

3.3 Deputy R.G. Le Hérissier of the Minister for Economic Development regarding the Channel Islands Competition Regulatory Authorities:

In the light of the recently-published Annual Report, would the Minister confirm his total confidence in the board and policies of the Channel Islands Competition Regulatory Authorities?

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

As with all regulators, C.I.C.R.A. (Channel Islands Competition and Regulatory Authorities) have a difficult and often unpopular job to do in seeking to satisfy the competing demands of diverse stakeholder or interest groups. I believe that the board and officers of the competition authority under the leadership of a chairman go to great lengths to safeguard the interests of the Island population. C.I.C.R.A. continue to supply me with sound advice on competition matters and I continue to have confidence in the work that they do.

3.3.1 Deputy R.G. Le Hérissier:

I wonder, while the Minister's ringing endorsement is - I am sure - much appreciated in certain quarters, could he, for example, explain why the Chairman has said: "Economies of scale have significantly reduced and the benefits of pan-Channel Islands working have diminished." He talks of the authority's: "Inability to require the implementation of wholesale line rental by Jersey Telecoms" and he says that: "Channel Islands businesses are poorly served" after many, many years of regulation, I should add: "in respect of both on and off-Island connectivity." Could he explain why the Chairman has written in almost despondent terms about those issues?

Senator A.J.H. Maclean:

I think in a previous oral question that I answered to the Deputy, I referred to the fact that C.I.C.R.A. were going through a period of significant change, not less so due to the merger between the 2 Islands of the authority that the board has responsibility for. That has, without a doubt, caused some challenges to C.I.C.R.A. With regard to the specific questions which I think the Deputy has around the telecommunications market, the comments of the board and the Chairman in particular, relate to the frustrations I think the board felt through the whole process that ended up regrettably - I think all Members will agree - in court with regard to the wholesale line rental issue. That is, I think, a frustration because the competition authority recognised that they are not the only solution to this issue, it is also government that has a role to play in ensuring that we have what the Island needs for the long term, which is an open and competitive market so that our digital sector has the opportunity to grow and consumers get the best possible price and value.

3.3.2 Deputy G.C.L. Baudains of St. Clement:

Notwithstanding the Minister's diplomatic opening reply, I wonder if he could tell us why it is that the regulator seems unable to achieve proper competition within the telecommunication market?

Senator A.J.H. Maclean:

I think I pointed out that the regulator took the action that it thought necessary in order to open up the market. Interestingly it started, quite correctly, with dialogue with the operator, as was the case in Guernsey; and in fact, in Guernsey the outcome was somewhat different. We see over there that Sure, the dominant player, in fact, has agreed to open the market for wholesale line rental and that clearly is to the benefit of the Guernsey market. Clearly, the position in Jersey was somewhat different; Jersey Telecom decided they did not feel it

appropriate to follow the discussions with J.T. (Jersey Telecom) with opening up the market in the timescale being set by the regulator and consequently that led, unfortunately, to the court case which was both costly and ultimately one that the regulator unfortunately lost. Although I might add, it was, as I understand it, largely around process that the regulator lost. This has just delayed the process and, again, in the interests of the economy and the interests of consumers in the Island, that is where the loss is. It will come, but there is now a delay, and that is very regrettable.

3.3.3 Senator A. Breckon:

Just to expand a bit on that point, the 2013 Annual Report shows an increase in telecom licence fees of £375,000 and part of that was used, £250,000 of it, to fund legal fees against a States entity, which is Jersey Telecom. Does the Minister believe that that is the best use of public funds and time and is in consumer interests?

Senator A.J.H. Maclean:

No, I do not.

3.3.4 Deputy R.G. Le Hérissier:

At the end of his report, the Chairman says: “A disproportionate amount of time has been spent on political and management issues largely arising from having a combined regulator.” Does the Minister feel that pan-Channel Islands co-operation is essentially dead in this regard, or how would he otherwise explain the Chairman’s comments?

Senator A.J.H. Maclean:

I certainly do not think pan-Channel Islands co-operation is dead, in fact, I think it is something that needs to evolve. It is relatively new, this is only the second full year that we have had C.I.C.R.A. in place. That relationship is developing and I think it is important for both Islands that we work hard to ensure that it is successful. There are challenges, as I have pointed out previously to the Deputy. As far as the deeper meaning of the comments in the report by the Chairman and concerns that, clearly, Deputy Le Hérissier has with regard to the Competition Authority, I would invite him to come and express them to me in privacy, and I am more than happy to take them up on his behalf and sit in on a meeting with him with the Chairman to hear first-hand exactly the nuances in the comments the Chairman made.