

21.06.29

16 Senator S.Y. Mézec of the Minister for Treasury and Resources regarding States-owned entities (OQ.146/2021):

Will the Minister advise whether she or her department have been involved in any discussions with States-owned entities about the whole or partial sale of these businesses or their subsidiaries since this term of office began and will the Minister provide details of any such options being considered at this moment?

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

I would like to reassure Members that during my tenure in office I have not considered the sale of any shares held by the States of Jersey in the principal holding companies that are 100 per cent owned, nor of the majority-owned companies, for instance, the Jersey Electricity Company and Jersey Water. The sale by Jersey Telecom of the majority stake in J.T. I.o.T. was a disposal of shares owned by the J.T. Group, not shares owned by the States of Jersey. The only other material sales of businesses are with respect to the operations of the States of Jersey Development Company during my period of office, and strictly speaking, these S.o.J.D.C. (States of Jersey Development Company) disposals are not sales of businesses but since the Senator refers to the sale of subsidiaries in his question, I will clarify a little further. Construction projects are generally ring-fenced in subsidiary Jersey companies and when the development is completed and sold it is the Jersey company that is sold rather than the building itself. Examples of this would be the 2 international finance centre building developments. The other smaller sale was the disposal of the Worldstone business by J.T. in 2020, which the Senator will be aware was discussed during the presentation of J.T.'s annual results to Members on 14th and 15th June. This disposal has been highlighted in the most recent strategic business plans that are approved by the Assistant Minister under his delegated authority. There are no other options for specific disposals being considered at the moment and I am in regular dialogue with respect of States-owned entity boards on their investment strategies but again, these do not currently include any disposals.

5.16.1 Senator S.Y. Mézec:

There was a reasonable amount in that answer that I found reassuring. Can the Minister therefore confirm that for the rest of her term in office as Minister for Treasury and Resources she will not support the sale or disposal of shares in our States-owned entities and everything that goes along with that?

Deputy S.J. Pinel:

Yes, as far as I can see, bearing in mind we did not anticipate COVID so we do not know what we are going to anticipate. But as far as I am concerned, yes, I would not consider any disposal of any of the States-owned entities.

5.16.2 Deputy M. Tadier:

I am concerned that the Minister may be reasonably accused of sophistry in one of her earlier answers when she said was only a subsidiary that was sold, therefore it did not need to come to the States and we do not need to worry about it. Could she confirm that the J.T. I.o.T. was 100 per cent States-owned?

Deputy S.J. Pinel:

No, I have made it very clear that the I.o.T. division or subsidiary of J.T. was owned by J.T. The infrastructure of the utility company of J.T. Group is owned by the States, not the subsidiaries or divisions.

5.16.3 Deputy M. Tadier:

Can I ask the Minister, if we own J.T. and J.T. owned the subsidiary before it was sold, does that not mean that we effectively owned the subsidiary?

Deputy S.J. Pinel:

No, it does not. It is a business and it creates its own innovative outlets, of which this was one, which we all knew about. It was incubated, for want of a better word, in 2014. It has grown substantially ever since with a huge amount of interest, as I mentioned in answer to a previous question, from global bidders in purchasing it and it was advised by 2 independent companies that it was the right time to sell it. But that is up to the J.T. board. It is not part of the infrastructure owned by the Jersey public.

5.16.4 Deputy M.R. Higgins:

My question is very similar to Deputy Tadier's. I find it incredulous that if a company is owned by J.T. then it is not owned by the States as a whole. Will the Minister accept that any investments or selling of investments the company has made in these various subsidiaries could affect the overall performance of J.T. and therefore all States Members should have a right to say? I make the point again that I have no problem with that sale but it is the fundamental principle of who is accountable to whom.

Deputy S.J. Pinel:

That is why we have a board and a very capable and competent chairman who makes these decisions and the company is accountable to the shareholder inasmuch as how they distribute the income from the sale, which is a cash asset - if you want to put it that way - and we will oversee how that is spent. Again, with risk of repetition, as I mentioned in a previous answer, there are debts J.T. needs to clear that will be paid off by this sale and there will be a dividend that will be returned to the taxpayer.

5.16.5 Deputy M.R. Higgins:

Does the Minister think that it has no oversight of the board and should not look at its investments and we could argue a disinvestment in one sense, that they should be considered by the Department of Treasury and Resources, or are you just letting them go totally hands-free?

Deputy S.J. Pinel:

Totally not going hands-free. As the Deputy is aware, the Assistant Minister for Treasury and Resources sits on the board and it would have been a better-directed question at him but under a Standing Order I have to answer. However, he is very much part of all this and Deputy Ash has kept me informed all the way through it and it may be a certain surprise to the Assembly but that was unavoidable because of the commercial sensitivity of the sale.

[15:30]

5.16.6 Deputy D. Johnson of St. Mary:

Since we are talking about sale of States assets, will the Minister, for clarification purposes, confirm that in relation to Ports of Jersey the M.O.U. specifically provides that any sale of property will not take place without prior approval of the States Assembly?

Deputy S.J. Pinel:

Yes, that would be of States property. This is not. This was a subsidiary of the J.T. Group and the J.T. Group remains 100 per cent intact as ownership by the States.

5.16.7 Deputy of St. Mary:

I thank the Minister for that confirmation. I was not challenging it. Would she agree that the M.O.U.s that are in the course of being prepared for all States entities should, as has been promised before, be sent to the relevant Scrutiny Panels for review before they are finally executed?

Deputy S.J. Pinel:

Of course, we can do that. Yes, they will be.

5.16.8 Deputy G.P. Southern:

Can the Minister clarify for me that the subsidiary of J.T. has done very well and made lots of money for its owners? The question I was asking is how much of that will come back to the States as dividend and how does it compare with what dividend we were getting previously from J.T.? Will the Minister now commit to bringing the figures, including the expenses for the company and the overall dividend to this House in the shortest possible time?

Deputy S.J. Pinel:

Yes, of course I will, but as I said, it is going to be 2 weeks to iron out all the details of the transaction from the date of the signing of the contract, so within 2 weeks we will be able to bring back the final details. As I keep saying, it is not for approval by the States Assembly, this is a commercial sale and a restructuring of the company. The dividend that is paid back to the taxpayer will become public knowledge in the space of the next 2 weeks.

5.16.9 Deputy G.P. Southern:

By the time we see these figures, it will be too late to change anything and if that dividend is £500,000 or £5 million or £50 million then we will not be able to say one way or the other: "That was a good deal you did", is that the case?

Deputy S.J. Pinel:

It is not, I am afraid, Deputy - at the risk of repetition - a States decision, it is a subsidiary of J.T., and the board of J.T. have made this decision with the agreement of the Treasury and Exchequer and there will be a return to the States purse, or public purse, but we do not know exactly what that figure is yet.

5.16.10 Senator S.Y. Mézec:

I sought with this question to try to get assurances from the Minister for Treasury and Resources that there will be no privatisation on her watch and interpreting her previous answers I think that that assurance has been given. Could she just make one final clarification that my interpretation of those answers was right and that for the rest of this term of office there will be no privatisation of our States-owned entities, beyond of course the I.o.T. sale, which has been the subject of questions today?

Deputy S.J. Pinel:

Yes, I can reassure the Senator there will be no privatisation and that does not compare with the sale of I.o.T. because it leaves intact Jersey Telecoms Group, which is the States-owned entity.
Thank you.