4. Questions to Ministers Without Notice - The Chief Minister

The Deputy Bailiff:

We have come to the end of the 15-minute period with the Minister for Economic Development. We now come to the Chief Minister.

4.1 Deputy T.M. Pitman:

As the Island's political leader, does the Senator see any link or indeed anomaly in a company, J.T., needing to lay-off staff to protect profitability in the same year they pay out nearly £400,000 to just 7 managers? Does the Chief Minister think the 2 are wholly at odds with each other in terms of morality?

Senator T.A. Le Sueur (The Chief Minister):

I do not think so at all. Dividends reflect the past success of the company. Its future staffing policy is there to look to the future of the company. I believe the 2 go hand-in-hand and it is the duty of companies to reward past performance but also to ensure future performance as well. I believe this company is doing both so there is no anomaly.

4.1.1 Deputy T.M. Pitman:

Could the Chief Minister just clarify for me the dividend that the States received from the company last year?

Senator T.A. Le Sueur:

Received from ...?

Deputy T.M. Pitman:

Telecoms.

Senator T.A. Le Sueur:

I do not have the exact figure. I believe it was in the region of £7 million, but I would also point out that the majority of the profits of the company get reinvested in keeping the company up to date.

4.2 Deputy P.V.F. Le Claire:

I return to my comment this morning for a written question. I was trying to table an oral question about 3 weeks ago to try to ascertain the amount that the States paid out in relation to law suits over the last 5 years across the board and the Chief Minister asked if I would please make that a written question and then asked for time to give a detailed answer, which I agreed to subsequently. I changed it from an oral, I changed it to a written and then I deferred it. Having seen the written answer this morning, that is no answer at all. Can the Chief Minister please assure us in the future that when he is asking Back-Bench Members to put off their oral questions that they will indeed get an answer and, as there appears to be no answer available because there is no information generally stored for these purposes, what is the Chief Minister going to do to ascertain what exactly has been paid out by the States in terms of law suits over the last 5 years and how he will be able to reassure Members in the future that he has some grasp of that number?

Senator T.A. Le Sueur:

I take the point of the Deputy. When the question was put to me on the Thursday or Friday before the States sitting asking for all the money paid out on all law suits for the past 5 years, I took the view that that was going to be a very difficult question to answer orally as it would require a range of figures to be produced. So, I therefore asked the Deputy if he would change it to a written question and also, recognising the complexity of the question, to give time for it to

be answered. I had not appreciated that in fact it was so complex that it could not be satisfactorily answered and it was only as one went into the complexity of the question that that became evident. So, I do apologise for that but as my written answer this morning makes quite clear any answer that I would have given would have been incomplete and therefore potentially misleading. Rather than do that, I have explained why it is not possible to give a full answer.

4.2.1 Deputy P.V.F. Le Claire:

The tail end of the question was ... we understand that as capable, thinking Members, but what I was trying to seek from my question, and the reason why I put it, was now we understand there is no answer and there is no information or central gathering point for this information, what is the Chief Minister going to do, if anything, to take steps to identify these costs?

Senator T.A. Le Sueur:

It is not a simple question of what one can do to identify these costs. Many of these costs are in fact met by insurance companies as a result of the premiums that we pay to cover ourselves against such costs. I could give a net figure as pending claims and insurance premiums but I am not sure that that is what the original purpose of the question was and maybe if the question could be more specific then it would be easier to give a precise answer. But when we talk about how many cases are settled out of court, including non-disclosure agreements, cases are settled out of court for a whole variety of reasons, as you and Members I am sure are well aware. Many of those involve insurance companies and do not involve the States Treasury at all. So, I do not think that it is a particularly meaningful figure.

4.3 Deputy T.A. Vallois:

In 2005 a document was produced by E.D.D. (Economic Development Department) known as the Economic Growth Plan for the strategic plan at that time which promoted a 2 per cent real-term growth for sustainability and increased productivity in the Island. Could the Minister advise whether he knows of a new growth plan that is being arranged due to the expiry of this document, the Island currently being in recession, and that no real-term growth rate was agreed by this Assembly in the Strategic Plan 2009-2014?

Senator T.A. Le Sueur:

The Deputy is quite correct that the 2005 growth plan provided for an average 2 per cent real-growth over our economic cycle. The economic cycle for the period between 2005 and 2008 was indeed very positive with yearly growth far in excess of 2 per cent real-growth per annum. But it is over a cycle and as the Deputy also rightly pointed out we are now in the downside of that cycle as it was expected in 2005 that there would be a downside. The overall 2 per cent over an average period remains the case until a new growth plan is produced and to that extent the Strategic Plan did not introduce a new figure because the old figure is still in existence.

4.3.1 Deputy T.A. Vallois:

Can I ask the Chief Minister whether this growth plan is currently being looked at at the moment and if it will be brought to the House?

Senator T.A. Le Sueur:

The economic growth plan will be under regular review. I have no plans to bring it to the House in the immediate future. I think the priorities for the House at this stage are in terms of dealing with the spending pressures and the fiscal pressures which are being reviewed over the next 6 months.

4.4 Deputy M. Tadier:

Would the Chief Minister acknowledge that the likely consequence of competition in the telecoms industry, which was agreed by the previous Assembly, and in particular the

introduction of large multinationals which can run at a short to medium-term loss to gain competitive advantage… that the inevitable consequence will be the continued demise of Jersey Telecom and perhaps inevitably that we would have one privately-owned monopoly with relatively little benefit to the States or to the taxpayer?

Senator T.A. Le Sueur:

I believe that if the board of Jersey Telecom did nothing to face the consequences of competition that have arisen as a result of globalising the market then it would indeed be in danger of facing extinction. That is why the board of directors of Jersey Telecom is taking responsible steps to ensure that the company does remain sound and able to go forward, probably in a different style and certainly in a smaller state than it previously was. That is one of the effects of competition undoubtedly, but from the company's point of view I believe if it is properly run and it does continue to make the right decisions at the right time it will have a sound future ahead of it.

4.4.1 Deputy M. Tadier:

I think the Chief Minister managed to sidestep the actual question fairly skilfully. Let us perhaps rephrase it. Does the Chief Minister acknowledge that it is a widely-held belief that the actual motive for competition in Jersey was that Jersey Telecom should be got rid of by stealth and the monopoly delivered into private hands? Because that is what the fundamentalist policies of our Council of Ministers wants to do.

Senator T.A. Le Sueur:

The objective of competition is to make the market more efficient, to bring down prices, to improve the state of the economy and to enhance the service provided to consumers.

4.5 The Deputy of St. Martin:

The Minister has given the answers in a written question that I asked this morning about the hospital consultant. In part D I asked would the GoodwinHannah consultants have access to the body of evidence already gathered by Verita about the management suspension and the Chief Minister said no, because there are 2 different issues. But I would ask the Minister what would the situation be if indeed the GoodwinHannah consultants wished to see that body of evidence to assist them with their review? Would that be denied of those consultants?

Senator T.A. Le Sueur:

I have no reason to believe that GoodwinHannah would need to see that information. If that information were required that would be a matter for discussion with Verita. At this stage Verita's conclusions are confidential to the parties concerned. Subsequent to them being published there is no reason why GoodwinHannah should not continue their search. But I do believe that the Deputy is getting confused between the objectives of the Verita investigation and the objectives of GoodwinHannah which focus on totally separate aspects of the situation.

4.5.1 The Deputy of St. Martin:

I would say I am not confused, I think there are very much overlaps, and that is why I am asking whether there is a possibility of GoodwinHannah having access to those papers, but maybe there is no need to because maybe the Minister will confirm or inform the House as to when the Verita report will be made public.

Senator T.A. Le Sueur:

I take the point that there could sincerely be overlaps. If that were the case then the consultant at that time would need to advise me. The date for the publication of the Verita report is in the hands of the Minister for Health and Social Services after it has been cleared by the various parties. She has already given an indication of when that date will be; I have no information to

update that information but I believe that the details provided by the Minister some weeks ago remain still the case.

4.6 The Connétable of Grouville:

Does the Chief Minister agree with the Assistant Minister for Treasury and Resources when he says that it is commercially acceptable for the 3 telecom companies owned by the States to compete against each other, and could he confirm or deny that the J.E.C. (Jersey Electricity Company) have written off between a £5 million and £7 million investment in Newtel?

Senator T.A. Le Sueur:

I do believe it is commercially acceptable for 3 companies to compete if the market is sufficient to bear it, and the indications are that the market is sufficient to bear it otherwise I am sure that Jersey Post would not have ventured into it. As to the figure of J.E.C. writing off between £5 million and £7 million, I have no information about that whatsoever; that would be a decision for the board to take. They have made an investment for good, commercial reasons; how they decide to write it off or deal with it in their accounts is a matter for the board to consider, and that is their decision and not mine, but I am not aware of it.

4.6.1 The Connétable of Grouville:

Can I just say 2 things there? Firstly, you did not address the fact that I said 3 States-owned companies, you said: "3 companies compete", okay; 3 States-owned companies. It seems to me an awful waste of resources when we could be just using one. Secondly, I just guide him to the J.E.C. accounts where you will find the figure that I mentioned.

Senator T.A. Le Sueur:

I am grateful for the information on the latter point. As to 3 different companies possibly wasting resources, no, I believe that if the market is sufficient to support these companies and several more, what it will be doing is creating new job opportunities in order that perhaps it can take up some of the slack of other staff who are no longer employed in another of them. I believe that it is positive for the staff concerned, positive for the taxpayer and positive for competition.

4.7 Deputy G.P. Southern:

With his vast experience of business and accountancy, can the Chief Minister comment on the Jersey New Waterworks profit of over £4 million on a turnover of £14 million and does he not consider that to be somewhat excessive for a monopoly utility supplier?

Senator T.A. Le Sueur:

I can certainly comment. What one needs to do in comparing profit ratios to turnover or capital involved or any other evaluations like that is to see what happens elsewhere in the market. I can point him to professional firms where the profit in comparison with turnover is quite high but I am sure he can guess that for himself. There are other cases where profit on turnover will be relatively low. A better comparison might be the profit in relation to capital employed and the capital employed in a waterworks company, or a utility of that nature, is considerable.

Deputy G.P. Southern:

It is water. The capital is water; it is written off.

Senator T.A. Le Sueur:

Whether it is written off or not is an accounting exercise. The fact is that the profit as a comparison on capital employed is something which can be assessed from one company to another and there are standard yardsticks. On those yardsticks, I believe a £4 million profit in relation to the capital of the company is a very realistic sum.

The Deputy Bailiff:

We now come to the end of questions for that matter.

Deputy G.P. Southern:

Sir, may I bring to your attention the fact that the Chief Minister answered that question within 30 seconds and then carried on talking. He deliberately, I believe, talked that out so I did not get a supplementary.