

**WRITTEN QUESTION TO THE MINISTER FOR TREASURY AND RESOURCES
BY SENATOR S.C. FERGUSON
ANSWER TO BE TABLED ON TUESDAY 10th SEPTEMBER 2013**

Question

What procedures, if any, are in place to ensure that JT are complying with the conditions specified by the Minister for Treasury and Resources when making the £19 million loan for the Gigabit Jersey fibre network?

Answer

Prior to answering this question, for clarity, it should be noted that there is no £19m loan to JT but rather a £10m Infrastructure Investment from the Currency Fund and an agreement to a reduced dividend from JT of £9m split across a three year period.

When agreeing to provide financial support for Gigabit Jersey (Decision Reference: MD-TR-2011-0139¹) the Minister for Treasury & Resources clearly laid out eight conditions that had to be complied with when it approved funding and it is an obligation on JT to ensure full compliance with these conditions.

The eight conditions, as contained in the Ministerial Decision, were as follows:

- JT to submit a revised Business Plan to Treasury by 31.3.2012 in order to monitor the Gigabit latest project costs. It should reflect all anticipated cost savings and revised pricing and should not be prepared on a conservative basis.
- JT to agree to cooperate with the JCRA to ensure the fibre network is accessible to other operators on a fair, equivalent and auditable basis.
- JT to provide quarterly valuations for the draw downs and confirm that the £19 million capital provided will only be used for the purpose of the Gigabit project.
- JT to agree to work with Economic Development Department on Digital Jersey to maximise the economic benefit to Jersey.
- JT to review the Business Plan with its shareholder (100% owned - States of Jersey) twice a year, at or near to the time of the AGM and the presentation of the half year financial results.
- JT to agree to not change its basis for depreciating the capitalised asset unless it receives such a recommendation from its auditors and after having informed the Minister of such a recommendation.

1

- JT to agree to establish a number of apprenticeships, bursaries and job placements for under 24 year olds in support of the States' objective to get local people into work.
- JT to notify the Minister of any significant changes to the Business Plan.

The eight obligations can broadly be split into two categories: 1) five conditions relating to submissions and meetings with the Treasury to monitor performance and delivery of the business plan; and 2) three conditions not purely related to the Treasury role as shareholder but instead focussed on ensuring that the opportunity to the Island from investing in Gigabit was exploited to the greatest extent possible.

Of the first category, there are quarterly reports submitted to the Treasury and a more full assessment and discussion of performance and business plan at the mid-year and annual general meetings.

Of the second category, these are items on which JT is continually working and include the likes of engagement with the JCRA to ensure that the network is accessible to other operators and assisting Digital Jersey as it works to maximise economic benefit to Jersey.

The Treasury has been advised that good progress has been made in resolving the initial rollout difficulties. The Treasury is now satisfied with the performance of JT and continues to work closely with the company to ensure this continues to be the case, particularly as account is taken of changes of the challenges and opportunities that arise during the course of the rollout.