

**STATEMENT TO BE MADE BY
THE MINISTER FOR TREASURY AND RESOURCES
ON TUESDAY 23RD JUNE 2015**

Statement regarding the future of JT

Sir, the Minister for Treasury and Resources has on behalf of the States the responsibility for the Public shareholding in JT. It is in that capacity that I would like to inform Members of an important development for the business which could, if agreed, result in changes to the future ownership structure.

I can confirm that an unsolicited written offer has been received addressed to the Minister for Treasury and Resources and the JT Board. The offer is from the ultimate owner of the Airtel business in the Channel Islands, Mr Sunil Bharti Mittal. Mr Mittal is the owner of Bharti Airtel an Indian multinational telecommunications company that operates in 20 countries.

The offer sets out a proposal to:

- (a) merge JT and Airtel in Jersey and Guernsey in return for a percentage ownership in the combined business; and,
- (b) to purchase an additional holding in the merged entity. This would mean the States retaining just under 75% of the shares. The strategic minority interest would amount to 25% plus 1 share of the merged business.

I recently met Mr Mittal at his request and I am satisfied that his offer is intended to develop and grow the JT business and build on his long term commitment to Jersey.

Having considered the offer, the Board of JT has confirmed that it views the offer as worthy of very serious consideration. Its reasoning for such a positive response to the significant challenges relating to scale that it faces in the market; the access to wider sales channels; and the opportunity to properly leverage the significant international capability of the Airtel business and its owners to grow JT and deliver greater value for consumers and Islanders.

Clearly this initial offer is subject to further detailed evaluation.

Consideration of such an offer raises important questions on the most appropriate ownership structure for JT, in order to balance the need for financial returns with the need to continue to meet strategic objectives in telecoms, facilitate future investment in the infrastructure and protect the interests of consumers.

The Comptroller and Auditor General in a report dated 24 July 2014 about the States as a shareholder in JT has already raised the issue of whether the States should continue to own JT in whole or in part.

Any significant changes in ownership especially resulting in consolidation in the Jersey telecoms market would require the approval of CICRA under the terms of the Competition (Jersey) Law 2005 and provisions contained in the licences of JT and Airtel.

The Treasury is now working on a firmer timeframe that will allow a full and detailed evaluation of the commercial and strategic aspects of this offer. This will involve working across government with colleagues from the Council of Ministers, in particular the Chief Minister and the Economic Development Minister. We will complete this work in a timely manner and I will update members when we have a firmer indication of likely timescales.

I have briefed the Chair of the Corporate Services Scrutiny Panel and will keep him and his panel regularly updated on progress and developments on what is clearly an interesting offer from a leading international telecoms operator.

All parties realise the importance of keeping staff and customers of both companies fully informed. Accordingly JT employees are being briefed by JT directors as I speak and I understand Mr Mittal will be briefing Airtel staff at the same time.

I know both employees and customers of JT and Airtel will want a thorough, professional and comprehensive evaluation of the offer made, leading to a swift and clear conclusion.

I can also confirm that to accept this offer or any decision to change the future ownership structure of JT would require a decision of this Assembly.