

#### **4.7 Senator S.C. Ferguson of the Minister for Treasury and Resources regarding advice received in relation to the £40 million ‘Gigabit Jersey’ proposals:**

What independent professional advice, if any, did the Minister take before deciding to support the £40 million ‘Gigabit Jersey’ proposals?

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

I should start by saying that I hope to be able to make a decision on Gigabit Jersey within the next couple of days. Perhaps, as with the earlier question on Jersey Water, I should remind the Assembly that when we approved the Telecommunications Law in 2002 we did so with the explicit purpose of putting in place an independent board to operate the company. The board is responsible for operating the company as a business and carrying out its own reviews of proposals, and indeed contains a number of non-executive directors for that specific purpose. In developing Gigabit Jersey the board has used its own internal expertise and following a competitive tender the services of an expert consultancy from within the field.

[10:30]

As this was however such a significant decision to provide extra capital to the company I considered that on this occasion it was necessary to seek an independent assessment, and I asked the Economics Unit to carry out an analysis, and this was carried out by Oxera. Their conclusion was that the move to an all-Island fibre network was the correct one, although their main criticism of the case developed by J.T. (Jersey Telecom) was that it could be regarded as being over-conservative in terms of the take-up of high speed services; a point that has been well recognised by the board, indeed it was the board’s explicit direction to the management team that it should develop a conservative business case for presentation. I am convinced that this is a valuable opportunity to reinvigorate the Island’s economy at a difficult time and that we should embrace that opportunity. It should also be reminded that the proposal is at the heart of delivering the economic growth strategy, and I am very grateful for all the Members that have attended the various different presentations on this exciting proposal.

##### **4.7.1 Senator S.C. Ferguson:**

What steps did the Minister take to ensure that the proposed structure of the preference share loan was *intra vires* and not *ultra vires* the provisions of Article 5 of the Public Finance Law regarding the Currency Fund?

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

The Senator will be aware that the Treasury has spent a great deal of time in order not only in reviewing the business case provided by the company but also the manner in which the additional capital is to be provided, and the Treasurer brought forward a proposal with her officials in order to identify the source of the capital, and that has been reviewed by the Law Officers. I had again confirmation yesterday that the proposal is within the scope of the Currency Fund, and indeed is an excellent example of Law Officers and the Treasury working together and finding an appropriate solution to what is an exciting project. But I can assure the Senator it has been entirely checked and I am satisfied with the advice.

##### **4.7.2 Deputy M. Tadier:**

How does the Minister respond to the criticism in some quarters that this investment will represent an unfair advantage or give an unfair advantage to Jersey Telecom over some of its competitors?

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

I think that is an excellent question and I am pleased to be able to respond to it. There has been, and I followed with great interest a number of the representations from some of the competitor telecoms companies, and I have looked through all of their suggestions. Jersey Telecom is 100 per

cent States-owned. It is the incumbent telecom operator and perhaps other, unlike other telecoms operators who do not have access to capital, who are perhaps more short term in their thinking, they would not be able to take such far-sighted decisions about the enhancement of our telecommunication structure as Jersey Telecom have done. I have spent a lot of time on this issue, and I am very grateful again to say that a number of Members have also examined this and I do not think there has been one Member who has heard the presentation by J.T. that does not think this is a good idea. It is a good idea for the economic benefit of Jersey. It is a good idea for businesses. It is socially inclusive and it is the kind of decision that we are capable of making for the best interests of our community, and I have therefore dismissed some of the representations that have been made by competitors in terms of the representations that have been made.

#### **4.7.3 Deputy M. Tadier:**

While that was a good answer and I probably agree with most of that, if not all of it, it still does not answer the underlying question of whether or not there is a case to answer in terms of unfair advantage and competition.

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

I think that if there are issues, there is a clear segregation of duty between the Treasury who acts on this Assembly's behalf as shareholder and the regulator who ultimately reports to the extent that the regulator reports to the Minister for Economic Development. Any telecom infrastructure, whether or not it has been provided by additional capital from the States, is subject to regulation. The J.C.R.A. (Jersey Competition Regulatory Authority) who I have also had discussions with, is able to regulate that infrastructure, and I am going to make a condition of the additional capital provided. I am going to make it a condition that the company abides by the J.C.R.A. directions for the avoidance of any doubt, and that this infrastructure is made available to other telecom operators at a reasonable price, and I am asking the Minister for Economic Development and the J.C.R.A. to put in place appropriate regulation. But I do not want to put that regulation in place in a way that delays the actual getting on with this project. I want the project to go ahead and the J.C.R.A. to find out the way of appropriately regulating this important infrastructure, and I hope that answers the Deputy's question.

#### **4.7.4 Senator S.C. Ferguson:**

Has the Minister for Treasury and Resources obtained a unanimous agreement from the Council of Ministers for this decision, and does he consider that such a decision should be made by one Minister alone?

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

I certainly do not think that the decision should be made without consulting Ministerial colleagues, and that is why on 2 occasions it has been discussed by the previous Council of Ministers, and I have also discussed it with the composition of the new Council of Ministers. I would not make this decision without their support. I think I would be correct in saying that I have almost unanimous, in fact not almost, I have unanimous agreement with Ministerial colleagues, and before I make a decision I will check again with all Ministerial colleagues that they are supportive of this exciting proposal. And I have particular regard to the Minister for Economic Development's views on the matter, who is supportive.