

**WRITTEN QUESTION TO THE MINISTER FOR TREASURY AND RESOURCES
BY DEPUTY G.P. SOUTHERN OF ST. HELIER
ANSWER TO BE TABLED ON TUESDAY 17th NOVEMBER 2009**

Question

As the representative of the States majority and controlling shareholding in the Jersey New Waterworks Company Limited (JNWWC) (holding 100% of the issued "A" ordinary shares, 50% of the issued ordinary shares and 100% of the 7.5 – 10% cumulative fifth preference shares), will the Minister inform members of his position on the following aspects of the JNWWC's announcement of the intention to make 20 of its employees redundant -

- (a) Given that the company announced a profit of £4,034,000 for 2008, an increase of 14% on the previous year, and a dividend of 194 pence per share (up by 15%) on the ordinary and "A" ordinary shares of the company, does the Minister endorse the need for redundancies in order to increase the potential dividend?
- (b) Will the Minister inform members how much the States received in dividend on its shareholding in 2008 and what additional dividend might be generated by these redundancies in 2009? Will he further produce an estimate of the likely impact of these redundancies on States revenues in lost tax and social security collected and additional Income Support payments?"

Answer

- (a) I expect Jersey Water's Board of Directors, along with all States owned companies, to provide efficient, effective and affordable services to Islanders, whilst providing an appropriate financial return to the States as shareholder. I equally expect all States owned companies to be responsible and fair employers. It is for the Board to decide how to best run the company; I appreciate that this means making difficult decisions that impact on individual employees, but I am confident that the Board will be sensitive in its consultation with employees and act fairly and responsibly.

The Social Security Department has already been in contact with the company to offer assistance with anything that those potentially being made redundant may need in these difficult times. This includes offering seminars at the place of work incorporating advice on Income Support, unemployment credits and job seeking. The ultimate aim is to help anyone affected to find new employment.

- (b) The dividend received from Jersey Water in respect of both ordinary and preference shares in 2008 was £1,610,250.

I cannot estimate the impact of any redundancies on tax revenue, social security and income support without investigating individuals' circumstances both now and in the future.