

## **2.9 Senator B.E. Shenton of the Minister for Economic Development regarding the Jersey Competition Regulatory Authority:**

Is the Minister completely satisfied with the performance of the Jersey Competition Regulatory Authority (JCRA) to date and, if not, what concerns does he have?

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

I am completely satisfied that the JCRA is performing effectively the statutory responsibilities which the States has entrusted to it. In telecommunications, it is paving the way for the introduction of exciting competition and advanced services in the mobile sector. Islanders are already seeing the benefits of these efforts in Telecom's recent price reductions and plans to introduce advanced mobile services. In the postal sector, it has played an invaluable role in putting in place, for the first time, the framework for the regulation of Jersey Post (JP) which started 2 days ago. In the 8 months since the competition law came into force, the JCRA has achieved a number of notable successes for Jersey consumers, for example, in the abolition of uniform fees for conveyancing, dentistry, electrical, plumbing and building services, and a lot more. There is a new culture of competition which the law and the JCRA are affecting. It is being reflected in greater competition and lower prices, for examples such as milk and petrol and others. I believe that the Island will have an increasing need for the JCRA's work. The JCRA will have a crucial role to play in the future of the harbour, the airport and ferry services to and from the Island. I am satisfied that the current JCRA board have both the necessary specialist expertise and experience as well as an understanding of Jersey's particular circumstances to target its resources most effectively.

### **2.9.1 The Deputy of St. Martin:**

The Minister was present, as indeed were a number of other States Members, at a meeting last week when concerns were raised by a particular body. Could the Minister inform the House what mechanism is in place to deal with complaints that are made about the actions of the JCRA? Who are they accountable to?

### **Senator P.F.C. Ozouf:**

First of all, I was at that Jersey Telecom States briefing and I heard with interest the comments of the Chairman of Jersey Telecom. It would be a strange state of affairs, I think, for a chairman of an incumbent monopoly to be entirely delighted with the work of a regulator. I think there is a tension that we must understand, and I think we must understand what particular vantage point the Jersey Telecom chairman is coming from. I was, however, a little disappointed with some of the comments he made. All of the decisions of the JCRA are appealable to the Royal Court. There is the standard human-rights-compliant appeal process that is in force. In addition, there is, I suppose, no such thing as complete independence. The JCRA, just as the Financial Services Commission (FSC), is an independent body. I meet with the chairman and the executive directors of both of those organisations on a monthly basis. I understand we have discussed budgets; we have discussed the performance of their activities. So, in some way, they are effectively accountable in a political sense, to the extent that that is possible, to the Economic Development Minister. I enjoy a very regular contact with them.

### **2.9.2 Senator B.E. Shenton:**

I am delighted if the Minister for Economic Development is 100 per cent happy with the JCRA because they have been described as a Frankenstein's monster, a sledgehammer to crack a nut, and various other things. If he was not happy with it, is it not the case that there is nothing he could do about it because a regulatory authority that did succumb to political interference would be worthless?

### **Senator P.F.C. Ozouf:**

That is absolutely right but, of course, the JCRA is a body funded by the States. The Minister retains certain powers of direction on corporate governance and other arrangements. Indeed, in the hands of the Minister are also various different powers in order to, for example, exempt certain categories of business that will be exempt from certain provisions of that competition law. So, there is a relationship with the Minister. We have set up an independent authority, and I think that politicians generally should stay out of the individual decisions that the JCRA is making. There is one opportunity which I am aware that an application is being made of in respect of an exemption under public policy arrangements. That is something that the Chief Minister, because it concerns something I am conflicted in, is going to make a decision on.

### **2.9.3 Deputy C.F. Labey of Grouville:**

Could the Minister confirm if the JCRA will be taking into account the points made in a recent lecture by a professor from the University of Israel in that monopolies will sometimes be the way forward in an Island this size as, in some cases, we do not always have the economies of scale?

### **Senator P.F.C. Ozouf:**

I was delighted that Dr. Gal came and addressed the Chamber of Commerce meeting. I have read her book when she published it. It is one of only, I think, 2 academic works on the competition arrangements of small countries. Indeed, I think, much to the chagrin of a couple of questions at the Chamber of Commerce, she was, I think, broadly supportive of the JCRA and our support of the competition policy. Certainly, competition policy in small places is different. The competition law is not against monopolies. It is against the abuse of dominant position and the abuse of somebody who is in a position to be able to set a price without reference to a market. It is not against monopolies. Good monopolies have a special role in a place like Jersey.

### **2.9.4 Deputy R.G. Le Hérissier:**

I wonder, Sir, apropos Jersey Telecom and similar quasi-monopolies, could the Minister inform us what kind of budgetary control there is on the kind of charges made to monopolies for JCRA services, so to speak, and which are ultimately borne by the consumer?

### **Senator P.F.C. Ozouf:**

I think States Members heard the issue, for example, of the licence fees that are involved in Jersey Telecom. There was a frontloading of those fees. There is a lot of

work being done to understand it and, indeed, I am led to understand that, for example, Jersey Telecom's fees are falling this year by the JCRA. The JCRA set their own figures and I think that is absolutely right, but the JCRA is a public body and it is accountable for the operations and we have responsibility for their corporate governance arrangements. It is not only consumers that necessarily will pay for those. It may be taken out of margins. It may be taken out of shareholders.

**2.9.5 Deputy G.P. Southern:**

Is the Minister aware of significant delays in the publication of the results of an investigation into GP out-of-hours charges conducted by the JCRA?

**Senator P.F.C. Ozouf:**

I am not aware of a significant delay. The Minister is not always aware of the investigations (rightly so, may I say) that the JCRA is undertaking. I am not aware of a delay and maybe he would wish to take that up with the JCRA directly.