

## **5. The Chairman of the Economic Affairs Scrutiny Panel regarding the progress of the review of the proposal to sell Jersey Telecom**

### **5.1 Deputy G.P. Southern (The Chairman of the Economic Affairs Scrutiny Panel):**

I will do my best with this. Members may recall that on 26th July 2006 the Economic Affairs Scrutiny Panel formed a Sub-Panel to consider the proposed sale of Jersey Telecom. The Sub Panel on Telecoms Privatisation had hoped to complete its evidence gathering by the end of December 2006 with a view to presenting its final report to the States via the main Panel in January 2007. Unfortunately, this target date was put at risk on 2nd October 2006 when the Minister for Economic Development requested that the Jersey Competition Regulatory Authority, the J.C.R.A., produced a report on the privatisation proposal with terms of reference that fell squarely within the remit of what was, by then, an established Scrutiny review. This development, coupled with the timetable to which the Treasury's own consortium of advisors were operating, put the Sub-Panel's target date in jeopardy. Towards the end of November 2006 the Sub-Panel learned that the States' Economic Adviser had been instructed to oversee the economic analysis and the key issues surrounding the structure of the sale of J.T. (Jersey Telecom) and to advise the Council of Ministers on those implications. His task was to include a review of work carried out by both the City Group consortium and the J.C.R.A. following which he was expected to produce a report of his own. On 4th December 2006, I wrote to the Minister for Treasury and Resources advising him that the Sub-Panel could not hope to present a considered and thorough report to the States unless it had been granted access to the body of evidence being amassed regarding the proposal to sell. In this case, the evidence included the findings of City Group and its associate advisors' analysis as well as the J.C.R.A.'s own report which, in turn, contained information provided in a report by Robson Rhodes. Finally, there was the report of the Economic Adviser; that is a total of 5 highly detailed reports to assimilate and evaluate. Ideally the Sub-Panel would have liked to have had the opportunity to re-interview one or 2 key witnesses following analysis of all the above reports although the Sub-Panel has been left in little doubt that any attempt to do so would have generated significant criticism from the Minister of Treasury and Resources who has for some time appeared anxious to sell-off the company in the shortest possible timeframe. In any event, I advised in my letter that the earliest possible date on which Scrutiny could conceivably present its report to the States would now be today, 30th January 2007. Scrutiny has to be afforded the opportunity to evaluate all the available evidence in order that it can fulfil its role and add value to the decision-making process. Sadly, this process has been affected by delays. The J.C.R.A. missed its deadline of 31st December 2006 by 2 weeks. Scrutiny did not receive City Group's final report until late in the day on 16th January 2007. In turn, the Economic Adviser who required these reports in order to complete his own body of work has been delayed. As of Friday, 26th January 2007 the latest communication received at the Scrutiny Office suggested that the Economic Adviser's assessment would not be available before 1st February 2007. In fact, the Economic Adviser suggested that: "I am still in the process of analysing these reports and many others and the content and nature of my advice will be determined by that work." Evaluation by Scrutiny of these final reports has been made even more critical by virtue of 2 developments. Firstly, the Sub-Panel has learnt that the Economic Adviser, officers from the J.C.R.A., members of the board of Jersey Telecom, members of the City Group consortium and an officer from the Treasury attended a meeting on 6th December 2006. The agenda for that meeting included a discussion of the economic implications and the objectives of the J.T. sale. Scrutiny has been told that no minutes, file notes or summaries of that meeting exist. Second, the Sub-Panel has been unable to establish the fee structure under which the City Group consortium will be paid in the event that the States decides to sell. The Panel wishes to advise the Assembly that the report prepared by the Sub-Panel will be presented to the States as soon as possible following receipt and analysis of the Economic Adviser's report. Scrutiny trusts that the Minister for Treasury and Resources will then take into account the findings and recommendations of the report produced by the Sub-Panel before lodging his own proposition. In the intervening period the Sub-Panel

hopes that Members will appreciate that the short delay in completing this considerable body of work has not been of its own making.

**The Deputy Bailiff:**

Are there any questions arising out of that? Very well.