



**AIMS AND OBJECTIVES
JANUARY TO DECEMBER 2006**

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Introduction

This document sets out the JCRA's main aims and objectives for 2006 across the various areas of its activity. We believe our stakeholders, in particular Jersey consumers and businesses, should know what we are planning to do, and why we are planning to do it- so they can take this into account in their own planning. That is the purpose of publishing this document. The JCRA will keep its aims and objectives under review, and new aims or objectives, or actions to implement the objectives, may be added as the year progresses.

The proposed aims and objectives were published in draft form in November 2005, in order to seek interested parties' views on them before they were finalized. This was not only intended to ensure transparency, but also to give our stakeholders a real say in what aims and objectives the JCRA should set itself.

In the light of the responses to the consultation, and market developments since the draft was published, we have made certain changes to the draft which are incorporated in this version. An explanation of these changes is contained in the Annex.

The JCRA's Functions

Economic Regulation

In common with many jurisdictions in the European Union and further afield, the States of Jersey has decided to give its telecommunications and postal organisations, Jersey Telecom and Jersey Post, the freedom to act commercially in a fast moving environment, by incorporating them as companies, currently wholly- owned by the States. The States also decided to withdraw the statutory monopolies which Jersey Telecom and Jersey Post had previously enjoyed to allow for the possibility of competition in these sectors. The JCRA was given the task of ensuring that these organisations continue to satisfy all current and prospective demands for services, while promoting competition where possible. We do this primarily through the conditions of the licences granted to each organisation, which it is our responsibility to issue and enforce.

Competition Law

As well as its role as regulator of the telecommunications and postal sectors, the JCRA is responsible for administering and enforcing the new Competition (Jersey) Law, which entered fully into effect on 1 November 2005. The aim of the Competition Law is to promote competition for the benefit of consumers, by prohibiting anti-competitive or exploitative behaviour in the market, such as price-fixing and abuse of market power.

Advisory

We advise the Economic Development Minister and other Ministers and Departments from time to time on matters of economic regulation and competition. Under the Competition (Jersey) Law, this will include the ability to advise on whether any aspects of Jersey legislation sponsored by the relevant Minister/Department is producing anti-competitive effects which are more harmful to consumers than the benefits the legislation is aimed to achieve.

Aim 1: to create a competitive environment in the telecommunications sector which enables users to benefit from greater choice and value for money

<u>Objectives</u>	<u>Actions</u>	<u>Target Dates</u>
Facilitate new entry to telecommunications markets in Jersey	Assess any telecoms licence applications, award licences where appropriate	January to December
Ensure that Jersey Telecom ('JT') allows other operators to interconnect with its fixed network.	Monitor the progress of negotiations between JT and other operators on the terms of interconnection, with a view to resolving any difficulties.	January/February
Introduce competition and advanced services in the mobile sector	Assist Ofcom in the award of spectrum licences for 3G and 2G services	January to April
Ensure any new mobile entrant(s) can compete with JT on a level playing field	Finalise position on mobile number portability	April
	Monitor negotiations between JT and new entrant(s), intervene where appropriate	January to December
Investigate practices by operators which may contravene licences and take effective remedial action.	Complete current investigations and take final positions on whether there is any licence infringement.	January to March
	Investigate any new suspected licence breaches.	January to December
Ensure that JT publishes separated accounts for each of its businesses, helping us to ensure fair competition.	Monitor JT's compliance with the Direction on Accounting Separation, take action where appropriate	January to December
Promote innovation and competition in broadband services	Assess market situation in the light of responses to the Consultation Paper on Future Broadband Strategy and current compliance investigation. Consider whether regulatory intervention appropriate	April to July
Review appropriateness of price caps on JT's fixed and mobile services	Issue Consultation Paper, assess responses, decide on next steps	September to December

Aim 2: to set the new Regulatory Framework for Postal Services, following the Transfer of Jersey Post to a Commercial Environment

<u>Objectives</u>	<u>Actions</u>	<u>Target Dates¹</u>
Protect postal users from potentially excessive postal charges	Conduct efficiency review of Jersey Post	March to August
	Conduct a review of Jersey Post's costs, including the cost of the Universal Service Obligation	September to December
	Decide (following consultation) whether to impose a cap on Jersey Post's postal charges, and if so what services should be included and how the cap should be calculated .	Consultation document to be published in September, decision in December
Protecting the integrity of mail	Review JP's mail protection procedures	June to July
Assess JP's dominance in postal markets in Jersey	Review of dominance in Jersey postal market	Consultation document to be published April
Ensure JP is providing excellent quality of service to postal users in Jersey	Assess JP's Development & Service Plans re: Quality Of Service targets	JP to submit Plans by end May. Consultation document to be published June. Targets to be developed by July
Ensure user disputes are dealt with properly and fairly	Review JP's Consumer Code	June/July
Assess scope for introducing competition in postal services (if and to the extent that this is consistent with the JCRA's duties under Article 8(1) of the PSL)	Review any applications for new licences	On-going

¹ These dates assume that Jersey Post will be incorporated and licensed on 1 March 2006, but this is subject to a decision by the States.

Aim 3: to ensure compliance by businesses with the Competition (Jersey) Law 2005

<u>Objectives</u>	<u>Actions</u>	<u>Target Dates</u>
Investigate suspected infringements of the Law following complaints, or on own initiative	Investigate cases in accordance with legal powers and duties, priorities and internal processes; take appropriate decision when investigation is complete.	January to December
Deal with applications for exemption of potentially anti-competitive agreements	As above	January to December
Deal with applications for approval of mergers and acquisitions	As above	January to December
Deal with requests for guidance on possible anti-competitive arrangements / abuse of dominant position	Process requests in accordance with legal powers and duties, priorities and internal processes; issue appropriate guidance.	January to December
Ensure understanding by businesses and consumers of Competition (Jersey) Law.	Review need for further guidelines on various aspects of the Law, to help businesses comply with it, and to enable businesses and consumers to understand the remedies open to them.	January to December
	Update seminars for businesses and consumers.	June to December

Aim 4: to review competition effects of States Legislation

Monitor proposed States legislation and review existing States legislation for potential effects on competition and advise relevant Committee	Deliver advice where appropriate to the relevant Committee, in accordance with priorities	January to December
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Aim 5: to implement our core values

Ensuring sufficient transparency to improve understanding of the JCRA's work	Publish our compliance investigation procedures	February
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Annex: changes from the Draft Aims and Objectives published on 16 November 2005

1. As in 2005, we will be looking at how our core values- fairness, accountability, proportionality and efficiency- are reflected in our operations. Transparency is one aspect of fairness, and we believe it would be helpful for businesses (and in where relevant consumers) to have a guide on our procedures in compliance investigations under the Competition (Jersey) Law, the Telecommunications (Jersey) Law and (once it is implemented) the Postal Services (Jersey) Law. We intend to publish this guide in February 2006. An express reference has been made to this matter under Aim 5 ‘to implement our core values’.
2. Under Aim 1 (telecommunications), we have deleted the reference to local-to-local calls, since the objective covers interconnection generally.
3. Also under Aim 1, we have amended the action point and target date in relation to the objective ‘promote innovation and competition in broadband services’. In the light of market developments since the draft was published, we believe that an announcement of a strategy on broadband in January (as initially proposed) may be inappropriate, or at least premature. Our broadband strategy may be influenced by the way in which Jersey Telecom configures or constructs its ‘next generation network’ (i.e. a network based on internet protocol); the impact of the recent significant price reductions in retail broadband services; and our ongoing investigation into JT’s broadband costs and prices (in which we are hoping to reach a conclusion by March). We have decided that it would be preferable to await and assess the outcomes of these developments before considering, in the period from April to July, whether, and if so what, further regulatory intervention by the JCRA is appropriate in this sector.
4. Also under Aim 1, we have decided to postpone the review of the appropriateness of price caps on JT’s fixed and mobile services (originally proposed for April to July) until September to December. On further consideration since the draft was published, we decided that it would be appropriate for us to assess information to be provided to us by JT under the Direction on Separated Accounts (issued by the JCRA last year) before conducting the price cap review.