

2018.12.03

2 Senator S.C. Ferguson of the Minister for Treasury and Resources regarding the 5G network: [OQ.216/2018]

Will the Minister as shareholder representative request J.T. (Jersey Telecom) to specify the number of firms which tendered for the 5G network contract? Was the contract decision discussed with either the Treasury's Investment Oversight Group or the Telecommunications Policy Group and, if not, why not?

Deputy L.B.E. Ash (Assistant Minister for Treasury and Resources - rapporteur):

I shall be answering this one on behalf of the Minister for Treasury and Resources. It is worth noting that 5G is just the evolution of the previous mobile technologies. I am no great expert on mobile technologies such as 4G, 3G and 2G, but it is merely in a linear process. It is the core network infrastructure that is the key decision point for network operators, and J.T. last went to tender for new mobile infrastructure in 2013 when 8 network vendors were invited to tender and from which J.T. chose a single provider that best fitted its requirements. That being the case, there was never an intention to tender for a 5G network contract as it is simply an extension of radio equipment that uses the existing core network. As the radio equipment must integrate seamlessly with the core network, using an alternative supplier would be a high-risk strategy with potentially significant service-related impacts. There was, therefore, no requirement to discuss with the team in Treasury and in any case this is a matter that sits squarely with the board of directors of J.T. that have been put in place to run that company, as the Senator is no doubt aware having been provided with a copy of the memorandum of understanding in place between Jersey Telecom and the Minister for Treasury and Resources. While updates are provided on key issues, this does not extend to input on operation or network-related decisions.

3.2.1 Senator S.C. Ferguson:

A supplementary: is the shareholder representative not aware of the increasing requirements for security of data and the concerns about Chinese equipment raised by the U.S. (United States), G.C.H.Q. (Government Communications Headquarters), the Australian Government, the New Zealand Government and Germany as highlighted in the *F.T. (Financial Times)* this week? Is the shareholder not aware of these concerns and does the shareholder not consider that they ought to have thought about it?

Deputy L.B.E. Ash:

The shareholder is aware of these concerns and I thank the Senator for reminding us but we are aware. Detailed discussions and meetings took place with the U.K. (United Kingdom) Government's General Communications Headquarters, or G.C.H.Q. as it is known in Cheltenham, and the National Cyber Security Centre, N.C.S.C., prior to signing agreements with ZTE, who are the Chinese provider in question. These were done in 2014 and as matters have developed these updates have continued. The content of these discussions will obviously remain confidential but the advice given was fully taken on board by Jersey Telecom.

3.2.2 Deputy K.F. Morel:

With regard to the M.O.U. (memorandum of understanding) signed by J.T. and ZTE, would the Assistant Minister confirm whether J.T. are happy with the idea of building a single network for all mobile operators to use in the move to 5G or is J.T. going it alone?

Deputy L.B.E. Ash:

At the moment I would not be able to comment on whether or not... that was not part of this question. As far as I am concerned. J.T. have always tried to facilitate other users within their 4G product and will continue to do so within their 5G.

3.2.3 Senator S.C. Ferguson:

Is the shareholder representative not aware that the other telecoms companies are making very little use of the fibre network installed by J.T. and, therefore, J.T. is not getting best value for the installation? Obviously, it is not, as I say, getting best value for it and probably will be making a loss on it in due course.

The Deputy Bailiff:

Senator, the question was designed relating to tendering. It was not designed relating to use of the network and I think I will disallow that question.