Text of E-mail: dated 1st December 2003

From: Robert Weston

To: Senator Terry le Sueur, President of the Jersey Finance & Economics Committee

NOTE: This was the day before the Budget Debate and
the "Angry Men" Budget protest in the Royal Square, St Helier.

Dear Terry

Thank you for appearing on talk-back yesterday morning, which was quite courageous of you in view of the opposition to the budget proposals - not too many supporters called in I'm afraid.

On talk-back, you said that outsourcing back office jobs had "made banks more profitable". But this did not quite reconcile with the apparent downturn of £30m in tax revenues from the finance sector. I do of course recognise that some of this shortfall will have resulted from the fall in stockmarket values etc but is there any form of analysis available of the actual proportions attributable to the different possible causes?

Outsourcing will certainly have made banks "more profitable" per employee but this is not necessarily the same as a bank being "more profitable" per branch or in total; and I understand that a material part of the £30m downturn results from the Jersey branches of the main banks having accepted a reduced turnover, consequent upon their back offices having moved to the IOM or elsewhere. Are you able to provide more precise info about this aspect please? I'm sure neither of would wish to mislead those who hear our respective comments on the subject.

I hope you have some second thoughts about the budget proposals because many of us are absolutely certain they will ensure the early arrival of the already approaching recession and indeed prolong its stay once it arrives. We believe that any economy in Jersey's present state needs a boost to ensure an increase in future tax revenues; whereas this budget will guarantee a continuing fall in revenues, probably for several years. The need for the likes of a winter job scheme is just around the corner and who knows how much worse we are in for.

Civil servant advisers are generally not businesspeople and politicians really must be wary of this fact and therefore weigh up the advice received from elsewhere in the community than just the civil service. Public Servants are rarely going to propose the termination of their own posts. They will **ALWAYS** give preference to raising more tax revenue than cutting the public payroll.

Politicians, on the other hand, have to have a lot of guts to make the really difficult decision, which is to cut public sector jobs, not to raise more taxes. Surely this message must be coming over loud and clear from the electorate.

If so, please reconsider the model, I proposed on Sunday, instead of raising taxes; namely that a cut of 600 such posts over say 5 years (taken from natural wasteage of 300 employees per year) would save the Island around £30m per year on completion of the exercise. Whilst there may be a modest budget deficit for the first two or three years, whilst Jersey puts its public sector house in order, the deficit "pay-back" will come, in due course, from the £30m per year saving in perpetuity (so long as we don't allow ourselves to slip back down the same "over-manning" road).

If my proposal is impractical, I should naturally be very keen to be presented with the counter arguments.

Best wishes

Robert Weston