

**WRITTEN QUESTION TO THE MINISTER FOR TREASURY AND RESOURCES BY
DEPUTY G.C.L. BAUDAINS OF ST. CLEMENT
ANSWER TO BE TABLED ON TUESDAY 19th FEBRUARY 2013**

Question

With regard to Jersey Telecom's fibre optic scheme and its installation, would the Minister, as the shareholder representative, advise:

- (a) what independent advice, if any, was taken;
- (b) whether the amount of work involved was grossly under-estimated;
- (c) whether other jurisdictions have laid fibre to hubs, with copper connecting hubs to homes;
- (d) whether, in view of the considerable expense to Jersey Telecom and the upheaval and expense to home-owners, the continuation of the project will now be reconsidered; and,
- (e) how, given few people appear willing to pay premium rates for faster connections, it is anticipated Jersey Telecom will recoup the cost of the outlay?

Answer

- (a) It is the Board of JT's responsibility to robustly assess the business case. While the shareholder would not normally be expected to carry out a further assessment or seek independent advice, on this occasion the Economics Unit was asked to carry out an analysis of the business case to move directly to an all-fibre network. The clear conclusion of that analysis was to support the proposals.
- (b) JT does not consider that the work was under-estimated but rather it has not yet managed to implement as efficient a production process as is needed. Doing so is currently the focus of intensive efforts by JT and its suppliers.
- (c) Networks that have fibre based strategy to the greatest extent possible are broadly considered to be leading the way, primarily because copper in the network is a bottleneck to the broadband speeds that can be achieved by users (this aspect was also considered in the advice referred to in (a) above). Jersey has an opportunity to do away with this bottleneck for once and for all.
- (d) It is not planned to reconsider the Gigabit project. As with all national infrastructure projects there have been initial problems with rollout. The wider, long-term benefits of the Gigabit project are critical to Jersey's ability to continue to compete for global business. Investments of this nature are precisely the sort being encouraged by leading economists the world over in these challenging economic times and the Gigabit Jersey programme is a key building block to the work of Digital Jersey as well as many other initiatives across Jersey's strategic planning, including health and education.
- (e) JT has just completed the first year of a 5-year rollout plan for a telecom access network that will be in place for many generations. The Board of JT remains confident that it will recoup the cost of the outlay.

