

## **2.11 Deputy T.M. Pitman of the Minister for Economic Development regarding Jayen's ownership and staff:**

Will the Minister inform Members whether Jayen, the company designated to outsource the work of the 20 employees selected for redundancy by the Jersey New Waterworks Company, is owned by local residents and, therefore, subject to local taxation, and what proportion if any of the workforce of Jayen is locally qualified under Regulation of Undertakings and Development rules?

### **Senator A.J.H. Maclean (The Minister for Economic Development):**

Jayen Limited was first incorporated in 1971 and is locally-owned and, therefore, is subject to tax locally. The vast majority of their staff are locally qualified for the purposes of Regulation of Undertakings and Development Law.

#### **2.11.1 Deputy T.M. Pitman:**

I thank the Minister for his time. In the letter from the company chairman it states that 10 positions will be available should this proceed. I presume this means positions created so could the Minister clarify that those positions will be at a far lower rate of pay?

### **Senator A.J.H. Maclean:**

I think if the Deputy is referring to the possibility of Jayen taking some of the staff from Jersey New Waterworks Company, numbers have been suggested around the level of 10, I believe. I certainly cannot comment on either the terms or the conditions because I am not privy to that.

#### **2.11.2 Deputy G.P. Southern:**

In the response earlier to a written question the Minister says he cannot take action over the Jersey New Waterworks issues because he has received no complaints in the past 12 months from customers. Will he accept that today I am making a complaint as a customer of Jersey New Waterworks that £4 million profit on a £14 million turnover is excessive, that outsourcing up to 20 jobs in order to increase that profit is also excessive, and that I wish him to ask the J.C.R.A to take action on this matter and regulate this properly and state whether it is appropriate that the J.N.W.W. (Jersey New Waterworks) should be acting as it does over this issue?

### **Senator A.J.H. Maclean:**

A number of questions there from the Deputy. First of all, I think he is aware of this: the Jersey New Waterworks Company is not regulated. With regard to ...

### **Deputy G.P. Southern:**

It is a monopoly. If I may, Sir, I believe that is misleading. It is a monopoly utilities provider and the scope of the J.C.R.A. is to cover utilities and regulate them.

### **Senator A.J.H. Maclean:**

That may well be the case, but the facts are that it is not currently regulated *per se* in the same way that telecoms are, for example. The other questions that the Deputy was asking about whether or not it is reasonable, he said, referring to the dividend and the profitability of Jersey New Waterworks Company, I think what the Deputy needs to understand is the company needs to have a long-term and sustainable future. The board is acting, in my opinion, in a responsible manner in respect of future investment. They spend approximately £3 million currently on capital investment.

They have infrastructure, some of which is over 100 years old. It needs considerable investment and it is for those reasons that they have had to make these very difficult decisions.

**2.11.3 Deputy G.P. Southern:**

Will the Minister stop misleading the House? Is he aware of the report and accounts from last year which states clearly, from the retiring chairman: “It has infrastructure in extremely good condition and it is important that pressure for short-term gains are not pursued at the expense of the company’s ability to provide for the needs of all of its stakeholders including the employees”? Will he accept that that is a more accurate statement than the one he just made?

**Senator A.J.H. Maclean:**

I am sure that both statements are perfectly accurate. The facts are that there is infrastructure within Jersey New Waterworks which is over 100 years old. Businesses such as this have infrastructure that needs continuous, ongoing investment and that is one of the reasons why the board is having to take this difficult decision for the long-term sustainability of the business.

**2.11.4 Deputy D.J. De Sousa:**

Can the Minister confirm or deny that Jayen (Jersey) Limited is a subsidiary of Jayen U.K.?

**Senator A.J.H. Maclean:**

What I can confirm for the Deputy is that Jayen Limited is a locally incorporated entity and has been since 1971 and is locally-owned.

**2.11.5 Senator S.C. Ferguson:**

Does the Minister know when J.N.W.W. decided to discuss outsourcing and, if not, would he find out and report back to the States?

**Senator A.J.H. Maclean:**

I do not know the answer to that question. I am more than happy to find out the exact dates of when this matter was first raised by the board.

**2.11.6 Deputy S. Pitman:**

Is the Minister aware as to whether or not it is in fact illegal that the jobs are being not made redundant, their jobs are just being given to another firm and they are just being dismissed for profitable gain?

**Senator A.J.H. Maclean:**

What is happening at the moment is that the process is still within the 30-day consultation phase. With regard to some jobs possibly going to Jayen Limited in the future, that is a separate issue together with the fact that that particular company has been contracted by New Waterworks Company for some years and has just recently, through a competitive tendering process, secured a further contractual agreement. That may well mean that some of these jobs that are going to be lost will in fact be transferred ... not transferred but taken on by Jayen. That is good news in that respect.

**2.11.7 Deputy J.A. Martin:**

Following on from that, if this was a competitive contract put out, were the staff informed when they could have then perhaps, with hindsight, maybe even formed their own company and put in a competitive tender? It may sound slightly outrageous but these are people with exceptional skills and they were the people who were kept out of the competitive tender, which I would suggest would not the Minister say this has been totally unfair?

**Senator A.J.H. Maclean:**

I think the Deputy is conflating 2 issues. First of all, I was referring to the competitive tender for Jayen to carry out services for the Jersey New Waterworks Company. That happened prior to this particular incident and I think, with the greatest of respect, Jayen have an employment force of about 25 or 30 people which do a whole range of different services. To try and conflate the 2 issues here I think is unreasonable.

**Deputy J.A. Martin:**

Sir, he did not answer the question. I was talking about the Jersey New Waterworks staff, not the Jayen staff, who could have then formed their own company to carry out the work that they are already carrying out and they would not be then made redundant. The Minister did understand the question but he did not answer it.

**Senator A.J.H. Maclean:**

I think the Deputy is really dealing with a hypothetical case: if, when, maybe. The reality is that there is an opportunity for some of the staff who may be made redundant from Jersey New Waterworks to have re-employment with Jayen, who is a contractor to Jersey New Waterworks. That in itself is potentially beneficial.

**2.11.8 Deputy G.P. Southern:**

Will the Minister finally answer my question or do I have to put my complaint in writing to him? Will he act on the £4 million profit on a turnover of only £14.3 million and will he suggest any other company that he knows of that is making those sorts of profits on that sort of turnover?

**Senator A.J.H. Maclean:**

I would suggest that if the Deputy wishes to put a letter in writing to me and a request for further investigation I would be more than happy to receive that and consider it on its merits.