

STATES OF JERSEY



BUDGET 2005: THIRD AMENDMENTS

**Lodged au Greffe on 23rd November 2004
by the Connétable of St. Helier**

STATES GREFFE

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(a) *To reduce the estimate of revenue expenditure of the Policy and Resources Committee from £6,280,600 to £6,180,600 by subtracting –*

£100,000 from ‘Office of the Chief Executive’;

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(b) *To insert the amount of £100,000 as a Transfer to the Strategic Reserve*

CONNETABLE OF ST. HELIER

REPORT

In his answers to supplementary questions following a question from Deputy Dorey on 23rd November concerning the appointment of PR consultants, the Vice-President of the Policy and Resources Committee said that 'the total cost of (the Communications Unit) was in the region of £100,000.' He admitted that this item of expenditure was not included in the Fundamental Spending Review process, nor advertised. He might have added that there is no reference to it either, in the Budget book or its annex. In seeking to justify this item of expenditure, Senator Le Sueur said that the Committee had 'previously budgeted for a larger sum – on that basis we have actually made a saving.'

At a time of great public concern over the potential introduction of a sales tax, and renewed calls for further cuts in States' expenditure before new taxes are imposed on the Island's residents, businesses or visitors, such an admission is damaging in the extreme. It sends out the message that the committees of the States – and certainly not just the Policy and Resources Committee – are motivated primarily by the instinct to maintain, if not increase, their share of the cake; that if there are savings to be made, then the savings can be spent by the Committee, rather saved for a rainy day, or simply handed back to the taxpayer.

If this amendment is approved by the States, the Policy and Resources Committee will have to choose between maintaining its expenditure on its Communications Unit while making further cuts in the expenditure by the Office of the Chief Executive, or spending less on PR. I am sure that there are further savings that can be identified in the Policy and Resources Committee's expenditure if the Committee wishes to continue its spend on PR, and there are probably good arguments that can be made for employing consultants to provide effective communication, although I would agree with Deputy Dorey that the relevant posts should be advertised, and think that the Policy and Resources Committee should be more up-front about the costs involved.

This amendment seeks to send out a clear message that the States are serious about cost-cutting; it also seeks to reverse our collective failure to continue making transfers to the Strategic Reserve. In my amendments to the 2003 Resource Plan (P.118/2003) I tried unsuccessfully to correct this by seeking a 'first slice' of £5 million per annum into the Strategic Reserve, as it is not good housekeeping not to put money aside for difficult times ahead. I argued at the time that 'it is clearly essential to keep building the Strategic Reserve, not only because that will bear down on inflation but also because we must have reserves in hand for the huge transition in prospect as the new corporate tax regime emerges in response to the EU Tax Package.' The transfer of £100,000 would not be much, but it would at least be a start.

In conclusion, I believe that the hidden allocation of £100,000 to the Policy and Resources Committee for PR would, under the circumstances, be better not spent, but saved.