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NEWS RELEASE

Treasury Minister lodges proposition for the sale of Jersey Telecom

Jersey's Treasury and Resources Minister Senator Terry Le Sueur today announced his proposals for the sale of Jersey Telecom.

The proposals take the form of a detailed Report and Proposition, lodged for debate by the States in April.

Senator Le Sueur believes that the States' ownership of Jersey Telecom is no longer a wise investment for Jersey and that there would be greater benefit for the Island if the firm was sold. Today, Senator Le Sueur said: "Jersey Telecom is a well-run, efficient and attractive company with a good track record which has brought great benefit to Jersey over the years. However, it is now faces strategic challenges which could be better addressed if it was part of a bigger, independent organisation."

The sale of Jersey Telecom has been considered from every angle and the Minister has consulted widely in reaching his conclusions. This has involved considering what form the sale should take and whether the JT group should be sold as a single organization or broken up. He is proposing that the sale should be a competitive process which is open to all interested parties. This would include telecommunications industry buyers, financial [or institutional] investors and "alternative" investor groups (including any group

representing local investors). He also believes that selling the whole company will give best value to Jersey and greatest security to JT employees.

The proposition to sell is based on four key principles which any bidder for Jersey Telecom will need to meet. Any sale must support Jersey's economy; provide the best possible prospects for the long term growth and development of Jersey Telecom; ensure that the rights of Jersey Telecom's employees are safeguarded and achieve the best sale price so that the funds can be reinvested by the Treasury on behalf of taxpayers.

Senator Le Sueur said: "Protecting the interests of customers in Jersey has been a major consideration for us. This includes both members of the public and those involved in our financial services industry, which depends increasingly on first class telecommunications links. I believe that we have a good framework in place to ensure the protection of consumer interests, also the maintenance of essential infrastructure and the promotion of competition. In other words, the interests of consumers will be well protected."

Jersey Telecom's employees are considered to be key to the continuing success of the company and protecting their rights is a primary consideration in any sale. However, the proposition concludes that delaying the sale process in order to adopt TUPE style employment protection legislation in Jersey is unnecessary and not in the best interests of either the company or its employees.

But possibly the biggest reason for selling JT now is the opportunity to gain a very large sum which can be safely invested on behalf of the people of Jersey. This would become part of the rainy day fund, and be an insurance policy which could be called upon if Jersey should suffer economic downturn in the future.

Commenting, Senator Le Sueur said: "I believe these proposals are in the best interests of the States, Jersey Telecom and its employees, the Island and its people. They will allow the company to develop and compete with other global players. This in turn will improve employment opportunities for people in Jersey in an exciting, rapidly developing industry. The sale will also provide new opportunities for strategic investment by the States and ensure the continued provision of world class telecommunication services to the Island."

States members are to be asked to debate the proposition on Tuesday 17 April.

A full copy of the proposition will be made available from the States website, www.gov.je/TreasuryResources and from the States Bookshop at Morier House.

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For more information contact Senator Le Sueur, telephone 863994, or Ian Black, States Treasurer, telephone 440215.