

2.2 Deputy K.C. Lewis of St. Saviour of the Chief Minister regarding the proposed redundancies of a quarter of Jersey Telecom employees and 20 Jersey New Waterworks employees:

Will the Chief Minister be intervening in the proposed redundancies of a quarter of Jersey Telecom employees and 20 Jersey New Waterworks employees?

Senator T.A. Le Sueur (The Chief Minister):

I sympathise with those staff and their families who may be affected by the recently announced proposed redundancies at Jersey Telecom and Jersey Water. I understand that these are difficult decisions made only after extensive reviews of current and future operations by the boards of both companies. In completing those reviews the boards of Jersey Telecom and Jersey New Waterworks satisfied themselves that the proposed job losses are necessary to ensure that the companies remain financially robust for the benefit of employees, consumers and the Island. Both companies are involved in commercial activity and as a consequence it is not appropriate for me as Chief Minister to intervene in the operational decisions made by the boards of Jersey Telecom or Jersey Water. Members have my personal assurance that every effort will be made by the States of Jersey and the companies themselves to ensure that the appropriate mechanisms are put in place to support staff and provide all possible assistance to help those affected to find new jobs.

2.2.1 Deputy K.C. Lewis:

We are all aware that we are still in recession but should this not have been a staged reduction over several years with voluntary redundancies and early retirements? Most of these employees are highly skilled and may have great difficulty in securing suitable employment. Does the Chief Minister not agree?

Senator T.A. Le Sueur:

I believe the boards of these companies are in a far better position than I am to ascertain and judge the extent and nature and timing of any such moves and it is for them to decide on those matters in conjunction with the employer representatives.

2.2.2. Deputy G.P. Southern of St. Helier:

Could the Chief Minister inform Members what dividend was paid by Jersey New Waterworks to the States last year and whether he feels it is appropriate at a time when we are spending £44 million on supporting the infrastructure of the Island that we are permitting, as the controlling shareholder, the sacking of up to 20 workers?

Senator T.A. Le Sueur:

I do not have the figure for the dividend but I believe it was contained in one of the written answers produced this morning. I will just check and see, and maybe the Deputy would like to check that as well. As to the nature of the extent of any proposed redundancies, that is a matter as I say for the company as an operational decision, it is not for me to comment on the necessary size of that but taken, I am sure, only after full consideration of the future needs of the company.

2.2.3 Deputy T.M. Pitman of St. Helier:

I believe I can help out the Minister; I think the figure was £1.6 million. My question is the Minister has talked about remaining profitable. Given that the Waterworks

Company made £4.034 million profit - up 14 per cent - does he think that answer has any credibility whatsoever?

Senator T.A. Le Sueur:

Yes, because one has to relate profit to the overall size and capitalisation of the company, its future needs, its investment needs, its reinvestment needs and the ability to carry on delivering water of a good quality to the Island residents. That requires considerable management skills and expertise and forward planning and I believe that the board of directors is showing that.

2.2.4 The Connétable of St. Helier:

Does the Minister not agree that direct labour, so long as it is flexible, modern and commercially focused, should be better able to provide the kind of infrastructure services we are talking about than labour where it is outsourced to companies which have a profit motive?

Senator T.A. Le Sueur:

Not necessarily, no. It will depend on the nature of the requirements of the company and it may well be that a requirement which fluctuates from month to month is far better delivered by a larger company specialising in those sort of activities. That will be an operational matter, as I say, for the directors to decide. They have chosen a certain direction and I am not going to second-guess them.

2.2.5 Deputy R.G. Le Hérissier of St. Saviour:

Could the Chief Minister confirm whether these problems arose, as Deputy Lewis was intimating, in a sudden fashion or whether the overall picture was that competition was leading inevitably to this situation and, if so, was he given regular reports that Jersey Telecom was in long-term trouble?

Senator T.A. Le Sueur:

Boards of directors do not make sudden decisions; they make decisions after carefully considering all the elements in a situation. Certainly as far as Jersey Telecom is concerned, and I think that was probably the company that the Deputy was principally referring to, I have been warning ever since we were considering the disposal of our shareholding in Jersey Telecom that the likely effect of increased competition will be a tightening of the workforce within that company. That has come to fruition and it comes as no surprise to me and should not come as a surprise to Members.

2.2.6 Deputy R.G. Le Hérissier:

Just a supplementary. Would the Chief Minister confirm, given the fact that this is undoubtedly the diagnosis, why was there not, therefore, an incremental approach taken rather than a sudden announcement?

Senator T.A. Le Sueur:

I believe the company is taking an incremental approach. It has announced that there is a need for a restructuring and that will take place over a period of time. Those discussions have been carrying on internally over many months. It is only once the correct solution is ascertained that it is implemented. The primary objective of the company over the past few years has been to maintain a share of the markets in order to maintain the benefits of the company. But they also have to face reality and they are facing reality and working in a constructive way in order to deal with the future.

Deputy R.G. Le Hérissier:

If I believe the Chief Minister is accidentally misleading the House, do I ask a point of order or a point of clarification or can I do anything with it at all?

The Deputy Bailiff:

I think you will have an opportunity, Deputy, of putting further questions to the Chief Minister at Chief Minister's question time without notice.

Deputy R.G. Le Hérissier:

Well, the marker is I believe he is misleading the House. They have been given 30 days' notice of redundancies. No more, no less.

2.2.7 Deputy D.J. De Sousa of St. Helier:

Can the Minister inform the House when the new chairman of Jersey Water was appointed and by what process he was appointed?

Senator T.A. Le Sueur:

I do not have a precise date. The chairman was appointed, I believe towards the start of this year. He was appointed in the normal course of events at an annual meeting of shareholders of the company.

The Deputy Bailiff:

Mindful of the time and I know a number of Members want to ask questions but, as I say, I am also mindful of the fact that the Chief Minister is going to be answering questions without notice later on. One more question, Deputy Tadier, and then Deputy Lewis for the last question.

2.2.8 Deputy M. Tadier:

Does the Chief Minister acknowledge that these Jersey Telecom redundancies are a direct consequence of the previous Assembly's decision to allow competition into the Island?

Senator T.A. Le Sueur:

That will be possibly part of the reason but not the entire solution. The telecommunications industry has become far more mechanised, far more computerised and far less labour intensive and it is inevitable in those sorts of situations that unless the company can expand, its workforce is liable to contract. That is the reality of the situation.

2.2.9 Deputy K.C. Lewis:

Further to news that Jersey Post is going into the telecoms business, does the Chief Minister not find it ludicrous that we have several predominantly States-owned utilities going into competition with each other [**Approbation**] and does the Chief Minister not agree that in this time of recession that we as States Members should be looking after Jersey's greatest asset which is its highly skilled workforce?

Senator T.A. Le Sueur:

The States took a conscious decision, rightly so, some time ago that competition was in the best interests of the Island and the best interests of efficient delivery of services to Island residents. Competition is not simply among States-owned businesses, there are a number of private companies also supplying and reselling mobile

telecommunication services and it is quite sensible if there is an active market for these products for the States to engage in competition in those active markets. That is what it is doing in the normal course of events.

The Deputy Bailiff:

I will say to Deputy Green and the Connétable of Grouville that when it comes to Chief Minister's questions without notice they are at the top of the list if they still wish to ask questions.

Deputy A.K.F. Green of St. Helier:

My question has just been asked, thank you.