

2018.09.11

3 Deputy K.F. Morel of the Minister for Treasury and Resources regarding the supplier of janitorial; supplies to the States of Jersey: [OQ.111/2018]

Will the Minister confirm whether a supplier has been chosen following the tender process CP15/01/377, aimed at finding a supplier of janitorial supplies to the States of Jersey; and, if so, will the Minister tell the Assembly the name of that supplier?

Deputy S.J. Pinel of St. Clement (The Minister for Treasury and Resources):

There are 2 parts to this question, so I will do it in 2 sections. The first part: "Will the Minister confirm whether a supplier has been chosen following the tender process?" A company has been selected as preferred supplier following an open competitive tender process to supply cleaning products to the States of Jersey. This contract does not include cleaning staff. The contract is at an advanced stage but it has yet to be executed. The contract will reduce the cost of cleaning products to the States of Jersey by between 10 and 15 per cent a year, and deliver about £100,000 worth of savings per annum. To address the second part of the question: "Will the Minister tell the Assembly the name of that supplier?" The preferred supplier is Tower Supplies, a U.K. (United Kingdom) based company. They already have an on-Island presence. In order to fulfil this contract all bidders for this contract rely on importing cleaning products from the U.K.

4.3.1 Deputy K.F. Morel:

Please could the Minister explain upon which criteria the bidder was successful? Was it price or were there other factors? And confirm whether the effect on the current local suppliers and their contribution to the Island's economy was considered when making the decision?

Deputy S.J. Pinel:

Yes, there were at least 3 - I think it was 5 - applicants for the contract, which was narrowed down to 3, and everything was considered. As I say, there is no effect other than the cost of the products because it does not involve any cleaning services involving people; only the product price, which was about £100,000 per year cheaper than one of the competitors.

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

Could the Minister for Treasury and Resources explain what structure is involved here? Is there a company taxable in Jersey involved in this successful bid or will any taxation go to a mainland company?

Deputy S.J. Pinel:

Tower Supplies are a U.K. company but, as I mentioned in my opening remarks, also have an on-Island presence already. They will be paying tax in the U.K.

Deputy G.P. Southern:

Could the Minister just clarify, I did not hear the last bit of that. I was looking for: where is the tax payable?

The Deputy Bailiff:

The Minister said tax in the U.K.

4.3.3 Deputy M. Tadier of St. Brelade:

Was any consideration given to the loss of tax by choosing a U.K.-based company over a Jersey-based company who the ultimate distribution of profits will be paid in Jersey? If not, why not?

Deputy S.J. Pinel:

I was not part of the committee that did the tenders and so I am not sure of all the details. But of the original 8 tenders, 4 were U.K. and 4 were Jersey. Of course consideration was given to that but when it is purely products that are brought in from the U.K. not involving people, and it is £100,000 less than the nearest tender, then that was seen to be an obvious choice.

4.3.4 Senator S.C. Ferguson:

Will the Minister confirm how many of the people who tendered pay tax in Jersey, because most companies in Jersey pay no tax whatsoever?

Deputy S.J. Pinel:

I thought I just answered that. Of the 8 final bids, out of a huge expression of interest in the first place, 4 were U.K. and 4 were local suppliers, so local suppliers would have been probably paying tax, depending on which company it was.

4.3.5 Connétable C.H. Taylor of St. John:

Could the Minister tell us how many local jobs may be lost as a result?

Deputy S.J. Pinel:

This is a tender for products, a contract for products, not cleaning people, as such. There may be a maximum of 2, but we do not know yet.

4.3.6 Deputy M.R. Higgins of St. Helier:

Just to clarify the Minister's remarks. Will she confirm that no companies are paying tax in this particular instance because the only companies who pay tax in the Island are financial services companies and utilities? All the other companies do not directly pay tax. Is that not correct?

Deputy S.J. Pinel:

I really thought I had answered that question. This is just a company that imports cleaning products from the U.K. and they were accepted from their tender because they were £100,000 less than the competing tenders.

4.3.7 Deputy G. P. Southern:

What calculation was done, in addition to the £100,000 saving on costs directly to the States, on the missing taxation through any beneficial owner based in Jersey?

Deputy S.J. Pinel:

People keep mentioning the tax, but the Jersey-based company that was employed before would have been paying a tax; I do not know what it was, because I was not part of the committee that interviewed or the board that interviewed the applicants. But the tax that would be payable would be considerably less anyway than the £100,000 worth of saving on the products.

4.3.8 Deputy K.F. Morel:

Given that the original contract start date was meant to be December 2017, and we are now 9 months past that, could the Minister inform the Assembly whether the choice of an off-Island supplier has led to that delay and whether, given that other local companies are having to fulfil that contract in the meantime, those £100,000 savings have been lost as a result of these delays?

[10:00]

Deputy S.J. Pinel:

I do not know the answer to the question, basically. Inasmuch as there were originally 60 expressions of interest, hence obviously a longer process of determining who the final tenders would be, and the contract is ready to be signed as we speak.