

**WRITTEN QUESTION TO THE MINISTER FOR
TREASURY AND RESOURCES
BY DEPUTY G.P. SOUTHERN OF ST. HELIER**

ANSWER TO BE TABLED ON TUESDAY 27th MARCH 2007

Question

- (a) Would the Minister advise members whether he initially considered that a global telecoms operator would be the best and most likely purchaser of JT, and, if so, does he remain of that view or has some form of private equity now become more likely, and if so, does this eliminate the possible benefit from economies of scale predicted and increase the risks of major asset-stripping or job losses following privatisation?
- (b) Does the Minister now accept that statements from the Jersey Competition Regulatory Authority's own report to the Economic Development Minister, and reproduced on page 69 of S.R.5/2007 that both the Competition (Jersey) Law 2005 and the Telecommunications (Jersey) Law 2002 are "*not optimal*" do provide evidence that the powers of the JCRA do require review, contrary to his answers of the 13th March 2007?
- (c) Is the Minister able to assure members that he would make every effort, as Minister for Treasury and Resources, to ensure that the Jersey Competition Regulatory Authority has sufficient funds to enable it to enforce its decisions under the Competition (Jersey) Law 2005?

Answer

- (a) This question infers a simplistic view of the merits of both private equity and global telecoms operators as possible purchasers of Jersey Telecom. In practise it may not necessarily be the case that a particular global telecoms operator will automatically have greater access to economies of scale than a particular private equity buyer, nor is it necessarily the case that a particular private equity buyer will plan to own the company for a shorter period than a global operator.

Should the States decide to proceed with the sale of Jersey Telecom the eventual buyer will be selected on that buyer's specific merits and in particular the buyer's ability to meet each of the Minister's four sale principles -

- (i) Sufficient arrangements are in place to protect the Island's consumers and ensure the maintenance of the Island's essential telecommunications infrastructure.
 - (ii) The best possible basis is provided for the long term growth and development of Jersey Telecom.
 - (iii) The existing rights of Jersey Telecom's employees are adequately safeguarded.
 - (iv) The best price is obtained on behalf of the people of Jersey, consistent with the above three principles, with the proceeds reinvested in the Strategic Reserve.
- (b) The JCRA's comments referred to in the question are taken out of context and do not provide evidence that the JCRA's powers require constant review. The JCRA statement was highlighting that where it is possible, effective competition is preferable or more 'optimal' than regulation. The JCRA's detailed views and comments on the interpretation of evidence provided to the Economic Affairs Scrutiny Sub-Panel are published on the JCRA's website.

The Minister is, however, of the view that the JCRA's powers should be kept under periodic review to ensure that it has, at all times, the necessary powers to carry out its functions.

States Members with any questions or concerns in relation to the JCRA's powers in respect of the

regulation of telecommunications were invited to a presentation by the JCRA on Monday 26 March. Should Members have any further concerns or questions the Minister for Treasury and Resources invites Members to put these concerns either to himself or to the Minister for Economic Development so that they may be taken into consideration and addressed as appropriate.

- (c) The Minister for Economic Development is responsible for the provision of the JCRA's funding in relation to the Competition (Jersey) Law 2005. In the unlikely event that the JCRA requires additional funding to enforce telecommunications decisions made under the Competition Law the Minister for Treasury and Resources will ensure that the Authority receives the necessary funds.

The Minister highlights that the cost of regulation and enforcement of decisions made by the JCRA under the Telecommunications (Jersey) Law 2002 is funded through the licence fees of telecommunications operators. Such fees may be varied by the JCRA as required.