

3.4 Deputy G.C.L. Baudains of St. Clement of the Minister for Treasury and Resources regarding Jersey Telecom Limited board members:

Would the Minister, as shareholder representative, advise who appoints the board members of Jersey Telecom Limited and whether he has still confidence in the board?

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

Under Article 71 of the Company Standard Table (Jersey) Order 1992, which has been adopted by J.T. (Jersey Telecom) Group Limited, directors are appointed at the Annual General Meeting and upon advice, it is for the Minister for Treasury and Resources to decide on how to vote and whether to appoint such directors or reappoint them as each of their term of office comes to an end. Given the vast experience of the current members of the board, each of whom not only have been appointed following a proper thorough recruitment process and my own experience and the Treasury and Resources Department's experience of dealing with them, including holding them to account and regular dialogue, I can confirm to the Deputy that I have full confidence in the current board.

3.4.1 Deputy G.C.L. Baudains:

I thank the Minister for the first part of his answer. Regarding the confidence in the board, we all know that Jersey Telecom has unilaterally phased-out cheques. There are a lot of questions about the fibre into homes and customer service has all but ceased to exist. How does the Minister justify his confidence in the board when it appears to me that Jersey Telecom seem more concerned with matters convenient to itself than its customers?

Senator P.F.C. Ozouf:

We are coming on to debate Deputy Baudains' proposition of a vote of censure to the Minister for Transport and Technical Services and there are some parallels between what Deputy Baudains has said in respect of J.T. and T.T.S. (Transport and Technical Services). If I may say so, Deputy Baudains is expressing some frustration on micro detail on implementation. I think it is fair to say that Deputy Baudains does not like the fact that there is an incorporated J.T. entity. Perhaps that is because of experience as a member of the previous Telecommunications Board. I think it is disproportionate to link the withdrawal of cheques and problems in digital Gigabit rollout with translating that to lack of confidence in the board. J.T. is a big organisation, a multi-million pound organisation, and they perform well although there are obviously ongoing business issues that need to be dealt with. That does not and that should not lead to a lack of confidence and a nuclear button effectively of a lack of confidence and throwing out the board. I think we need some proportionality.

3.4.2 Deputy R.G. Le Hérissier:

I wonder if the Minister could outline the conditions under which the board would lose his confidence and does he not accept, particularly, for example, with the current queuing system at the J.T. office which almost requires a Ph.D. in mathematical logic... would he not accept that there is a point at which customer service does become a key issue?

The Bailiff:

I think the first part of the question has to be out of order, Deputy, as a hypothetical question.

Senator P.F.C. Ozouf:

Does that meet the Ph.D. requirement for the queuing system? **[Laughter]** I think Deputy Le Hérissier is one of those Members... I am not sure whether or not he has been into J.T. Well, if he has done so, does he really think it is appropriate during parliamentary question time to suggest that a queuing system at a shop is linking into ... I think we need to raise the level of the debate. We have got important issues to deal with and Members need to get out of the weeds and deal with the strategic issues that are dealing with these companies and I am happy to engage with Members, with Deputy Le Hérissier, with Deputy Baudains, on the important issues that we

do need to discuss with J.T. There are big decisions about J.T. now into the future about what we are going to do and we need to engage on that level and certainly those are the discussions that I have with my Assistant Minister and the Treasury and Resources Department on the board, not on queuing systems and on the withdrawal, if I may say, of cheques, which is a standard business practice across utilities across the United Kingdom and other countries.

3.4.3 Connétable A.S. Crowcroft of St. Helier:

With literally hundreds of local people engaged in the Gigabit rollout and in other telecommunications services in the Island, does the Minister share my view that this kind of questioning is hardly good for their morale and would he further agree with me that States Members with questions about telecommunications should take up the offer, as I have done - I do not know if Deputy Baudains has done - from J.T. to visit their headquarters and to find out more about it before they raise questions in the Assembly? **[Approbation]**

Senator P.F.C. Ozouf:

Yes.

3.4.4 Senator S.C. Ferguson:

If we are getting out of the weeds, perhaps the Minister would like to comment on the fact that the wholesale price of 2 megabyte connections has been put up by 28 per cent by J.T. to other companies within the Island.

Senator P.F.C. Ozouf:

I do agree that there is a debate to be had and that is an active debate that I am having with my colleague, the Minister for Economic Development, on the trade-off of effectively data costs generally and the costs that J.T. have in relation to the prevention or otherwise of business and those are the debates. We have got a segregation of duties between myself acting as the shareholder representative and the Minister for Economic Development being responsible for regulation, and it is appropriate for there to be a constructive tension in those discussions and catalysed by Digital Jersey. We are looking at some of those issues and those are some of the things that I think we need to signal that we need to have a debate next year about data costs. I think J.T. is doing a reasonable job in relation to that and I have said to all people who are criticising J.T.'s prices, I need the evidence to show that there is an issue and I will take that up with the board at a strategic level.

3.4.5 Deputy T.A. Vallois of St. Saviour:

Could the Minister advise how he objectively assesses the performance of the board and therefore justify his confidence?

Senator P.F.C. Ozouf:

Yes, that is an excellent question. What happens in the dynamics, and again I am always willing to invite Members into the Treasury and Resources Department to look and see ... kick the tyres almost in relation to the way that we hold entities to account. As far as J.T. is concerned, and this is the case for all of the utilities, a business plan is set out, a 3-year plan is normally the kind of business planning horizon that we set out. We consider that at an annual meeting. It is presented to the Treasury and Resources Department. The Treasury Utilities Team look at the performance of that and that is monitored on an ongoing basis. The Assistant Minister and I and the Treasurer of the States meet with the Chairman and the Executive and sometimes other members of the board on a regular basis. I think it is 4 times a year we sit down together and it is against effectively the setting and agreeing of a business plan and then the monitoring of that business plan through the year that we assess that performance and while the numbers are not large, we have at least one dedicated person within the Treasury and Resources Department that is looking at the business advice and that provides the Assistant Minister and I with a briefing

note on the performance of the business plan and the actual performance going through the year. I hope that is helpful for the Deputy.

3.4.6 Deputy T.A. Vallois:

Can I just ask if the Minister believes that the business plan is therefore robust enough?

Senator P.F.C. Ozouf:

Indeed the business plan is robust enough and while the business plan itself is not a document that is capable of being published because obviously it will contain lots of commercially sensitive information, I would invite the Deputy if she is interested, and indeed any Member, to come in and see the kind of qualitative, quantitative information that we look at in terms of looking at the assessment of the performance of J.T. But I think it is worth saying that J.T. has performed extremely well. There have been some very difficult decisions that J.T. have taken in terms of reduction of staff, reducing costs in order to pass on lower costs to their customers, dealing with the issue that Senator Ferguson raised. I regard telecommunications costs for domestic households and businesses in Jersey as absolutely vital and we are looking at J.T. to be efficient in order to do that, and I think they are doing a very valuable job and they also provide, of course, a very important dividend stream in the future for the States Assembly, some of which we have reduced to allow Gigabit to happen.

3.4.7 Connétable P.J. Rondel of St. John:

Could the Minister tell us how many customers that J.T. currently have, given that in correspondence way back in 1986, they had 60,000-odd customers and if anything ... recently in correspondence had from the department, they tell me that 7 per cent of their customers only pay by cheque. Thereby that equates to something of those numbers from 1986 of 4,000 and it really hurts me to say in black and white that they are claiming that those people who pay by cheque are the bad payers. Will the Minister tell us how many customers they currently have, please?

Senator P.F.C. Ozouf:

I do not know that and I do not call that information in and there is no point for the Connétable of St. John to chastise me for not knowing how many customers J.T. has compared to 1986. I know one thing. It is probably less because we have got competition in the marketplace and that is a good thing. Competition works, competition always works in the marketplace in order to keep J.T. responsive to market demands. In relation to the pay issue, I realise that for some people withdrawing of cheques has been a problem but J.T. also recognised the cost of doing business. Members cannot have it both ways. They cannot expect J.T. to be efficient and productive and still effectively use an antiquated system for bill paying. Most people have debit cards. That is the easiest way in order to pay a bill, on the telephone, easily made through their call centre which I have done, which is easy to do. I think we need to move on from this world. Cheques are old technology. We need to move into a modern efficient way and we should not be criticising organisations that we have major shareholdings in for doing the right thing in terms of making sure that they reduce their operational costs and giving customers as J.T. has clearly said with Payzone retailers, *et cetera*, there are lots of places you can pay your telephone bill easily.

3.4.8 The Connétable of St. John:

The Minister mentions major shareholdings. We own 100 per cent of Jersey Telecom, so we are told, or has something been hived-off that we do not know about? The Minister also mentions other areas that Telecom is involved with. Will he also tell us how we are tied-up with call centres in the U.K. (United Kingdom) which are taking staff off this Island and they are getting in the U.K. and therefore the Island are losing employment within the Island?

The Bailiff:

I am sorry, Connétable, I think we have drifted too far now from the original question.

Senator P.F.C. Ozouf:

I can answer briefly the issues of J.T. and paying cheques. I have got a list of Payzone retailers. I think there are 65 retail establishments which take J.T. payment, quite apart from the fact that most people will have a debit card in order to be able to make a simple phone call to pay their bill. Are we really saying that in this world that withdrawing cheques, which is a standard arrangement... you cannot pay a cheque buying a supermarket grocery bill, you cannot make cheques in all sorts of different ways. It is old technology. It is paper-based. It is expensive to work and are we really saying to J.T, because we own them, that they have to run and continue to use cheque payments? We need to move on and we need to help people in order to embrace new ways of paying and new ways of embracing the fact that ... the reality of the people working with their own finances.

The Connétable of St. John:

Am I permitted to come back in on that, Sir?

[10:15]

The Bailiff:

Well, no, you have had your 2 Connétable, and we have already spent well over 10 minutes on this question so I am now going to return to Deputy Baudains for the final question.

3.4.9 Deputy G.C.L. Baudains:

We have heard about arguments with the regulator which I believe is costing a lot of money and a declining service to its customers. Anybody who has ever tried to phone up Jersey Telecom to report a fault or something gives up after about half an hour. Does the Minister agree that the board is neglecting its customers and may well lose customers and income as a result?

Senator P.F.C. Ozouf:

I think Deputy Baudains' comments are unfair and are unrepresentative of the facts.

Deputy G.C.L. Baudains:

But they are true.

Senator P.F.C. Ozouf:

Well, they are perhaps true in Deputy Baudains' mind. J.T. need to be congratulated for the business performance that they have carried out, the dividends that they pay to the States, the investment in infrastructure that they are making and competing in a fast-moving technological almost lightning-speed world; and we need a Jersey Telecom which is responsive to customer needs which is responsive to technology. I think that we need to stop using our privileged positions in this Assembly to have pot-shots when Deputy Baudains may not have been able to get through to J.T. on one occasion in order to deal with a fault. That is not the experience that I have. My phone would be red-hot if there were issues about J.T. not performing in terms of customer responsiveness, and it is not the case and I can see from other Members of this Assembly that they do not share that view.

The Bailiff:

Very well. Deputy Higgins, do I understand you do not wish to proceed with your question?

Deputy M.R. Higgins of St. Helier:

Yes, Sir, that is correct. I am taking other avenues, including writing to the Attorney General, thank you.

The Bailiff:

Very well, thank you.