

2015.04.14

3.7 Deputy S.Y. Mézec of the Minister for Treasury and Resources regarding telecoms line rental:

Could the Minister, as shareholder representative, explain the difference between the single and multiple lines that are operated by J.T. (Jersey Telecom) and further indicate whether he is satisfied that the existing notice issued by the competition regulator relates only to the introduction of wholesale line rental for single lines and if he is not content with the current position can the Minister indicate what actions he intends to take, if any?

Senator A.J.H. Maclean (The Minister for Treasury and Resources):

The difference between single and multiple lines operated by J.T. relates to the number of lines and the connection to the particular location. Single lines cover a single connection to one location, such as households or small businesses, whereas multiple lines cover larger businesses. In relation to the second part of the question matters relating to competition and regulation of the telecom sector fall to the Economic Development Department via the independent authority, C.I.C.R.A. (Channel Islands Competition Regulatory Authorities). However, I can confirm that the notice issued by the regulator relates only to the introduction of wholesale line rental for single lines.

3.7.1 Deputy S.Y. Mézec:

If other local licenced telecommunications operators are to compete fairly with J.T. within the Island does the Minister consider that wholesale line rental should be made available to local licenced operators on all of J.T.'s services and if not why not?

Senator A.J.H. Maclean:

I am somewhat crossing boundaries. With my previous hat on at Economic Development I was very keen to see the market opened and competition introduced and I shared my frustration on more than one occasion in this Assembly that the delay of wholesale line rentals, as described for single lines, being introduced. I am delighted that as of this July that is in fact going to now be the case and that will be to the benefit of consumers within the Island. It is a matter now for the current Minister for Economic Development and the Economic Development Department to pursue with the regulator opportunities for further liberalising the market to the benefit of the economy more broadly but I would not like to comment any further because I have a different hat on now, with a different perspective as the shareholder of J.T.

3.7.2 Deputy C.F. Labey of Grouville:

The current memorandum of understanding with the States and J.T. requires the J.T. board to derive and I quote: "The maximum shareholder dividend." In the current economic climate does the Minister consider extracting profit from J.T.'s customers across the Island is appropriate as opposed to an alternative M.o.U. (Memorandum of Understanding) which might require J.T. to price call on data charges at a lowest reasonably achieved rate?

Senator A.J.H. Maclean:

I thank my former Assistant Minister for her very interesting question and really this is at the heart of the relationship, I suppose, between the States and some of its investments such as J.T., as the Deputy of Grouville has just alluded to. Getting the balance right between the former policy of extracting maximum revenue from the investments - arguably for the benefit of those same consumers, because of course that revenue goes into supporting important services throughout the Island - as opposed to getting the balance right with regard to perhaps taking a lower dividend, seeing a more competitive market and generating more growth more broadly within the economy... and that is the reason, or one of the reasons, that we are looking at not just from the J.T.'s M.o.U. and the way in which we manage the relationship with J.T. but we are doing it with all investments as far as the States are concerned so that we can consider what is the right balance in this regard.

3.7.3 Deputy G.P. Southern:

In terms of balance between his current hat and his previous hat, will he engage the current Minister for Economic Development, who I believe has the power to give directions to C.I.C.R.A. to ensure that competition takes place, and will he have discussions with the current Minister for Economic Development to achieve that aim in the shortest possible timescale?

Senator A.J.H. Maclean:

Matters relating to competition are clearly of paramount importance for the broader economy and I know that the Minister for Economic Development and indeed his Assistant Minister, Senator Ozouf, who has specific responsibility for a number of areas including competition and regulation, is at this very moment looking at this particular matter and is commissioning a report considering what the options might be and I am sure he will be reporting back to this Assembly and to Members in short order.

3.7.4 Deputy R. Labey of St. Helier:

If I have got this right then: if you are in the office telecommunications installation business and you are not J.T. the single line wholesale rental is no use to you, is it? What they need is the multiple wholesale line rental surely and if I am right, given hindsight from his previous position, what is happening with the competition regulator here in this issue?

[10:45]

Senator A.J.H. Maclean:

First of all it is complex which is why the competition regulator has taken the time that it has in order to address the matters and it has been, as I have already alluded to, too long before we have got to the position where the wholesale line rental market has opened up, or is about to open up. In part the Deputy is referring to other operators that have the ability to resell, so resellers. Resellers, of course, will still benefit, not to the extent that some I know would like. They would like to have the multiple opportunities but of course single lines apply not just to consumers, not just to private residences but to small businesses as well. So other sellers do have the opportunity to benefit when this market opens up. Previously or to date they have been able to resell but not in the competitive way in which I know they would like to have been able to do and so there has been a disadvantage. There has been, to a certain extent, a lack of a level playing field.

3.7.5 Deputy S.Y. Mézec:

It is good that the Minister acknowledges the disadvantage here. When does he think there will be a situation where these other providers will be able to install multiple line systems?

Senator A.J.H. Maclean:

I think that is one that will have to be directed to the Minister for Economic Development. That is, as I have already alluded to, an area of his responsibility and he would be able to give Members an update on the progress that the Competition Authority are making in this regard so I would defer to that.