

MessageFrom: Geoffrey Southern
Sent: 11 September 2006 08:16
To: Ian Clarkson
Subject: FW: Sale of Jersey Telecom Group (JTG)

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From: Phil Sydor
Sent: 08 September 2006 14:22
To: Geoffrey Southern
Subject: Sale of Jersey Telecom Group (JTG)

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Dear Deputy Southern,

First of all - many thanks for organising the meeting last night. It was well attended and many of the comments made were well thought out and relevant to the sale of JTG. It looks like Senator Le Sueur has a very difficult task on his hands to satisfy his legal obligations to obtain the maximum from the states holdings whilst still supporting JTG and its staff.

My overriding concern following the letter I wrote to the scrutiny panel is now centred on the role of the JCRA! And I would like to ask a few questions for your consideration:

1. Why have the JCRA been allowed to give out 4 mobile licences in such a small market?

The UK has only 5 and they have 60,000,000 people. It would appear that their remit has not been defined clearly enough. They should only have been allowed to give at most one additional licence to the JTG licence. The overall effect will be a severe curtailment of essential services in the future with rising costs. Any new company setting up in the island will not want to lose money, with 4 players the market share they will enjoy could be $80,000/4 = 20,000$ which is clearly insufficient to run any serious GSM service. New companies will also "cherry pick" and only offer the most lucrative aspects of the GSM system leaving JTG to service the less lucrative elements which will further erode the level of service currently being offered by JTG. Can the scrutiny panel demand that the JCRA justify the stance they have taken over the number of licences issued? Competition is good, but in a limited pool it can kill many of the competitors and be self defeating in the end.

2. How much investment has C&W really put in to Jersey?

Senator Le Sueur indicated that they were investing heavily, especially with advertising their services. It would appear that whilst they may well have advertised their proposed services and spent a considerable sum doing so, have they spent as considerable a sum on the GSM infrastructure as stated in the JEP recently? I have not seen any C&W vans installing antennas and base stations around the island, can you assure me that they are actually installing a complete island wide GSM service?

3. Any law passed as a result of a sale of JTG can only be honoured by a prospective buyer if the market conditions allow and the company remains solvent! It is unfortunate that no one in the States can guarantee the level of service that will be offered to us in the future. Any purchaser will always offer mitigating circumstances which the States will be powerless to check or counter. What will the scrutiny panel do regarding this very difficult issue?

4. Can the scrutiny panel investigate other methods of selling JTG? e.g. selling a

portion to employees, another to an investor such as 3i, and maybe another to the local population. JTG is profitable and will remain so as long as any competitive requirements have been fairly created. There may well be other sales methods which would work, would the scrutiny panel find out the best mechanisms for selling JTG without giving up the family silver?

5. Very little mention was made of other telecom companies in smaller jurisdictions. I know of the Manx telecom sale, which seems on the surface very successful. Is this the case? Can the scrutiny panel find out the full details of the sale, price achieved, employee conditions and whether there were any job losses? Has the level of service in the Isle of Man improved? Have prices dropped? Is the population happy with the outcome? Are the employees happy with the outcome?

Thank you for taking the time to read this, and thank you for all the hard work you and your colleagues do on behalf of us.

Kind regards

Phil Sydor