

Economic Affairs Scrutiny Sub-Panel (Telecoms Privatisation)

PUBLIC MEETING

Record of Meeting

Date: 12th October 2007

Meeting Number: 14

Present	Deputy G. P. Southern, Chairman Deputy J.G. Reed Deputy G.C.L. Baudains Deputy J. A. Martin
Apologies	
Absent	
In attendance	Mrs. E. Kingston-Walsh, Scrutiny Officer

Ref Back	Agenda matter	Action
1.	<p>Timescale The Sub-Panel noted the debate date for the Proposition P153/2007 Jersey Telecom: Proposed Sale was 20th November 2007.</p> <p>The Sub-Panel considered that the given date would not give sufficient time to do justice to a 292 page Proposition. The Sub-Panel agreed that a full review of the Proposition was needed to assess if the Sub-Panel's previous recommendations had been accurately and appropriately addressed.</p> <p>The Sub-Panel considered the balance between JT's need for certainty and the workload required to assess the feasibility of the promises with in the sale principles.</p> <p>The Sub-Panel agreed that the Chairman would approach the Treasury Minister with a polite request to defer the debate on the grounds that it is a significant proposition and that the review into the efficiency and resources of the JCRA was still outstanding.</p> <p>The Sub-Panel agreed that if the polite request was unsuccessful it was to consider requesting a 'reference back' for more information. It further considered preparing a Statement to the Assembly on the 23rd October 2007 and a press release to voice its concerns at the November debate date, additionally writing to all State Members was considered.</p> <p>Deputy Martin agreed to present a Statement to the States on 23rd October 2007 if the Chairman's polite request a delay to the debate was refused.</p> <p>The Sub-Panel agreed that Deputy Baudains would highlight the main issues of concern within the proposition and prepare a reference back speech.</p>	<p>GPS</p> <p>JM</p> <p>GB</p>

The Chairman informed the Sub-Panel that he was unavailable for 2 weeks from the 20th October 2007 due to off-island States business. Deputy Martin informed the Sub-Panel that she was unavailable from the 27th October to 3rd November due to off-island States business.

Due to the tight timescales and the Chairman's other Scrutiny commitments the Chairman offered the Chairmanship of the Sub-Panel to the Members.

Proposition: Main Areas of Concern

The Sub-Panel considered the proposition P153/2007 and established that the Sub-Panel's recommendations had not been met. It agreed that henceforth the Sub-Panel opposed the Sale.

The Sub-Panel considered the following 3 main issues:

- JT as an asset
- Responsibility of the infrastructure
- JCRA's ability to regulate

The Sub-Panel was concerned that the JCRA was not able to provide the level of control indicated by the Treasury Minister. The difficulties faced by the JCRA in resolving the number portability issue was given as an example.

The Sub-Panel considered that the JCRA would have little power regarding the merger of two local operators, if the merger resulted from that of the two parent companies outside this jurisdiction.

The Sub-Panel discussed concerns regarding the ability of RUDL to protect the islands skill base. It considered that in the event of a sale it is highly likely that some skill areas would be outsourced. It further considered that the outsourcing of jobs would reduce income tax revenues and result in economic leakage.

It further considered that the sale of JT will increase licence fees.

The Sub-Panel discussed concerns regarding the sale of JT on Strategic grounds and recalled the steering group's opinion that there was insufficient benefit to base the Sale of JT upon a need to grow the Strategic reserve.

The Sub-Panel recalled concerns regarding the subsequent release of control of the telecoms infrastructure which is fundamental to the Island's economy.

The Sub-Panel considered the legal validity of the proposed restrictions on the sale and agreed that legal advice was required to assess the following areas:

- Contract Law – onward sale, gearing controls
- Pensions implications
- RUDL and the local skills base
- UK regulatory practice

The Sub-Panel considered that a legal advisor was required to look at the Ministers assurances in the light of Jersey Law,

GPS/ EKW

	<p>Employment and Business Law, RUDL.</p> <p>JCRA Review: The Sub-Panel recalled that the steering group concluded that the JCRA required a range of additional powers to increase regulatory effectiveness and that 'a review of the effectiveness of the way in which JCRA operates in terms of regulating telecommunications in Jersey' should be undertaken. The Sub-Panel considered that the review was fundamental to the decision making process and that a debate on the sale of JT prior to the completion of the review was unwise.</p>	
<p>3.</p>	<p>Way Forward The Sub-Panel needed to investigate the areas of concern that the Minister claims to have addressed and assess the validity of the proposed controls.</p> <p>The Sub-Panel considered that the Minister has not seriously addressed the concerns raised by the Sub-Panel and the reservations of the steering group.</p> <p>The officer was directed to review the Oxera report in line with the Sub-Panel's recommendations.</p> <p>The Officer was directed to contact the Sub-Panel's previous advisor to request further assistance.</p> <p>The Sub-Panel considered that the efficiency and resource review of the JCRA should be undertaken prior to the debate to sell JT. It noted that the terms of reference for this review had not been finalised. It further noted that the draft terms of reference appeared very wide and that its efficiency as a telecoms regulator was not included.</p> <p>The officer was directed to establish when the proposed review was to be undertaken and when the terms of reference would be finalised.</p> <p>The Sub-Panel agreed to prepare written questions to the Treasury Minister regarding the proposed terms of reference of the JCRA and the timing of the sale debate prior to the review being undertaken.</p> <p>The Sub-Panel considered the need for written correspondence with the Minister for Economic Development in connection with draft terms of reference and timings of the JCRA review.</p> <p>The Sub-Panel considered drafting a report stating its concerns in connection with the sale of JT.</p> <p>It further considered examining the Jersey Electric Company model which was understood to be a 50% sale.</p> <p>The Chairman agreed to request further funding from the Economic Affairs Scrutiny Panel to cover the potential costs of the reinstatement of the advisor David Parker or a suitable replacement if he is unavailable and for legal advice.</p> <p>Deputy Baudains requested documents relating to JCRA and</p>	<p>EKW</p> <p>EKW</p> <p>EKW</p> <p>EKW</p>

	competition regulation. The officer was directed to take the appropriate action.	

Signed

Date:

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Chairman
Economic Affairs Scrutiny Sub-Panel (Telecoms Privatisation)