

## **Urgent question**

**1st December 2009**

### **7.2 Deputy G.P. Southern of the Minister for Treasury and Resources regarding the terms of redundancies at the Jersey New Waterworks Company Limited:**

Enough of the legal situation and on to the political. As representative of the States majority shareholding in the Jersey New Waterworks Company Limited does the Minister for Treasury and Resources support the decision of the company to require employees as a condition of receiving a redundancy payment, to abrogate their rights under the Human Rights (Jersey) Law 2000 and the Health and Safety at Work (Jersey) Law 1989 under paragraph 4 and items F and G of Schedule 1 to the document, which outlines the terms of their redundancy?

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

May I first of all say that all reorganisations and restructurings that result in any potential redundancies, I understand, are a matter of personal tragedy for the individuals and their families. I believe that all individuals affected need to be respected, they need to be looked after and we, the States, will do everything that we can to assist those people, whether the entity is owned by the States or not. This does not, however, mean that the companies should not be in a position to make necessary restructurings of their business. Now, having said that, I expect all States-owned companies particularly to be responsible and to be fair employers exceeding the minimum statutory requirements. While I had not read the agreement until the question was sent to me at 5.05 p.m. last night, I have read the agreement, however I would not normally be expected to review such a proposed agreement as I do not believe it appropriate to do so. The details of any agreement is a matter, in my view, for the company, the individual employers and their representatives. What I can say is that I am advised that the company is liaising closely with J.A.C.S. who is the expert body in dealing with these matters and I have an assurance again from the managing director and chairman this morning that they are standing by and indeed exceeding the minimum statutory requirements.

#### **7.2.1 Deputy G.P. Southern:**

Again, I come back to the issue of whether, as majority shareholder, we should be supporting any company which asks its employees to abrogate their human rights in any situation whatsoever. Does the Minister support such action?

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

These certain circumstances... and I am not going to respond particularly in the context of Jersey Water because I do not believe that this should become a matter of political debate in this Assembly. We have appointed a board and I have appointed a board to run the company appropriately and to uphold the highest standards of governance, of treatment of employees, *et cetera*. Generally speaking, I can see circumstances where an agreement which is in excess of the minimum statutory requirements will give the employee an opportunity to sign an agreement which brings the matter of their redundancy or the termination of their employment to a close. It is very difficult to

answer a question without me being able to discuss all the circumstances of the agreement with the individual and frankly I am not prepared to do so.

**7.2.2 Deputy S. Pitman:**

The Minister has just spoken of when employees are facing redundancies that they should be looked after and respected. How does he see that as congruent to the fact that as a condition of receiving redundancy payments employees of Jersey Water have been asked to abrogate their rights to allow Jersey Water to employ cheap labour?

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

If the situation were to be that the employees ... if the decision goes ahead, which I understand is under discussion with the company this week, if they were being asked to accept and to sign an agreement which would be the absolute bare minimum of their rights, then perhaps I could understand it, but I am advised that that is not the case and that these employees are being properly treated by the company, that substantial negotiations have happened and arrangements well exceed the statutory minimum requirements. That puts a different complexion on the suggestion that these employees are somehow not being treated well. I would expect all employers to treat their employees well, especially States-owned entities, but not excessively.

**7.2.3 Deputy S. Pitman:**

Supplementary. Can the Minister answer: these employees are being asked to abrogate their human rights. Is this congruent to being looked after and respected?

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

I am not prepared to answer questions in a sound byte political forum in a way which is being ... it has been suggested by the members of the J.D.A. (Jersey Democratic Alliance) that there is ... the people that have been asking the questions are members of the J.D.A., I think. The matters that are being made are being made political. I have full confidence in the board and full confidence in the company that they are treating their staff appropriately and they are making the right decisions in the interests of the staff, the consumers and the shareholders.

**7.2.4 Deputy T.M. Pitman:**

I will try not to ask any sound byte questions, just a commonsense one. I apologise if I am missing something, but how can the Minister state that it is not appropriate to review the situation when he is the representative of the States majority shareholding? If that is not possible, then what role does he serve? What is the point?

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

The States own and has substantial shareholdings in utility companies for various different reasons. That does not lead the Minister for Treasury and Resources to be in the position of running these entities as if it was a States department. We appoint a board, we expect the board to run the entity properly, efficiently, appropriately, lawfully and respecting the standards that one would expect in relation to looking after staff. This is not the same as running a States department, which I am sorry that the Members that are asking questions and asked questions previously 2 weeks ago are suggesting that we

should somehow step over that position of running these entities. I do not believe that is the role.

**7.2.5 Deputy G.P. Southern:**

Final supplementary, if I may? Yes, does the Minister accept that a situation in which human rights can be abrogated with the function of increasing the dividend payments to the States is a valid position for him to take as representative of the States shareholding as a whole?

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

Well, that is another sound byte and somehow the suggestion that the company is making a *bona fide* business running decision operational matter and somehow that there will be an automatic improvement in the shareholders return. The managing director has been very clear in interviews in the press locally of the reasons why the business is considering this as an operational efficiency improvement, which is required in order to secure the company's position of investing in the infrastructure water arrangements in Jersey, which are very substantial. The company and the board have a responsibility to run the business efficiently and effectively, and I fully endorse and I have absolute confidence in the decisions that they are making. I urge the Deputy not to politicise effectively operational decisions that companies under difficult circumstances sometimes have to make.

**7.2.6 Deputy G.P. Southern:**

Can I ask a point of clarification? Has the Minister referred to a statement from the chairman of Jersey New Waterworks Company? Has he not read the letter in which he says: "We are making these redundancies in order to improve profits and to improve dividends including to the States."

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

The public is also entitled to a ...

**Deputy G.P. Southern:**

Has he read it?

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

The public is entitled to a proper return on its investments in utility companies. I do not believe that the decision by either Jersey Water or Jersey Telecom is linked with dividend payments. Rather it is efficient, proper, long-term planning of these companies to secure proper wholesome widespread water services across the Island to benefit the long term interests of consumers, the long term interests of Islanders and ultimately, in some cases, shareholders too. The public is entitled to a return of which there is a valuable contribution made to pay for frontline services by owned entities.

**Deputy G.P. Southern:**

With permission ...

**The Deputy Bailiff:**

No, we have closed on that question. We now come to a question which Deputy Southern has to ask of the Minister for Social Security.

