

3. Questions to Ministers without Notice - The Minister for Treasury and Resources

3.1 Deputy P.V.F. Le Claire:

Can the Minister tell us if the Chief Treasury Officer is out of his position and whether or not the Chief Officer of the States is carrying out any of his duties and functions?

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

I am not prepared to discuss personnel issues in relation to individuals in this Assembly and Members should neither take anything in that answer to be contrary or negative. I am not prepared to discuss personnel issues before the Assembly.

3.2 Deputy G.P. Southern:

In his reply to written question 5185 the Minister states that: "Evidence suggests that there is an ongoing deficit." Is that deficit not caused effectively by reduced growth and does he not accept that as soon as growth kicks in again the deficit will be reduced?

Senator P.F.C. Ozouf:

No, I am afraid the Deputy is wrong and I would ask him to review the documents already in the public domain in relation to the Business Plan and Budget where there is a structural deficit which is expected on the latest information that we have from income which is going to be recurring. That is a function of the fact that States spending has risen above that of which the income ... States spending has risen by 30 per cent over the last 5 years, 6.7 per cent in 2009, a further 6 per cent in 2010 and that level of expenditure is not caught up with by income and therefore we have a problem, and a structural deficit.

[11:45]

3.3 The Deputy of St. John:

I notice the response given to Deputy Le Claire from the Minister. Could the Minister inform the House whether or not a seconded member of some other Treasury Department from off-Island has been moved into the Treasury in Jersey to help run the department at this moment and, if so, for what period of time that person is seconded to the Island for?

Senator P.F.C. Ozouf:

I do not wish in any way to be disrespectful to Deputy Le Claire or the Deputy of St. John or Members in relation to not discussing personnel issues. Members will understand that that is not appropriate. What I can say to the Deputy of St. John, which is a separate question, is that I announced last year that there would be a Treasury restructuring plan going forward in order to strengthen the financial management, something which the Comptroller and Auditor General, the P.A.C. and many other people have been calling for and I have been acting upon. I can say to the Deputy that an interim finance director has been recruited and who will be in post in order to carry out the Treasury restructuring at a number of levels, and departmental finance officer restructuring. That individual has been in post for 3 weeks and is in the process of going through the Finance Department in order to strengthen arrangements. That individual is also going to be, for a while certainly, discharging some of the functions of the Treasurer of the States.

3.4 Deputy D.J. De Sousa:

Can the Minister for Treasury and Resources please inform the House how many new civil servant positions have been created in the past 12-18 months?

Senator P.F.C. Ozouf:

I come to the Assembly pretty well briefed but I am not sure I have that number. But I am happy to provide that number to the Deputy after questions are over and I have researched it.

3.5 Deputy A.E. Jeune:

Could the Minister advise in respect of tendering exercises, tendering for the supply, service and management of print equipment, I understand, has been ongoing for over 2 years? Does the Minister consider that an appropriate length of time and does he believe it has been dealt with fairly and transparently and in accordance with good practice guidelines? How much has it cost to date in terms of staff, although I appreciate he probably would not have that with him, but if we could have it in respect of staff, advisers, *et cetera* to get where we are today and what savings could be envisaged were the original costs known? If not, how could they decide on a saving? Thank you.

The Deputy Bailiff:

Deputy, there are an awful lot of questions there to the Minister and I wonder whether some of them would not better be the subject of a written question?

Senator P.F.C. Ozouf:

I am always happy to answer the good Deputy's questions in detail. I also answer emails to Members about detailed matters and I am happy to answer questions. I think what I will say briefly on this issue is the issue of procurement is one of the number of very big transformations that we are working on at the Treasury in order to save money. Procurement is being targeted as an area where, in my view, there are millions of pounds worth of efficiencies and better buying across the whole organisation. Treasury has an important role to help departments in that. I am probably a little frustrated that the progress I think everybody would have wanted to make on procurement has not been made but under the very good stewardship of the new Deputy Chief Executive within the Chief Minister's Department, which Treasury share, there is a lot going on in procurement and millions of pounds are targeted to be saved.

3.6 Deputy S. Pitman:

Will the Minister be asking departments during the comprehensive spending review to inform the review as to what impact a 2 per cent cut will have on their service?

Senator P.F.C. Ozouf:

I am being quite clear that the States has a problem and that Members, I hope, are going to join me in working in order to find a solution to the problem. I would remind the Deputy that the 2 per cent cut which is being targeted next year needs to be in the context of very significant increases in spending in recent years. At the workshops planned on Friday and Monday that is the process where I want to engage with Members about how we are going to trim budgets but I am determined to deliver £50 million worth of savings off the bottom line of the States within 2 or 3 years and if I do not succeed in that this Assembly is going to be asked to put higher taxes than otherwise will already be necessary in order to balance our books.

3.6.1 Deputy S. Pitman:

Supplementary. Can the Minister answer the question: yes or no? Will he be asking departments during the comprehensive spending review to inform the review as to what impact a 2 per cent cut will have on their services?

Senator P.F.C. Ozouf:

Yes.

3.7 Deputy P.V.F. Le Claire:

Earlier I may have strayed into a personnel issue, I was not seeking to stray into personnel issues but I am seeking to understand whether the Chief Officer of the States is discharging any of the functions of the Treasurer of the States. Is this the case: yes or no?

Senator P.F.C. Ozouf:

The arrangements within the Treasury are a matter for me and the Chief Officer of the overall States of Jersey. I have said to Members that there are some issues which are being currently discharged by other individuals, not including the Treasurer of the States, and I am today considering a number of reorganisations in the light of the arrival of the interim finance director and know in the long term the Chief Officer of the States is not an accounting officer and could not be, in my view, Accounting Officer for Treasury and Resources. But there are sometimes the requirement of interim arrangements when people are not within the office.

3.7.1 Deputy P.V.F. Le Claire:

Supplementary, please. Does that mean that the Chief Officer then is taking on some of the roles of the Treasury Officer and is that not wholly unacceptable?

Senator P.F.C. Ozouf:

I have not made any formal designations in relation to the Accounting Officer. The Treasury Department and the Chief Minister's Department have a very good and a very close working relationship and there are some times, for example, when the Chief Officer of the Chief Minister's Department also assists the Treasury in running and supporting us in relation to comprehensive spending reviews and fiscal strategy reviews, and probably that is the area in which the Deputy is thinking that there may be a cross-over responsibility. He is the Chief Executive of the States of Jersey.

3.8 Senator J.L. Perchard:

Will the Treasury and Resources Minister advise the Assembly of the latest forecast structural deficit for 2011 and 2012? Will he reassure the Assembly that his fellow Ministers are united in their determination to share the responsibility for these deficits?

Senator P.F.C. Ozouf:

The published expected deficits for 2011 and 2012 as set out in the Business Plan were £68 million and £49 million. What I have been doing with Ministerial colleagues since the budget last year is also testing those numbers in terms of the requirement of some additional spending which we know is required. I believe that the States should, for example, have an annual contingency available so that every time there is - and there always will be - some unforeseen expenditure I do not have to come to the Assembly with an Article 118 request in order to ask that. There should be contingencies within departments and so there is a greater deficit required in terms of some areas. There are other areas such as court and case costs which I am factoring-in, so the actual budget deficit that I am looking at in terms of 2011 and 2012 is greater than those figures but if the Senator attends the briefing I am holding on Friday he will have those figures in more detail.

3.8.1 Senator J.L. Perchard:

I did ask the Minister - and I thank him for the first part of his answer - will he confirm that his fellow Ministers are determined to share the responsibility for these deficits?

Senator P.F.C. Ozouf:

I apologise to the Senator for not answering that. I have no doubt that every Minister cares about public finances and balances the books. Ministers have a job of defending their territory and securing their budgets but I am pleased to report that there is a collaborative approach with all Ministers but there are some difficult discussions to be had with individual Ministers about how we cut the cake in terms of future spending and how we bring that to the Assembly in subsequent months.

3.9 Deputy G.P. Southern:

The Minister is committed to consulting with all levels of the public sector in his comprehensive spending review: is he aware that in the Education Department head teachers - managers - are being consulted but people at the chalkface are not being consulted of these issues?

Senator P.F.C. Ozouf:

There is going to be a great deal of consultation about the comprehensive spending review. In our unique system of government you need to consult, engage, discuss, debate with all levels of States Members, employees throughout the public sector. The comprehensive spending review has just started and is going to be running for a number of months. What I would say to the Deputy is that I hope that nobody is going to start concluding results of the comprehensive spending review at any level before decisions are made. The research has been carried out, that research is going to run for a number of months and I am going to be engaged with Members and the whole of the public sector, and indeed the public, about what they want in terms of public spending. Decisions will be made in the Business Plan.

3.10 Senator S.C. Ferguson:

Will the Minister for Treasury and Resources tell us when he is going to be bringing the amendment to the Public Finance (Jersey) Law to this House?

Senator P.F.C. Ozouf:

I am in discussions with the Treasury about changes to the Public Finances (Jersey) Law. I would hope that changes to the Public Finances (Jersey) Law will come within a number of months, although I cannot give the Senator today a definitive answer to that. There will be changes and proposals made for changing the Public Finances (Jersey) Law and that is at the heart of the Treasury restructuring which I referred to some moments ago.

3.10.1 Senator S.C. Ferguson:

Supplementary. Will he be incorporating the recommendations of the Comptroller and Auditor General?

Senator P.F.C. Ozouf:

Certainly those are part of the consideration of changes to the Public Finances (Jersey) Law of which I welcome the observations of the Comptroller and Auditor General which have been very helpful.

3.11 Deputy G.P. Southern:

Does the Minister not accept that massive cuts, such as 10 per cent budget cuts, cannot be made to services which are staff heavy like Health and Social Services without cuts in services and cuts in jobs?

Senator P.F.C. Ozouf:

It is inevitable that having increased public expenditure by 30 per cent, 6 per cent in 2009, more than 6 per cent in 2010, increasing the public sector spend and increasing the number of people in work and then reversing some of those increases by a 10 per cent cut will mean that there is going to be some service reductions and there are going to be some reorganisations and that will have an impact on manpower. I am not going to duck that issue, I need to find a solution for balancing the books and I hope the Deputy will support me in that requirement to avoid tax increases.

3.11.1 Deputy G.P. Southern:

If I may, a supplementary. Does the Minister also not accept that such redundancies will inevitably make the recession worse, not better?

Senator P.F.C. Ozouf:

No, I do not accept that. The proposals this year, when we are in the recession, are to increase very substantially public spending, not only with the spending I have mentioned but also, of course, with the £44 million fiscal stimulus funding. The contraction in spending will, I hope, coincide with the recovery of which my colleague, the Minister for Economic Development, and all Ministers are doing everything they can in order to do it. We do need to constrain public spending but we will do so when growth returns to the economy.

The Deputy Bailiff:

That brings an end to the first period of questions without notice.