

7.2 Deputy R.G. Le Hérissier of the Minister for Treasury and Resources regarding a review of Jersey Telecom's wholesale rental structure:

Would the Minister, as representative of the shareholder, inform Members when Jersey Telecom intends to announce the wholesale rental structure that will accompany the move to fibre-optic and explain why has there been a delay?

Deputy E.J. Noel of St. Lawrence (Assistant Minister for Treasury and Resources - rapporteur)

J.T. (Jersey Telecom) has already announced the wholesale rental structure and therefore there has been no delay. Wholesale prices for J.T. fibre-optic services to all operators were announced on 2nd March 2012, which included 1-gigabit and 100-megabyte products. About a year later, on 1st March 2013, J.T. added a 50-megabyte product and it was made available to all operators at the same time. This was a regulatory obligation on J.T.

7.2.1 Deputy R.G. Le Hérissier:

Would the rapporteur confirm that the wholesale prices for products and indeed rentals are run totally separately and there is no cross-subsidisation from other J.T. services in order to make these products more acceptable and thereby crowd out other entrants to the market?

Deputy E.J. Noel:

I am able to confirm that under the terms of its licence issued by what was J.C.R.A. (Jersey Competition Regulatory Authority), now C.I.C.R.A. (Channel Islands Competition and Regulatory Authorities), J.T. as an integrated operator, J.T. Retail, is only permitted to offer broadband products that can be replicated by other licensed operators. Essentially, this means that if another operator cannot offer a similar retail product then neither can J.T. Where other operators choose to offer fibre-optic broadband products, it is entirely down to their own operations and their business strategies.

7.2.2 Deputy G.C.L. Baudains:

Could the Assistant Minister for Treasury and Resources advise: when customers choose to sign up to the various speeds available, do Jersey Telecom advise them of the contention ratio, in other words, that they may not get the speed they are paying for?

Deputy E.J. Noel:

Similar to the Minister for Education, Sport and Culture, I am not present when the advice is given out so I would not be able to answer that question.

7.2.3 Deputy M. Tadier:

Can the Assistant Minister for Treasury and Resources explain why it is that Jersey Telecom, who own the infrastructure, can be undercut by their competitors when they offer wholesale broadband supply and also without download limits which Jersey Telecom currently employ? How does that make economic sense and what is the long-term effect for the sustainability of Jersey Telecom?

Deputy E.J. Noel:

Broadband wholesale charges are set and it is down to the individual operators to base their pricing model on there. If the operators choose to undercut J.T.'s retail offering, then it is down to them.

7.2.4 Deputy M. Tadier:

The second part of the question: if J.T. is to remain sustainable but also provide good value to their users, not simply to the States as the sole shareholder, how can it be sustainable if their costs are higher when they are selling a product wholesale to another supplier who are then

charging less? Does the Assistant Minister for Treasury and Resources not acknowledge that cannot be a sustainable model for Jersey Telecom to pursue?

Deputy E.J. Noel:

I believe the Deputy is getting a bit confused there. J.T. offer their wholesale prices to their competitors, it is the same price to J.T. themselves on that side, and it is down to the competitive market and individuals to buy their retail broadband services from whichever provider they wish to.

[11:45]

7.2.5 The Connétable of St. John:

Since the introduction of the broadband scheme, could the Assistant Minister for Treasury and Resources explain why some installations are taking up to 13 weeks and longer to install and others have considerable delays on even the most minute piece of equipment that is required within the house after the installation is in?

Deputy E.J. Noel:

I cannot answer that detailed question. I will endeavour to find out and report back to the Constable.

The Connétable of St. John:

Can he report that to the House so that it is recorded, please?

7.2.6 Deputy G.C.L. Baudains:

In his answer to my previous question, the Assistant Minister for Treasury and Resources was unable to answer in relation to the contention ratio. Could he tell me who can answer in relation to that, which is a potential mis-selling of a product? Who is accountable for that?

Deputy E.J. Noel:

That is a matter for J.T. If people are unhappy with the advice they have been given, then I would suggest that their first port of call is the Complaints Department within J.T., and again if they get no satisfaction there, there is a regulator that they can contact. This is not a matter for the shareholder.

7.2.7 Deputy R.G. Le Hérissier:

Could the rapporteur confirm that cross-subsidisation of one service by another has not, in fact, been outlawed by the C.I. (Channel Islands) Competition Authority? Could he confirm that is the case and could he confirm that businesses trying to break into this market are contending that Jersey Telecom is cross-subsidising its tenders for these particularly commercial services, and it is not the open-market that he suggests that it is? So could he categorically confirm that cross-subsidisation exists?

Deputy E.J. Noel:

The Deputy's point is a point for the regulator, it is not a point for the shareholder. J.T. wants to get all its operators on board as soon as possible so that even more Islanders can benefit from the fibre installation. Furthermore, when the Ministerial decision was signed on gigabit, it was made an obligation on J.T. to work with C.I.C.R.A. to ensure that other operators had access to the fibre network and I have been advised that they are living up to that obligation. However, as stated before, whether operators choose to avail themselves of that broadband is a matter for them.