

STATES OF JERSEY



JT GROUP LIMITED: MEETING CONCERNING GIGABIT PROJECT (P.181/2014) – COMMENTS

**Presented to the States on 19th January 2015
by the Minister for Treasury and Resources**

STATES GREFFE

COMMENTS

The Minister for Treasury and Resources opposes P.181/2014. The proposition of Deputy G.P. Southern of St. Helier asks the States –

“to request the Minister for Treasury and Resources, as shareholder representative of the States, to organise as a matter of urgency a private meeting between the stakeholders in the delivery of the Gigabit Jersey project (JT Group, Gigabit Field Force (GFF) and CH2M) and elected members of the States to discuss –

- (a) the contractual relationship between Gigabit employees, their employers, GFF, and subcontractor CH2M which has resulted in a long-running unresolved dispute;
- (b) whether the contractual relationship between GFF and CH2M is affecting the ability of the latter to deliver broadband connections within budget and within target timescales;
- (c) updated projections for the completion of the Gigabit Jersey project; and
- (d) the impact of the Budget 2015 decision to withdraw, for a 2 year period, the dividend reduction of £3 million per annum proposed in 2011 and require instead the payment to the States as shareholder of an additional £6 million of dividend.”.

Parts (a) and (b) are simply not practical to deliver. Contractual relationships are legal matters and are confidential between the parties involved. The States have no power to compel CH2M Hill to attend a meeting (the size and scale of which is not clear from Deputy Southern’s proposition). Even if they did agree to attend, then it would be wholly inappropriate to discuss legal matters, or those relating to individual employees, within such a forum.

As far as part (c) is concerned, the Minister has discussed projections for the Gigabit project with the Chief Executive Officer of JT. The full revised position will not be clear until the current staffing and contractual matters are resolved. However, at the Minister’s request, JT agreed to brief all States Members on Monday 19th January. The Minister hopes that Members who were able to attend this briefing received satisfactory assurances over the handling of this project and its delivery. It should be noted that JT have given a number of “update” briefings to States Members in the past.

The Minister has discussed part (d) of the proposition with JT’s Chief Executive, who clarified that the repayment of all or part of the £6 million deferred dividend would naturally reduce the pool of funding available for capital expenditure. This would therefore result in a re-prioritisation of JT Group investment programmes, but not necessarily the Gigabit Jersey project, which is a clear priority.

In summary, the Minister considers that this proposition is unnecessary. There is an established process and Memorandum of Understanding for liaison between the Minister as shareholder representative and JT. The Minister has been open and transparent with the Assembly, through States Questions, in relation to his

communications with the JT Board over the Gigabit project and its staffing issues. The latter are, ultimately, a matter for the Board, and the Minister is satisfied that he is able to exercise appropriate scrutiny of the Board's management of the matter. The States have agreed how the shareholder function should be delivered on behalf of the Assembly. The Minister believes that process is working and must be allowed to operate without direct intervention by the Assembly. The Minister urges Members to reject all parts of the proposition.