

3.15 The Deputy of St. John of the Minister for Treasury and Resources regarding the impact of the introduction of another telephone company to the Island on the profits of Jersey Telecom:

Is the Minister concerned that the introduction of yet another telephone company to the Island will dilute the profits of Jersey Telecom? Will he advise whether the States has any direct or indirect holding in any of the rival telephone companies and, if so, which ones? Have any of the directors of the newly licensed company ever held directorships within any companies owned or controlled by the States?

Senator P.F.C. Ozouf (The Minister for Treasury and Resources):

To take the points in turn I should just start by saying there is a clear segregation of duties between the Minister for Economic Development and myself. The Minister for Treasury and Resources acts as the shareholder of the incorporated Jersey Telecom. In that capacity I appoint a board and hold the company to account to ensure best value is achieved by taxpayers' investment. I require the board of directors to manage the company efficiently and effectively. On the other hand, the Minister for Economic Development is responsible for competition with the J.C.R.A. (Jersey Competition Regulatory Authority). They issue telecom licences and it is important to remember that the regulator and the Minister's responsibility, set very clearly out in Article 7 of the Telecoms Law, makes a requirement for deregulatory decisions to take account of the financial state of the entity. J.T. (Jersey Telecom) has and continues to face fierce competition and the board has responded incredibly well to this competition positively and continues to improve the company's performance, efficiency and effectiveness. I have been very impressed to see how well J.T. has been performing throughout my time at Treasury, and particularly recently. I can say, finally, that as regards to the direct or indirect holdings in rival telephone companies, the J.E.C. (Jersey Electric Company) had a longstanding interest in Utell Holdings Limited which is of course a matter for public record. The inquiries that I have made in respect of directors of the new licence company have not revealed to me that any of the directors of that company have ever held similar positions in any companies owned or controlled by the States. I say that with some hesitation as I know that the B.A.T.D.C. Club, which the Deputy is aware, is sometimes more well informed than I am.

The Deputy of St. John:

Given the answer I will put something in writing for the next meeting. Thank you.

Senator P.F.C. Ozouf:

Sir, may I just respond? I think I may be aware of one individual - and I am not going to go into individuals - but he was not a director of J.T. and the question asked specifically about directors.

The Bailiff:

Very well, Deputy Tadier.

3.15.1 Deputy M. Tadier:

I am still not sure what the answer to the first part of the question was so I will ask that again. A yes or no answer or maybe or something else would be appreciated but preferably one of the first 2 answers. Is the Minister concerned that the introduction

of another telephone company to the Island would reduce the profits of Jersey Telecom?

Senator P.F.C. Ozouf:

I think I will respond by saying that I am concerned that it could dilute profits but only if the company itself did not take up any action. I enjoyed, I hope, a useful discussion with Deputy Tadier and the Deputy of St. Mary talking about postal matters on Friday. I referred to the Postal Law and I refer the Deputy to the Telecoms Law too. I am not afraid of reminding the J.C.R.A. of their obligations in respect of licensed companies to ensure that they can continue to fund operations. But just simply sending out the message that we do not want competition and that is our way of protecting Jersey Telecom is not the future. They respond to competition very well and they are doing a fantastic job for the shareholder, for consumers and the Island.

3.15.2 Deputy M. Tadier:

I thank the Minister but like the Minister said previously that is not his job to promote competition, whether or not it is a good thing, that is the job for the Minister for Economic Development, so is that the case?

Senator P.F.C. Ozouf:

It is, but I have to be a helpful political shareholder of J.T. and I am not going to say to J.T.: "I am sorry, I am just going to write to the J.C.R.A." and say: "I do not think there should be any competition." First of all the J.C.R.A., rightly, would not listen to me. Competition drives efficiency and effectiveness and I do not think that we should be afraid of more telephone companies investing in Jersey. J.T. responds to the competition. They are doing a fantastic job of responding to the competition in the existing mobile phone markets and everybody benefits because of that and long may that continue.

The Bailiff:

Do you wish a final question, Deputy of St. John?

3.15.3 The Deputy of St. John:

Will the Minister confirm that his department or E.D.D. (Economic Development Department) will not in the future be looking at selling all the underground services that were paid for by this Island in the past?

Senator P.F.C. Ozouf:

I think that is a new matter but I am happy to confirm, for the avoidance of any doubt, that there are no plans to dispose of Jersey telecoms and certainly I was a fan originally of structural separation at some point which kept the infrastructure. I think there should be vigorous competition at the retail level. I do not think you can always get competition in terms of the infrastructure. That has moved on. I have certainly got no plans of bringing forward a proposition to dispose of J.T. J.T. is strong and it is doing extremely well.

The Bailiff:

Very well, then we will move to the final question which Deputy Higgins will ask of the Minister for Transport and Technical Services. Deputy Higgins.

