

2015.02.24

3.11 Deputy S.Y. Mézec of the Minister for Treasury and Resources regarding losses incurred by the company CH2M Hill on the Gigabit project:

Following reports that the company, CH2M Hill, is incurring a substantial loss on the Gigabit project what investigations has the Minister, a shareholder representative of JT Global, made to ensure that these losses are not the cause of the current dispute with the Gigabit Project workers?

Senator A.J.H. Maclean (The Minister for Treasury and Resources):

The losses incurred by CH2M Hill were laid out in private documents presented to States Members at an update briefing on the Gigabit project on 19th January this year. CH2M Hill have not surprisingly taken measures to reduce their losses but there is nothing unusual about such an approach whereby companies reasonably take action to improve productivity and reduce unnecessary wastage. Following a number of discussions with J.T. (Jersey Telecom) executives I would not describe the losses themselves as the cause of the dispute with workers.

3.11.1 Deputy S.Y. Mézec:

It is of course entirely reasonable for a business to try and mitigate their losses when they come across them. What does the Minister blame it on then, because these workers I am speaking to regularly see it as quite a shocking coincidence that a company that they are working for, either directly or indirectly is suffering substantial losses, all of a sudden they find they are not getting paid anymore? Is it just a coincidence and if it is just a coincidence what is the root cause of it?

Senator A.J.H. Maclean:

We have been over this ground quite a lot in this Assembly and I understand the sensitivities and I understand the difficulties for the workers of G.F.F. (Gigabit Field Force) who are involved in a dispute at the present time. There were, for clarity's sake, 17, there has been one additional worker who has been included in the group which CH2 have asked to be removed from the programme while irregularities are being investigated. To answer the Deputy's question specifically: those irregularities involve a number of cases where allegedly workers were caught disrupting the programme and installations on the Gigabit project. I would not wish to say very much more and I hope Members appreciate that we are going through - I say we - G.F.F. are going through a process with the workers to determine the exact facts that are involved and that disciplinary process has to be allowed to run. I am very hopeful it will be resolved shortly. I am pleased to say that one worker has completed the course and is now back on the programme and back working. That is encouraging and I am very hopeful that conclusions will be reached with the remainder of the workforce as soon as possible. Five have left the programme altogether, of those that were asked by CH2M Hill to no longer be part of it.

3.11.2 Deputy G.P. Southern:

Far from improving the productivity on this project, is it not the case that that productivity has gone down from 180 connections a week to 70 a week under the current regime? What contingencies does the Minister have in discussion with G.F.F. in order to deliver the Gigabit project within the timescale originally set out?

Senator A.J.H. Maclean:

The Deputy's figures are broadly correct. For Members' interest, the peak - which was in July last year, 2014 - saw 164 connections. We have had recently as many as 70. What has improved - and this was misquoted in the media previously - the percentage success rate of connections has dramatically improved. From a productivity point of view, from a CH2M Hill perspective, they are finding that the installers are going out and a very much higher per cent, around about 70 per cent of connections that they attempt, are now successful. It was a fraction of that before, but there are a lot more workers working on the job, so they are getting a much better return. In terms of back

online in terms of the delivery of the programme, we are all interested to see the Gigabit project, which is fantastic for the Island's infrastructure and for the development of our digital economy, to be completed as soon as possible. I have said to Members previously that J.T. are going to be giving an update, they have assured me, by June on exactly where we are with the budget, which Members will also - quite understandably, as I am - be interested in, and also the expected completion date of the project. Clearly they had some disruption due to the loss of some workers as a result of the circumstances we have been discussing today and in recent weeks.

3.11.3 Deputy G.P. Southern:

In my diary, June is not very shortly. Could the Minister hurry up on the estimate of when we will see the Gigabit project completed and what figures are associated with it?

Senator A.J.H. Maclean:

Like the Deputy, I am as interested - as he and I am sure other Members are - that this update is presented as quickly as possible, but I am sure Members will also appreciate that there are processes to go through with regard to a number of workers that we have discussed in this Assembly both today and in recent weeks. That has to be completed. Members will be aware that I have written to the President of Global Regions for CH2M Hill in America. He is visiting the Island in a couple of weeks' time and I will be having a discussion with him about the progress of the project. I can tell Members, for the avoidance of any doubt, in this letter to me - and I will quote if I may, and I will be brief - he confirmed: "Rest assured that this project is considered a regional priority for CH2M Hill and we fully intend to meet our contractual obligations to our client, J.T." I think that is an encouraging confirmation of the commitment of a global company. As Members are aware, CH2M Hill are a 6 billion dollar global company that work for governments and large corporations on an international basis and I would expect them to fulfil their obligations and get this project moving at the speed that we expect and complete it as early as possible.

3.11.4 Deputy S.Y. Mézec:

I thought I saw another Member's light on. Would the Minister agree that this whole project has represented an inappropriate use of zero-hours contracts from the very start and would he further agree that the fact that these workers do not feel any closer whatsoever to a resolution demonstrates that oversight being provided by one Minister is clearly insufficient for dealing with issues like this? Would he reconsider the proposition brought by the former Deputy Baudains on transferring oversight to a committee of States Members, which included States Members who were not on the Council of Ministers, and would he agree that that would provide the ability to delegate sorting out these sorts of disputes to other Members and ultimately provide quicker resolutions to these problems in future?

Senator A.J.H. Maclean:

No, I would not. What I would hope, Members who attended - and there were a large number of Members, I am delighted - the presentation on 19th January, that was a private presentation which gave Members the opportunity to first of all hear an update on the project as a whole, the Gigabit project, and its importance, but it gave Members an opportunity to speak directly to and to challenge, quite rightly, the executive of J.T. I think is most appropriate. There have been numerous numbers of updates for States Members and I think that is the forum where Members can express their views as well as, of course, to myself as shareholder representative. Just to clarify one final point on this particular dispute with these workers from G.F.F., I am pleased to say there has been progress - and perhaps this has not been made clear - to resolve the issues. As I understand it - and this was updated just yesterday to me - apart from the 17 plus one, the 18 which are being investigated, 5 of those have left through their own choice as a result of the difficulties, one has returned to work and the balance are still being investigated. The rest of the 88 resources that are utilised by G.F.F. for this particular project, only 2 of those have any unresolved wage claims.

[11:00]

Only 2 out of the remaining 88 have any unresolved wage claims and I understand those 2 have been away from the office recently and there is an intention to get that resolved very rapidly. Seventy-four wage claims, outstanding wages to workers, have now been resolved and G.F.F. have been working through that and have employed an external H.R. (human resources) company to accelerate the resolution with workers. There has been progress. It is frustrating for the 17-plus, but there are some serious allegations there and a process has to be gone through. I hope Members understand that. I am happy privately to give further details and I hope Members appreciate any more detail in an open forum about individuals is not appropriate.

Deputy S.Y. Mézec:

I did ask about zero-hours contracts and he did not say anything about that in his answer.

The Bailiff:

He said he did not agree with you. Anything else, Minister?

Senator A.J.H. Maclean:

No, that was not specifically zero-hour contracts. I apologise to the Deputy. He is correct; I did not raise that particular point. I think I have made points about zero-hour contracts before. Zero-hour contracts are necessary in many cases. They are, however, abused at times. I have had discussions with the Deputy and his colleagues within the Reform party. I agree that the abuse of zero-hour contracts is something that needs to be resolved and I know that the Minister for Social Security and members of the Council of Ministers feel strongly about such abuse, but as far as this particular project is concerned, in fact the majority of workers are now being moved towards contracts and I think that is a very positive sign of intent from G.F.F.