

2.2 Senator B.E. Shenton of the Minister for Economic Development regarding the rationale for the J.C.R.A. review of the sale of Jersey Telecom:

Would the Minister explain the rationale for spending £18,000 of taxpayers' money on a J.C.R.A. review of the sale of Telecom when the review has already been carried out by the Telecoms Scrutiny sub-panel?

Senator P.F.C. Ozouf (The Minister for Economic Development):

The sale of Jersey Telecom presented the Island with a once in a lifetime opportunity to get the structure of the telecoms market right; that means the network, competition, and the appropriate regulatory environment. The Treasury, and the Treasury Minister, is rightly looking at this issue from a shareholder point of view. On the other side, I have a primary duty under the Law to consider other matters. And I have circulated to Members an extract from the Law, lest there be any doubt of the obligations that I have under the Telecoms Law. I need to ensure that the economic and structural issues are also part of the sale process considerations by the Council of Ministers and eventually the States. I consulted the Treasury Minister and it is for those reasons that the J.C.R.A. - who is after all the expert authority in telecoms regulatory matters and will need to, in any event, clear any acquisition by any party of Jersey Telecom - will be involved. My own view is that the end result will be a stronger understanding of the market from the different perspectives that we must come at this from and an informed and improved States decision-making process. I have discussed this with the Economic Affairs Scrutiny Panel and I hope that they share my view that this review will also be helpful to them in their own important review.

2.2.1 Senator B.E. Shenton:

As usual, Senator Ozouf's reply is all bluster and no substance. Given that it is the Treasury Minister's job to maximise shareholder value, it could be interpreted that the J.C.R.A.'s job is to minimise shareholder value; and I question whether this is £18,000 wasted. If the Minister takes the subject so seriously, why has he not replied to a letter from Jersey Telecom sent to him 6 months ago explaining serious concerns about the regulator?

Senator P.F.C. Ozouf:

Senator Shenton speaks of me as if he is speaking about himself: all bluster and no substance. I refer Senator Shenton to the memorandum that I have circulated to States' Members setting out the duties and setting out the email that I sent to States' Members giving the background to the reason why I gave careful consideration to spending £18,000 of taxpayers' money. We are dealing, Sir, with a company worth up to £200 million, a regulatory cost of £750,000. If we can improve the shareholding value of that to this Assembly, if we can get a better deal for consumers and we can cut the regulatory costs, then that is £18,000 well spent. I very much hope that the Scrutiny Panel uses this report carefully because it should help their own conclusions and help this assembly.

2.2.2 Deputy G.P. Southern:

Was the Minister consulted in any way by the Treasury and Resources Minister before the issuing of the consultation paper and if not can he explain why not?

Senator P.F.C. Ozouf:

I enjoy excellent relations with the Treasury Minister and those good relations mean that we are joined-up on the Council of Ministers. But we also come from these responsibilities from a different perspective. The Treasury Minister is looking after the issue from a shareholder point of view. My job is to deal with the issues from an economic and structural point of view to the extent that I can do with an independent authority. Yes, I was aware of it. I have consulted with him about the J.C.R.A. and I think that he agrees that this additional piece of information, together with the Scrutiny Panel's report, will benefit the Council of Ministers and this Assembly's position ultimately.

2.2.3 Deputy R.G. Le Hérissier:

First, could the Minister answer Senator Shenton's question about the non-answering of letters? Secondly, Sir, could he say whether these points were raised in a minuted sense at the Council of Ministers? And thirdly, Sir, could he say whether or not he is now seeking also to commission O.X.E.R.A. (Oxford Economic Research Associates) to do a report?

Senator P.F.C. Ozouf:

I do not know where the comments about O.X.E.R.A. are concerned. Maybe the J.C.R.A. are going to use O.X.E.R.A. with their economic interest. As for Senator Shenton's comment about the J.C.R.A. and 6 months' letter, that sounds like a question from Deputy Baudains. I engage with the J.T. (Jersey Telecom) Board regularly. I was invited to a lunch with them I think 3 weeks ago; I have been in email correspondence with the Chairman of Jersey Telecom with my responsibilities and, frankly, I do not know where Senator Shenton gets the impression that there are not good relations between the Economic Development Department and myself. With the Chairman of J.T., obviously there are going to be tensions here. We are dealing with an important business with important different perspectives needed to come from. Not everybody will agree and J.T. might themselves not agree with any proposals that the J.C.R.A. may come about. Frankly, that is probably a healthy situation. That is what regulators do.

2.2.4 Deputy G. P. Southern:

Will the Minister answer the question concerning non-answering of the letter sent to him in March and will he also state why, if he was consulted before the issuing of the Treasury and Resources paper, he was not prepared to issue a similar consultation paper on the wider issues in good time and why a month into my investigation is he running to catch up?

Senator P.F.C. Ozouf:

People in glass houses should not throw stones. I am enjoying a good relationship, I believe, with J.T. As I explained, there may be a letter, but certainly a letter has been superseded by personal communication between myself and the Chairman and a visit at J.T. May I turn the tables on Deputy Southern and ask him why 3 times I have offered his Panel to give evidence to this important review and 3 times he appears to have refused. I only learnt the fact that I may be called as a witness in a press release. I informed States' Members by email of important decisions as I did so, as Members have on their desks. I informed them of the decision of the J.C.R.A. on Monday 2nd October at 12.17 p.m. and I learn his communication through the media and by the press release which Members have also had. I have offered to give him evidence. I am

happy to do so from my perspective and I would have thought that he would have welcomed the opportunity of getting additional information for his important review.