

3.1 Deputy C.F. Labey of Grouville of the Minister for Treasury and Resources regarding proposals by Jersey Telecom to reduce its work force by 25 per cent:

With Jersey Telecom proposing to reduce its workforce by 25 per cent, will the Minister, as representative of the shareholder, advise Members if, to his knowledge, it is the intention of Jersey Telecom to reduce existing service levels by a similar amount?

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

I think the service levels are a matter for both the Jersey Competition Regulatory Authority and for the board of Jersey Telecom to consider, particularly by the company, given that it operates in a competitive marketplace. However, I have been assured that the process of reorganisation of the company is not simply about making headcount reductions. They are taking into account the requirement to improve their processes, improve productivity, modernise, and prepare for the exciting world of the I.T. (information technology) future. I am confident that Jersey Telecom, as a result of their reorganisation and modernisation, will continue to be the leading telco provider in the Island.

3.1.1 The Deputy of Grouville:

Loyalty bonuses of a 6-figure sum were paid to the senior executive of the company. Does the Minister, as representative of the shareholder, not feel that this sticks in the craw of not only the workforce who are being made redundant - or as he puts it: "Being reorganised" - but also the taxpayer, who may be picking up the tab for these redundancies?

Senator P.F.C. Ozouf:

I have previously made comments that I have not been involved in the bonus issue. I would point out to the Deputy that all Jersey Telecom staff received a pay rise in January, but the company must make changes to its organisation in order to restructure itself for competition. I believe that that is in the interests of both the long-term interests of the workforce, the Island community in terms of the services that J.T. (Jersey Telecom) provide, and also to the competitiveness of the Island, which absolutely is built upon fast, affordable, efficient telco provisions. So, modernisation is difficult. It was right to introduce competition for telecoms, and I have to say that I have every confidence in the Board in making the decisions that they are making.

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

Could the Minister specify, both for this year and last year, what the percentage pay rise was and whether the same pay rise, percentage-wise, applied to both management and frontline workers and if there was a difference, what the difference was? Secondly, would he not accept that it is only by an alliance with an international player that Jersey Telecom will now truly thrive?

Senator P.F.C. Ozouf:

I am asked regularly about the arrangements of the owned and part-owned utilities, in almost a sense that the Treasury runs these companies. We do not; we appoint a board to carry out the functions of running the company on our behalf. I can say that all employees of Jersey Telecom, as I am advised, received a pay rise, I think in the

region of 4 per cent. That is a matter for the board themselves. I am not going to re-guess and to second-guess their business decisions which are no doubt meant in the best interests of the company. Secondly, in relation to the future of Jersey Telecom, I believe that it was right to liberalise telecoms and I think my predecessor has given a commitment not to consider a sale of J.T. for a number of years. J.T. is reforming, it is modernising, it is building new businesses successfully in Guernsey, and I think that Jersey Telecom has a great future as providing the main infrastructure backbone for fixed-line telecoms now and into the future.

3.1.3 Deputy R.G. Le Hérisssier:

A supplementary; would the Minister specifically answer, is an international alliance the real path to growth and salvation?

Senator P.F.C. Ozouf:

An international alliance could be described in a number of ways, which does not mean a sale. There are a number of ways that a small telco, such as Jersey Telecom, can work with international providers, and I will be looking at all of the owned utilities and their strategies and business plans, particularly with the Minister for Economic Development, to ensure Jersey Telecom has all of the opportunities to thrive and to build information technology links which are so vital for telemedicine, learning, and for the whole of our future.

3.1.4 Connétable D.J. Murphy of Grouville:

In view of the fact that the States now have stakes in 3 telecom companies who are competing against each other, is the Minister satisfied with the position the J.C.R.A. (Jersey Competition Regulatory Authority) in issuing more licences?

Senator P.F.C. Ozouf:

The J.C.R.A. reports as appropriate as an independent body to the Minister for Economic Development. I have given, however, as shareholder, careful consideration to the issue of the J.P. (Jersey Post) competition. What I need to say to Members is that when originally competition was envisaged in the marketplace, we did envisage a competition that would be on the retail end. Members will know the concept of Virgin Mobile, for example, in the U.K. (United Kingdom), which provides competition at the retail end by using the infrastructure that exists. What Jersey Post are doing, as I understand it, is exactly that. I have to say that having recently been in India, having examined other telecom markets around the world, it is retail competition that gives good value, which gives innovative services to consumers and is a way that you can get competition with having one overall infrastructure company. I am going to be interested to see how J.P. do in this area. It is not competing against; it is growing the market, giving value for consumers, giving innovation for consumers, and I welcome it.

The Deputy Bailiff:

Can I just remind you and all Ministers that the answers must be ... **[Approbation]**

The Connétable of Grouville:

I did not get an answer to my question. I asked him ... **[Laughter]** There are 3 companies, 3 States-controlled companies, competing against each other. Would he please tell me whether he thinks it is a good idea that more licences should be issued? **[Approbation]**

Senator P.F.C. Ozouf:

I am somewhat uncomfortable, and I apologise to the Constable of Grouville, but he does have a close familial contract with somebody involved in J.T. [Members: Oh!] I am uncomfortable ...

The Connétable of Grouville:

That is disgraceful. Absolutely objection.

Senator P.F.C. Ozouf:

I am uncomfortable with that because, clearly, it could be we need to be completely reviewed as being completely impartial. It has the perception, potentially, of not being so. I regret to say that.

Deputy G.P. Southern of St. Helier:

I believe that is impugning the reputation of the Constable.

Senator P.F.C. Ozouf:

If I have impugned the reputation of the Constable, I apologise, but it is an issue that is making me increasingly uncomfortable.

The Deputy Bailiff:

I understood the Minister to be talking about perceptions rather than anything directly and I did not understand him to be impugning the reputation of the Constable.

Senator P.F.C. Ozouf:

Certainly not. It is a perception issue which I am concerned about. There is nothing wrong with States-owned entities competing within common marketplaces. That is to the benefit of the shareholder, it is to the benefit of consumers, and it drives innovation and productivity.

The Connétable of Grouville:

I am very, very annoyed about this. When I suggested to him that we should set up a Scrutiny Panel I was told that I should not sit on it because I have a family member working at telecoms in a reasonably modest capacity; we are not talking about directorships or anything like that. Now, the implied threat that I should keep out of it because I have a family member working there is quite disgraceful and I really must object very, very strongly indeed.

The Deputy Bailiff:

Connétable, I certainly I understand and hear that objection. It is not a matter that is going to be resolved today. We will now move on to the next question in this set of questions.

3.1.5 Deputy G.P. Southern:

Since the Minister has mentioned bright futures, what brighter future does he anticipate for the 85 or 100-plus telecoms workers being laid off? Will he take any specific financial measures to ease the package of, let us say, voluntary early retirement packages that might be offered, or voluntary retirement packages, in order to ease the way of these 85 or so workers?

Senator P.F.C. Ozouf:

The assumption that Deputy Southern makes is that we should cast these companies in aspic and they should not be modernising and dealing on a competitive basis. I do not believe that that is in the long-term interest of the shareholder, consumers, or the Island. Jersey Telecom will treat its staff appropriately, just as I expect all States-owned and part-owned entities to do so. All the information I have means that they will do so; moreover, Jersey Enterprise and Social Security will provide every assistance to anybody that finds themselves out of work and given the assistance to find new, productive work.

The Deputy Bailiff:

You are going to be cutting out one of your colleagues, Deputy Southern, that is all I would say because time is getting short on this question.

3.1.6 Deputy G.P. Southern:

I believe there is space. I would like to, in fact, ask my supplementary. The Minister talks about the Minister for Social Security offering assistance. Will the Minister for Treasury and Resources offer any assistance? For example, will he give up some of his £6 million dividend next year?

Senator P.F.C. Ozouf:

It is not my dividend; it is the States of Jersey dividend, which goes to pay for frontline services. I believe that I have a responsibility to ensure that the public who own these assets do get an appropriate return and we balance appropriately the interests of consumers, Islanders, and the shareholders, and the staff.

3.1.7 Deputy M. Tadier of St. Brelade:

The Minister will be aware that certainly when Jersey Telecom did enjoy a monopoly status, part of the compromise in the service level agreement was that they provide 24/7 support to man, for example, the emergency services, which they still do. Now, given that the monopoly status has now been removed, will this 24/7 support also be reviewed, given that this puts the company at a competitive disadvantage?

Senator P.F.C. Ozouf:

I am given no information that anything will change on that basis.

3.1.8 Deputy M. Tadier:

A supplementary. Would the Minister therefore think that it is quite correct that Jersey Telecom, now that they do not enjoy a monopoly status, would be quite within their rights to turn around and say: "We are no longer going to provide this 24/7 support because it is no longer viable"?

Senator P.F.C. Ozouf:

I believe that this is a licence condition. As I think Deputy Tadier has better information on the workings of Jersey Telecom than I do with previous experience, perhaps he would explain to me outside of the Assembly exactly what his concern is on this. I have no notice of any concern in this direction. If there is, I will have discussions with the Minister for Economic Development to deal with it.

3.1.9 The Deputy of Grouville:

Could the Minister confirm to the best of his knowledge if there are any plans, future or immediate, to privatise Jersey Telecom?

Senator P.F.C. Ozouf:

I have given the commitment that has been made by my predecessor that there would be a period given where no consideration to a sale of Jersey Telecom would continue. I am, however, conducting a review of all owned utilities to ensure that their ownership arrangements are appropriate for the public. The previous statement has standing and I think that that runs for a further 2 years in order to give the company the stability that they needed.