

### **3.4 Deputy J.M. Maçon of the Minister for Treasury and Resources regarding the appropriateness of J.T.'s decision to introduce charges for receiving a paper bill and non-direct debit payment services: [1(101)]**

As shareholder representative of J.T. (Jersey Telecom), will the Minister, or in this case the Assistant Minister, advise what his assessment is of the appropriateness of J.T. deciding to introduce charges for receiving a paper bill and for non-direct debit payment services; and, in doing so, will he further advise whether such charges are likely to affect disproportionately the more elderly members of the community? Thank you.

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

I have asked my Assistant Minister who has delegated responsibility for J.T. to answer the question.

#### **Connétable J.M. Refault of St. Peter (Assistant Minister for Treasury and Resources - rapporteur):**

I have got 2 similar questions following this one and will attempt to deal with a common ground on each rather than repeat the response 3 times. Firstly and importantly, we need to acknowledge that J.T. operate in a competitive environment with 2 other on-Island telephone companies and will always need to deliver services in the most cost-efficient and service-sensitive manner as possible. Dealing directly with the 2 elements of the question, J.T.'s need to reduce its operating losses on the fixed telephone service amounted to £1.7 million per year. £1.2 million of that is in the provision of the heavy-discounted premium for Prime Talk for the elderly and bad debt recovery and loss make up a further £1 million. I can assure Members that it is not about increase of income, it is about good business practice and in reducing costs and losses. Neither the Treasury shareholder nor J.T. are insensitive and do recognise the impact that this may have on J.T. customers, which includes the elderly, and share the Deputy's concerns in this matter. However, given that many of the elderly members of our community enjoy a monthly-reduced line charge of £2.25 while low-income families are required to pay £13.50 for the same fixed-line service, I cannot agree that this charge affects disproportionately the more elderly in our community. Furthermore, I have maintained contact with J.T. and all Members will have received an email from their chief executive on 7th February setting out the rationale for the charges. For ease of reference, I have asked for that email to be circulated in hard form today. Unfortunately, it is on its way to the Chamber now and we should have it within the next half an hour to refresh Members' minds on what the comments were. It details the steps J.T. have taken before contacting their customers and the steps they are putting in place to deal with any individual problems arising. I am assured each case will be dealt with sympathetically and on its individual merits. I urge any Members who do come across customers who do face cost issues to encourage them to contact J.T. directly. If Members wish to take up a particular issue on a customer's behalf, then J.T.'s briefing note referred to earlier sets out how they can do that. Thank you.

#### **The Deputy Bailiff:**

I have allowed the Minister to have a more lengthy answer than would normally be the case because he has indicated he is covering ground that will be covered in other questions and so there will be more opportunity for questions but that was obviously a very long answer. Deputy Maçon.

#### **3.4.1 Deputy J.M. Maçon:**

I received many phone calls, emails, letters even, about this subject from many elderly members of our community in my constituency and does the Minister feel it right that elderly

people in our community who ... for example, he talks about the guidance notes. The guidance notes, for example, refers elderly people to perhaps send an email. Many of them do not have an email address, some have said: "Well get your neighbour to create an account for you." Some of them have stressed for data protection security reasons they are not happy with that. Has the Minister gone through the type of procedures that J.T. is giving to help its customers in order to deal with this? It is not satisfactory for the customers at all.

**The Deputy Bailiff:**

The question was: has the Minister gone through procedures? Minister.

**The Connétable of St. Peter:**

Sorry, I did not catch the question.

**Deputy J.M. Maçon:**

Happy to repeat. The procedures that the Minister has outlined, the guidance notes, has he gone through them? Because many customers find them unsatisfactory in what J.T. is recommending elderly people, in order to tackle this problem, is being provided.

**The Connétable of St. Peter:**

Yes, I have gone through all the details in the briefing note and many more as well. I have spent many hours over the last few days trying to understand fully the rationale behind why these charges are imperative to enable Jersey Telecom, J.T., to fulfil the obligations set for it by this Chamber when it was incorporated some years ago. The Deputy mentions the fact that he has had a number of letters and phone calls. Equally, there have been a number of letters and phone calls, in fact, I have received one only a few moments ago, an email from somebody who could have Prime Talk is saying: "Thank you very much for that 83 per cent discount. I do not mind paying for my paper bill if I want a paper bill because I am getting such a discount already" and 83 per cent is an eye-watering discount to be passed on to them. There will be problems. I have asked J.T.'s senior officers what will they do about people that really have a difficulty, do not have family, do not have friends, do not have access to internet, how they will deal with them. They have said to me, they have assured me, they will find a solution for everybody, including those people who do not maybe have a bank account, they will find a solution that works for them. Thank you.

**3.4.2 Deputy M. Tadier:**

I am glad to hear the last comments because that certainly was not the case being relayed to these individuals by the staff on the front desk or on the phones. I have a constituent who contacted me who has severe sight loss. She does not have a computer and cannot use a computer as a result of that condition and she says nonetheless when she queried it, she was told: "No, sorry, you have to pay the £1.50 to receive the paper bill" even though she needs a paper bill, ideally with large print, to be able to look at what she owes. People are feeling: "Why are we being charged for the privilege of having to pay our bills?" and I think that is a sentiment being echoed to all of us. So would the Minister find out and ask J.T. to make it known to people what recourse there is in these examples where people have a disability or for whatever reason they do not have a bank account and cannot pay by direct debit?

**The Connétable of St. Peter:**

In my answer to my last question, I did state I spoke with the senior officers and not necessarily the people on the front desk. The senior officer, the chief executive officer himself, said to me and assured me that they will find a solution for all people that do have a need for a solution, so that is exactly what we are trying to achieve.

### **3.4.3 Deputy M. Tadier:**

A supplementary? Is there not a simpler solution? There is a wider issue here with all the charges that J.T. are putting on with their data cap for broadband which you do not get with Sure, for example, which provides a cheaper service. Is there not a shareholder and also a public interest here that J.T. are perhaps driving away business, that they are not acting in the public interest and they are not acting in the States long-term interest because they will see their loyal, long-term customers being driven away to competitors where they can choose to vote with their feet? Is this something that the Minister will take up directly with J.T. and ask them holistically to look at their strategy for charging?

### **The Connétable of St. Peter:**

C.I.C.R.A. (Channel Islands Competition and Regulatory Authorities) have done that job for us. The Channel Islands Competition and Regulatory Authorities, they are the people who have looked at J.T. and they have opined on these charges. If I can quickly find it: "The C.I.C.R.A.'s view on these charges is as follows. There was a valid argument that such charges improve efficiency of operations and therefore deliver savings to eliminate unfair cross-subsidies between late payers and those that pay on time, for example. It is open to J.T. to introduce such charges outside the price control mechanism." Going on a little bit further: "Sure also charge for bills. They currently charge £1.50 for sending a paper bill to its customers and £1.50 for accepting payments or you can take the discount and send it directly by email."

### **The Deputy Bailiff:**

Very well, I have time for a question from Deputy Higgins and then a final supplementary on this question but there are other questions on J.T. coming up later on in the question paper.

### **3.4.4 Deputy M.R. Higgins:**

The Minister, as part of the rationale for J.T.'s action, was the losses they were making in other areas. We know that J.T. has an awful lot of business overseas, in fact, a tremendous amount of business overseas which this House never, ever looks at and has no idea what they are doing. Can he give us guarantees it is not losses in other parts of the operation that they are trying to recoup through this particular method? In fact, will he make sure that J.T. produces some documents to the States to understand its operations overseas and our liabilities and profits?

### **The Connétable of St. Peter:**

I suspect the Deputy has not had an opportunity to read the briefing note. It is very clear where the losses are: it is in the just over £1.2 million of the Prime Talk discount that is affecting their bottom line. With regard to the overseas business, J.T. with a population of 100,000 people have over a million customers, a million customers out there, SIM cards in containers going around the world, which are paying money back here to fund the baseline costs of running the fixed-line network which is not paying for itself because of the massive discount that was going out on Prime Talk. For example, just looking at Prime Talk just for a moment, if J.T. have offered people that want to continue to pay cash, to reduce the exposure to cash by instead of giving them a monthly account, they are prepared to change them to a quarterly account.

[10:15]

Therefore, the charge only applies 4 times a year rather than 12 times a year, reducing their cost from £36 a year for paper and cash payments to £12 a year. There are many ways that we are trying to resolve these situations and it is not true at all that the external operations of J.T. are impacting on the baseline cost of J.T.'s service in Jersey. In fact, they are supporting the costs of the business in Jersey.

### **3.4.5 Deputy M.R. Higgins:**

A supplementary? The Minister wants us to take his statement at face value. I, for one, and other Members, would like to see evidence of that fact. Let us have more information about J.T.'s operations and any profits or losses it is making.

#### **The Connétable of St. Peter:**

J.T. publish their accounts every year and they do briefings to States Members, and all those figures and external operations are all contained within them. They are absolutely transparent for people to see in hard copy. Thank you.

### **3.4.6 Deputy J.M. Maçon:**

What has not been mentioned is that part of the fee paid as part of paying your bill to J.T., part of that factors in the cost of the billing process, so presumably with that going to online, those savings will not be passed on to the customer. Therefore, when the Assistant Minister has said: "There will be a solution found", at what cost? Because that is what my constituents are going to want to know, at what cost to them will these alternative solutions be?

#### **The Connétable of St. Peter:**

I cannot help Deputy Maçon in detail. I am assured by the chief executive they will find solutions. They will find many ways of working with people. For example, I queried them on what would happen if somebody suddenly lost their job when faced with a large J.T. bill; how would they deal with that? Would they cut them off? "No, we will work with them. If they work with us, we will find a way to extend the payment period over a year or 2 years if necessary to ensure that they are not pushed into hardship and lose that contact via a fixed-line network." I think many Members seem to be under the impression that elderly people cannot use the internet. I know many people who would be quite slighted by that comment. Many people who I meet in my Parish, 80, 90 year-old, almost more literate than I am as they are sitting down all day working on computers. I am afraid that is rather disingenuous to suggest that elderly people cannot use computers. Thank you.