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4.5 Deputy A.D. Lewis of St. Helier of the Minister for Treasury and Resources regarding recent negotiations for the partial sale of JT:

Further to the breakdown of recent negotiations for the partial sale of J.T. (Jersey Telecom), would the Minister, as shareholder representative, advise what plans, if any, are being considered for the future full or part sale of J.T.?

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

I am making a statement with regards to J.T. later today where I will be updating Members on matters that are relevant to this question. In the interests of time I hope that the Deputy and other Members will find this acceptable. The Deputy has also been updated through the process so he has more knowledge than quite a number of Members but, as I say, I am making a statement later on today, hopefully before lunch.

4.5.1 Deputy A.D. Lewis:

In correspondence with the Public Accounts Committee on 9th March the Minister stated there is a lack of clear policy for shareholder objectives for many state-owned companies such as J.T. In fact, the Minister went on to say that this is currently creating a vacuum which needs to be resolved. Can he explain what he has done to resolve this?

Senator A.J.H. Maclean:

Yes, first of all these matters are, to a greater extent, cross-departmental. What I can tell the Deputy, and which I was going to allude to in the later statement, is that the Chief Minister's Department, which has responsibility, among other things, for regulation, is also currently in the process of developing a telecommunications policy in line with Oxera's report. That particular report, Jersey's regulatory and competition framework review, was completed in November of last year. Only when the outcome of that has been agreed would any resulting decisions on the sales of shareholdings, in this case relevant to J.T., be taken forward. I will detail more of that when I give my statement later.

4.5.2 Deputy J.A. Martin of St. Helier:

Because we do have a chance to ask questions and then questions after the statement, I hope this question is in order. Could the Minister tell me where I could go anywhere and find a document that tells me the reasons or the benefits for keeping J.T., selling J.T., part J.T., because I think States Members would need to read this document in conjunction with some other information the Minister may have?

Senator A.J.H. Maclean:

Of course the question is in order and it is a very good question. I will be alluding to it again in the statement later on. Work has been undertaken since my previous statement in relation to the merger with J.T. and work by Oxera, that I have just referred to, and others, have looked into issues similar to the ones that the Deputy has just mentioned - both Deputies I may say - all of which are particularly relevant to the future part or complete sale of J.T., should indeed this Assembly agree that particular move in the future. I have also stated previously, and will again affirm it in the statement, that ultimately a sale of part or all of J.T. is a matter for this Assembly.

4.5.3 Deputy J.A. Martin:

And that document is obtainable to all States Members for me to read; that was my question?

Senator A.J.H. Maclean:

Not at this particular point, no. But the information clearly, if we get to a point where a sale is being considered for part or all, relevant information would need to be made available to all States Members to be able to properly consider such a proposal.

4.5.4 Deputy M. Tadier:

Would the Minister state whether he thinks that J.T. is a failing business or a successful business? If it is the latter, why is it that we are seeking to sell a successful business which is bringing tax revenues into the States?

Senator A.J.H. Maclean:

I think that J.T. is a very successful business that all Members of this Assembly and the Island should be very proud of. Since incorporation we have seen it more than double its turnover, 2½ times increase in turnover, profitability. We have seen it diversify its business model; more than 50 per cent of profits now come from outside of Jersey. All of these factors are critically important to the Island. The second part of the Deputy's question is if we have got such a good business why would we consider selling it? That is fundamental to the earlier Deputy's question about the reason why we might consider selling an investment. Quite simply it is concentration ... well, a number of factors but concentration of risk is one element that Members might like to focus on at some point in the future. If we have an investment worth book value, just under £200 million, in real terms considerably more than that, would it be better to deploy that money and invest it more broadly and therefore divest ourselves of potentially some risk by having such a significant amount of money invested in a particular asset class? That is one of a number of considerations around selling part or all of an investment of this nature. I might also add that of course the debate into whether the States values the income from an asset such as that or capital growth, and this comes into the reason for holding the business. It is a big subject I am sure we will come back to.

4.5.5 Deputy M. Tadier:

Supplementary. It is not because we are facing a structural deficit which the Minister for Education in one of the hearings admitted last week, and it is not because we are trying to sell the family silver because the current Minister for Treasury and Resources and previous Ministers have raided every possible pot to try and make ends meet before acknowledging that their tax and spend model is completely and utterly broken?

Senator A.J.H. Maclean:

No, that is completely and utterly untrue. What we are simply seeking to do is looking at assets such as J.T. and saying if we were to consider selling part or all could we better deploy the funds that would result from such a sale and I would suggest to Members, and I have said this previously on public record, that I believe that such funds from a potential sale would be deployed into the Strategic Reserve. That would be the appropriate place to put it. It would then, of course, be in a position where it could be professionally invested far more broadly than a single asset class. That is what the matter is all about and one which I am sure Members will have an opportunity to consider further in due course.

The Deputy Bailiff:

I have a number of Members wishing to ask questions. Could I just remind Members that there is going to be a statement made by the Minister on this subject later and there will be 15 minutes of questioning?

4.5.6 Deputy G.P. Southern:

Carry on with questions in question time anyway. Is it not the case that it is not a central issue of the sale or non-sale of J.T., it is getting our competition law right and getting C.I.C.R.A. (Channel Islands Competition Regulatory Authorities) to have enough teeth to put into actuality the fact that the competition is supposed to bring down prices? Should we not regulate better and get that right and then we would not need to talk about this sale or non-sale of J.T.?

Senator A.J.H. Maclean:

It could be looked at as being both. Yes, of course the regulatory side needs to be functioning efficiently and effectively, and there has been a review and a report on that, which States Members will have attended at the end of last year. There are changes afoot with regard to C.I.C.R.A., the regulator. But equally one might take the position that if the asset was going to be sold, one of the key issues, it is a strategic asset to the Island. The infrastructure is critical for consumers but also businesses, and we would need to be in a position that we have ensured and satisfied ourselves that we have protected the public interest in that regard. Without an effective regulator I would suggest that the ability to do that would be severely compromised. So in answer to the Deputy's question, it is potentially both.

4.5.7 Deputy S.M. Wickenden of St. Helier:

Just to follow on from the answer that the Minister gave to Deputy Martin. He said on the Oxera report he would share the relevant information. When we have got the report that has been done surely all the information is relevant in the Oxera report or are we just going to get the bits that support what the Minister wants to do rather than anything that does not support it?

Senator A.J.H. Maclean:

Conspiracy theories abound clearly. What I was referring to was the Oxera report is just one report and there are other relevant pieces of information that Members would need to have if they were going to make a consideration of a potential part or full sale. All information that can be released will be released. All information will be made available to the necessary panels and Scrutiny Panels, and I might add that I have done my best to ensure that both the P.A.C. (Public Accounts Committee), the P.A.C. Chairman, and indeed Corporate Services, have been updated through this recent process and will continue to be so as we move forward. There is some commercially sensitive information relating to other parties, other businesses. Of course that needs to be taken into consideration.

4.5.8 Deputy A.D. Lewis

The Minister will be aware that Jersey Telecom is one of the few, in fact I only know of one other phone company that is owned by a government. He will also be aware that the C. and A.G.'s (Comptroller and Auditor General) report, which I think is probably one of the reports he was referring to, she did state in her report, or ask in recommendation 1, whether the States wish to continue to own J.T. in whole or in part and to articulate clearly all the objectives of ownership. In other words, decide as to whether this is something we should own or not. Has the Minister given this full consideration when it has been some 2 years now since that report was written? Does he not feel now this is a matter of urgency to decide as to whether this asset is something which we should continue to own and why?

Senator A.J.H. Maclean:

Absolutely, and that is exactly what we have been doing. I have to say that the merger process that has been undertaken has been a focus for not just the Treasury Department but, as I mentioned earlier, other departments that are involved in the decision making for a matter such as this.

The Deputy Bailiff:

Question 6 has been withdrawn and that brings us to question 7.