:**

Does the Minister agree that there are businesses coming to the Island and there is job creation in the private sector, and really what it requires perhaps is people to re-engineer the way that they work?

**Senator P.F.C. Ozouf:**

I agree with the Deputy. Every business must look at its costs; indeed, any organisation, whether it is a third sector organisation - a not for profit, a charitable organisation - a business or an Assembly. Every single organisation must constantly look at what it does and reduce its costs to increase productivity. Yes, I agree with the Deputy that there are new businesses coming to the Island and we must do more to encourage more too.

**2.14.5 Deputy T.M. Pitman:**

Does the Minister support the highly probable consequence of many public sector employees being made redundant ending up doing the same job for the private sector where they will quite likely be paid a minimum wage for the same work? Is he happy with that?

**Senator P.F.C. Ozouf:**

That is not envisaged in relation to any aspect of the comprehensive spending review. There does need to be a question, which is being posed by the comprehensive spending review, about whether the public sector provides in all circumstances all those services. In some cases the private sector and the third sector could provide the taxpayer with better value, more attuned services than the public sector. Those are

discussions that must continue throughout the process and of the comprehensive spending review.