

STATES OF JERSEY



JT GROUP LIMITED: RESTRUCTURING OF ENTERPRISE (P.96/2017) – FURTHER COMMENTS

**Presented to the States on 15th January 2018
by the Council of Ministers**

STATES GREFFE

COMMENTS

On 12th October 2017, Senator S.C. Ferguson lodged [P.96/2017](#) ('JT Group Limited: restructuring of enterprise'), and on 31st October 2017, the Senator lodged an amendment to her proposition ([P.96/2017 Amd.](#)).

On 13th November 2017, the Council of Ministers presented Comments ([P.96/2017 Com.](#)), opposing the proposition, given the far-reaching nature of the proposals; in particular, the breaking-up of a States-owned company, and the absence of analysis, for example, a cost benefit analysis. It also opposed the proposition in light of the pending Telecoms Strategy, which would explore these issues.

The Telecoms Strategy, and an associated Action Plan, was subsequently published on 9th January 2018, supported by a briefing, and is available at –

<https://www.gov.je/Industry/TelecomsStrategy/Pages/index.aspx>.

It outlines, in particular, that –

“Best-practice regulatory principles indicate that more intrusive forms of regulation, such as structural separation, should be considered as instruments of “last resort”, to be used only when other (less heavy-handed) forms of regulation have not been effective in addressing market failures. Indeed, structural separation is an extreme solution as it involves a costly and risky transition that requires the creation of a wholly new company. It also results in the weakest incentives to invest and innovate for the network division (which, in turn, may require further regulatory intervention). Crucially, once implemented, the structural separation can be very expensive to undo. In the specific case of Jersey, the conditions for adopting any “heavy handed” form of intervention do not appear to be present at this time”.

In light of this, the Council of Ministers reiterates its opposition to this Proposition, believing that it does not reflect the key findings and recommendations of the Telecoms Strategy.

Statement under Standing Order 37A [Presentation of comment relating to a proposition]

These comments were submitted to the States Greffe later than the noon deadline on Friday 12th January 2018, as specified in Standing Order 37A, as final internal review processes had not yet been completed.