

3.18 Deputy R.G. Le Hérissier of the Minister for Treasury and Resources regarding the Gigabyte Jersey Project:

Given from information released last week that only 737 home connections have been made between August 2012 and now in the Gigabit Jersey project, how does the Minister reconcile this with his answer to Senator Ferguson on 26th June 2012 that: “the rate of connections was anticipated to rise to 2,000 per month.” How much of the budget of £41.5 million remains to be spent?

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

I am grateful for the Deputy’s question in relation to this. Gigabit Jersey is obviously an exciting and important 5-year programme, which has been supported by the Treasury by a loan to J.T. (Jersey Telecom). The Board of J.T. set itself an extremely tough internal challenge of connecting 2,000 homes per month, a target well in excess of which was originally designed to achieve the planned project over 5 years and indeed that ambitious target was the subject of my answer to Senator Ferguson in June. Gigabit Jersey has effectively 3 important components. Firstly, the core infrastructure. That was completed in 2012 on time and to budget. The second component, homes passed, was tracking slightly but currently I am advised is slightly above budget. It is run physically considerably ahead of schedule with some 26,115 homes passed by the end of the year as opposed to the plan of 9,600. The homes connected component is the third issue and that is the issue that is proving more of a challenge. This is complex because of the difficulty in predicting accurately the time to connect each home and there are indeed tens of thousands of homes to connect. I am advised that J.T. contractors have taken longer than expected to deliver the programme into an effective production line and this is the reason why only 1,737 broadband homes were connected at the end of December. J.T. is dependent on performance of a third party contractor and I am advised that there are commercial discussions and a resolution is attempting to be made between the parties. I will ensure that Members are briefed in the start of the first quarter next year so that they have an update of the briefing. Finally, of the budget question, I am advised that £18.5 million of the budget has been spent, leaving a total of £23 million of the original budget. I am advised by the J.T. Board that in order to meet the 5-year target and remain within the budget, J.T. is going to now prioritise the connection of broadband customers over those only voiceover. That seems to me a sensible solution. I will attempt to answer supplementaries.

3.18.1 Deputy R.G. Le Hérissier:

Would the Minister acknowledge that perhaps at the beginning, the plan was over-ambitious and would he also outline to the House why the relations between the contractor and J.T. appear to have partially broken down?

Senator P.F.C. Ozouf:

I agree that it is indeed an ambitious project and indeed the very fact that we have done Gigabit has now unleashed a wave of new activities in relation to the digital space, the setting up of Digital Jersey, the new e-government initiatives. All this has been based upon the programme and I know that the Deputy supports that. I am disappointed but I have been fully briefed by the Board of J.T. in relation to the subcontractor issue. I am somewhat constrained by what I can say currently about that dispute because obviously it is a subcontractor issue with J.T. but the Deputy can rest assured that I have asked both the Treasurer to monitor developments closely and the Board to keep me informed and I want to see connections regain their momentum and as many homes connected, which now can be because the spine and the infrastructure has been put in place, but I will advise Members as soon as I have more information about the resolution of the contractor.

3.18.2 Deputy G.C.L. Baudains:

The Minister champions the Gigabit project. I believe he has underestimated the magnitude of the problems involved and overestimated the benefit but could he confirm or otherwise that the contractors are, in fact, owed £5 million by Jersey Telecom and as a result, some of the employees are looking for alternative employment?

Senator P.F.C. Ozouf:

Just so that we are completely clear, I do understand that the Deputy's son may be involved in relation to this subject and I just think it is very important that we are absolutely clear about the source of information so I would just be grateful if perhaps he could confirm that. Yes, there are issues in relation to the contractor and I have advised Members that I am fully briefed by the J.T. Board and I want those issues dealt with but it would be wrong, I think, to cast any aspersions on J.T. I am satisfied with J.T. I have full confidence in them and I want them to resolve this issue but let us be clear about some information and the information flows where obviously different people there will always be different stories on a different issue. I have the absolute story from J.T. I was with them until 10.00 p.m. last night getting a briefing for today.

3.18.3 Deputy G.C.L. Baudains:

Could I, for the avoidance of doubt, point out that my son is not looking for another job but if the Minister had answered the question about whether the contractors are, in fact, owed money and is this not a problem which is causing a great disturbance to the rollout of Gigabit?

Senator P.F.C. Ozouf:

I asked whether or not the Deputy had a family member involved in it and I think it is just important that we are completely clear. There is a contractual dispute. I am advised of that and J.T. is going to deal with that and that is unfortunate. I am disappointed by the fact that homes have not been connected at the speed that they are and I have asked J.T. to report to me, because there is public money at stake, on the value for money of the project and invoices issued so far and I am fully confident that J.T. is going to deal with the subcontractor issues which are real and problematic and need resolution.

[11:30]

3.18.4 The Connétable of St. John:

When the Minister is talking to his colleagues at Jersey Telecom, will he please make a note that on a daily basis I have got roads which are ... because of the vehicles parked in the roads pushing cables through, I have many of the arteries coming into St. Helier, whether it is St. Lawrence, St. John or via the Trinity area right across ... we have delay after delay, been going on now for many months where manholes are opened up, closed again and then further up the road. Will the Minister find some way... because it is totally unacceptable over the next 4 years to see the Island upside down because of this particular Gigabit scenario?

Senator P.F.C. Ozouf:

I know I need to get the Connétable of St. John up into the digital age and somewhat it is almost disappointing. He is a champion of infrastructure investment and I am afraid to say that he cannot have it both ways. He cannot have drains, ducts, infrastructure done without some degree of hassle. The only good thing I can say to the Deputy is I refer him to the answer that I made a few moments ago, which was the spine of homes passed which is getting the fibre near to people's homes, that is ahead of schedule and indeed is not going to last for 4 years. It is the last 100 metres on average which is the issue and I do not think his Parish is going to have too many difficulties. In fact, I hope not, and I hope he gets his fibre connection as soon as possible so we can do our iPad trial together.

3.18.5 The Connétable of St. John:

Co-ordination, co-ordination, co-ordination. That is what is all about. Will the Minister make sure that things are properly co-ordinated because I do not want to see roads daily ...

The Bailiff:

That was your question, Connétable.

The Connétable of St. John:

Yes, Sir.

Senator P.F.C. Ozouf:

Yes, but he cannot have it both ways. You cannot have road laying, drain improvement, infrastructure, without some degree of hassle. So I would just ask him for some understanding of this important and exciting, ground-breaking policy for Jersey which is really exciting.

3.18.6 Deputy G.P. Southern:

It is my understanding that J.T. outsourced their connection service to contractors CH2M Hill some years ago. Does the Minister not consider that it might have been better to keep the connection service in-house?

Senator P.F.C. Ozouf:

No. In fact I have had reported to me by all utilities... and particularly I recall the discussions with Jersey Water who successfully outsourced some of their arrangements. So sometimes outsourcing arrangements will be better. On this occasion outsourcing contracts have been signed, as I understand, and it is up to the subcontractor arrangements to deal with these issues and I hope they will. I hope there will not be too many difficulties. There may be some short-term issues that we will have to deal with in the failure of some contractor, potentially, and I will advise Members associated with that. I am determined that the Gigabit project is delivered on time and within budget.

3.18.7 Deputy M.R. Higgins:

I will state from the beginning I am a supporter of this particular project. I am disappointed in the speed of the roll out because I would very much like a faster connection myself and I cannot wait to get it. However, I am concerned about the contractor dispute and the amount of information we are getting. Could the Minister just clarify, because he gave me concern then, in his final answer he almost implied that there could be questions about whether the contractor would be able to continue, meaning financially or some other reason? Can you elaborate on what the nature of the dispute is? Because I think it should be out there, there is a lot of public money in it and we want to get this project going.

Senator P.F.C. Ozouf:

I am grateful for the Deputy's support and I am perfectly willing to brief, and I will brief Members, but it is really not appropriate, if I may say to the Deputy. I am happy to brief Members confidentially but it is really not, I think, wise for me to discuss contractual issues between a subcontractor and J.T. in public when clearly there is a dispute going on that needs resolution. But I will take the Deputy's point, I know he wants a better connection and I want this issue resolved, and I will advise Members as soon as I possibly can. It may be in confidence while this issue is being resolved, but I take the Deputy's point.

3.18.8 Deputy R.G. Le Hérissier:

Would the Minister not acknowledge the Constable of St. John, for example? I have had an email from St. John where it is stated that contractors are arriving to do one house on an estate, going away, coming back later to do another house. There appears to be no co-ordination.

Secondly, would he comment on whether the pricing structure for connection was the right kind of pricing structure to get people connected?

Senator P.F.C. Ozouf:

What I will do is I am going to arrange a briefing with J.T. for Members as soon as these issues are resolved, because I know that Members are widely interested in this and they need to know exactly what is going on. Clearly there has been an issue with a subcontractor and that is commanding the attention of the board and, as I said, I met with J.T. - as I have met 3 times in the last week in resolution of this issue - and I expect them to resolve it. But certainly the project must be delivered, it must be delivered within the budget and I want an acceleration of connections and I am pressing J.T. to achieve that.

Deputy R.G. Le Hérisier:

The change to the pricing structure I asked about?

Senator P.F.C. Ozouf:

I am advised by J.T. that while there are issues with the contractor, certainly there is a fixed price contract in place with J.T. and the subcontractor needs to perform.

Deputy R.G. Le Hérisier:

The pricing to the public?

Senator P.F.C. Ozouf:

The pricing to the public, that is going extremely well. Because so many people want fibre and want better speeds, the actual take up is going ahead for those people who are connected, of which I am not one of them, sadly, yet.