



Telecommunications Statistics Market Report 2012

Information Note

Channel Islands Competition and Regulatory Authorities

Document No: CICRA 15/38

September 2015

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1. Channel Islands Telecoms Markets – Introduction

This report presents statistics on the telecommunications sectors in the Bailiwick of Guernsey and Jersey, based primarily on data submitted by licensed operators in quarter 4 of 2014, and covering the calendar year 2012.

This report is published by the Channel Islands Competition and Regulatory Authorities (CICRA)¹, which is the name given to the Guernsey Competition and Regulatory Authority (GCRA) and the Jersey Competition Regulatory Authority (JCRA). These are the economic regulators in the Channel Islands for the telecommunications sector. Until the publication of this report, covering the calendar year 2012, the GCRA and the JCRA published statistics in respect of Guernsey and Jersey individually.

CICRA initiated a project to review the statistics the GCRA and the JCRA collected on the telecoms markets in Guernsey and Jersey with the objective of providing comparable statistics on the telecoms sectors across the Channel Islands on an annual basis.

Following extensive stakeholder consultation, CICRA has updated the data collection questionnaire to refine this and subsequent reports to meet the changing needs of the telecoms industry in the Channel Islands and key stakeholders. Consequently, users of this report need to bear in mind that the figures shown here for 2012 are not necessarily comparable with data published in previous years in either Guernsey or Jersey.

The data contained within this report has been provided by operators using an agreed a set of data definitions. CICRA has not audited the data provided. The accuracy of the data is the sole responsibility of the operators.

CICRA would like to thank JT, Sure, Airtel-Vodafone and Newtel, for their contribution to this report.

¹ CICRA had an oversight role in the compilation of this report. It outsourced the data collection, analysis and report preparation to Laurasia Associates Limited.

2. Executive Summary

Overall telecoms sector

In Guernsey in 2012 the main operators offering telecoms services were Sure (the incumbent offering a full range of services, i.e. fixed, mobile and broadband, JT (offering mobile and broadband services) and Airtel (offering predominantly mobile services).

In Jersey in 2012 the main operators offering telecoms services were JT the incumbent offering a full range of services, i.e. fixed, mobile and broadband, Sure (offering mobile and broadband, Airtel (offering predominantly mobile) and Newtel (offering predominantly broadband).

Total turnover in 2012 from the telecoms industry in the Channel Islands, (including fixed, mobile, internet, the sale of handsets and the provision of data hosting services), was £186.6 million, equivalent to 3.3% of total GDP in the Channel Islands². Comparison with 2011 indicates a significant increase over the 2011 figure of £125 million or 2.2% of total Channel Island GDP. However the definition of total turnover has changed and is broader for 2012 so the results are not directly comparable.

Across the Channel Islands the telecoms industry employed 673 full-time equivalents in 2012, compared to 664 in 2011.

The telecoms industry contributed £16.7 million in corporate, staff and social taxes, (including GST payments in Jersey) to the islands' exchequers.

During 2012, the operators invested £38.5 million in capital projects, (£7.5 million in Guernsey and £31 million in Jersey). The single biggest area of investment was the expansion and enhancement of the fixed access network infrastructure.

Overall subscriber volumes reduced marginally from 359,000 in 2011 to 356,000 in 2012. Both islands saw a reduction of the mobile subscriber numbers (4% in Guernsey and 9% in Jersey) in the period, but Guernsey fixed and Guernsey and Jersey broadband subscriber numbers increased. Jersey fixed subscriber numbers dropped by 5%.

Overall call minutes dropped by around 3% compared to 2011. Mobile call minutes increased by 5.6% compared to a corresponding drop of 8.1% in fixed call minute volumes.

Consumer snapshot (section 3)

Consumers in Guernsey spent £72.66 per month per household on telecommunications services, compared with £86.89 (ex GST) in Jersey (20% higher)³. For Guernsey consumers, 37% of their monthly spend or £27.20

² Guernsey's 2012 GDP - £2.0bn (Source - Guernsey Facts and Figures 2013 - The States of Guernsey Policy Council Policy and Research Unit) Jersey's 2012 GDP - £3.635bn (Source - Measuring Jersey's Economy GVA and GDP – 2013 - Statistics Unit: www.gov.je/statistics)

³ It is assumed that the telecommunications services used by each household, comprises on average, two mobile phones, one fixed line and one broadband subscription.

was spent on fixed voice and broadband products. In Jersey, fixed voice and broadband services made up around 43% of the monthly spend or £37.09.

In Guernsey, households sent more text messages (SMS) (198 a month) than Jersey households (179 a month) and made more mobile calls (98 a month) compared to Jersey households (90 a month). However, Jersey households made significantly more fixed line calls (76 a month) compared to Guernsey households (47 a month) and consumed more mobile data (420MB per Jersey household, compared to 294MB per Guernsey household). On a monthly basis, Jersey consumers spent more time making calls from their fixed lines (246 minutes) compared to 145 fixed line call minutes used by the average consumer in Guernsey.

Competitive Market Environment (section 5)

The telecoms market environment across the Channel Islands changed little between 2011 and 2012. The Islands issue licences differently. In Guernsey licences are issued for the services offered, i.e. fixed and/or mobile services, whereas in Jersey licences are issued dependent upon to licensees anticipated level of impact on the telecoms market. In Guernsey, one additional fixed licence was issued (Ytel Ltd), but the number of mobile licensees remained the same at 3. In Jersey there was no change to the number of licences in issue between 2011 and 2012 (23 over three classes).

Fixed line market (section 6)

During 2012 there was no significant competition in the landline market in the Channel Islands with the incumbent operator in each island (Sure in Guernsey and JT in Jersey) as the only operators offering the full range of fixed services in each island.

In Guernsey, operators reported a significant drop in the number of minutes (2012, around 93 million minutes, compared to 115 million minutes, 2011) originated on fixed networks year on year despite the reported increase in subscribers. In Jersey the decrease in traffic was marginal (2012, around 181 million minutes, compared to 182 million minutes, 2011) despite a larger decrease in subscribers.

In Guernsey there were 85 fixed voice lines per 100 inhabitants compared to 62 fixed voice lines per 100 inhabitants in Jersey.

In both islands, around 60% of call minutes were made within the islands, although the proportion of call minutes that were on-net (calls to fixed and mobile numbers on the same network) was higher in Guernsey (51%) than Jersey (45%). Call traffic from Guernsey to the UK was 26% of total call traffic, compared to 33% of calls made from Jersey.

Average revenue per fixed voice and broadband subscription in Guernsey was £27.20, compared to £36.01 in Jersey.

Mobile market (section 7)

Demand for mobile (mobile subscriptions per 100 inhabitants) was 103 subscriptions in Guernsey and 121 subscriptions in Jersey, this compared to 130 subscriptions in the UK⁴. Despite the growth in subscriber number seen in previous years, in 2012, operators reported mobile subscriber numbers were decreasing for the first time.

In Guernsey, the number of minutes (2012, around 72 million minutes, compared to 70 million minutes, 2011) originated on minutes networks and Jersey (2012, around 132 million minutes, compared to 123 million minutes, 2011), continued to grow, despite the reported reduction in mobile subscriber numbers, representing 43% of the total number of minutes originated on both fixed and mobile networks, which compared to 54% in the UK⁴. Similarly SMS usage increased across both islands, with each subscriber in Guernsey sending 1185 SMS per annum (1174 in 2011) and Jersey subscribers sending 1073 SMS per annum (981 in 2011).

Average revenues (ARPU) per subscriber varied between Guernsey and Jersey between 2011 and 2012. In Guernsey, ARPU dropped for both pre-pay £9.81 (£11.08 in 2011) and post-pay £33.81 (compared to £37.65 in 2011). In Jersey, ARPU reduced for pre-pay £8.23 (£8.50 in 2011) and but increased for post-pay £42.61 (£37.49 in 2011).

In 2012, Channel Islands consumers spent around £10.6 million using their mobile services whilst roaming abroad (Out Roaming) and visitors to the Channel Islands spent a further £3.8 million roaming on the Channel Islands networks (In Roaming).

A total of 4,832 mobile numbers were ported in 2012, representing 2.61% of the total Channel Islands mobile subscriber base. The majority of porting activity was seen in Jersey where 3,676 (3.04%) numbers were ported, compared to Guernsey, where 1,156 (1.77%) numbers were ported. Whilst the average porting level aligned to the average seen across Europe, it was significantly behind the competitive markets of Denmark, France and Italy, where porting activity was between 8% and 12% of the active subscriber base⁵.

The average times to port were 55.9 hours in Guernsey, compared to 39.9 hours in Jersey. The average timeframes were lower than the average porting time reported across Europe of 3.1 days (74.4 hours)⁵.

Broadband market (section 8)

The broadband⁶ market continued to show steady growth, in particular in the number of subscribers. Broadband penetration rate per household was 84% in Guernsey and 81% in Jersey, compared to 72% for the UK⁷.

⁴ OFCOM Communications Market Report 2013, Figure 5.42 – 2013 - Total number of UK mobile subscriptions was 82.7 million. UK population in 2012 was 63.7 million, source World Bank.

⁵ Number Portability Implementation in Europe based on a survey of CEPT Member Countries - CEPT/ECC Working Group Numbering & Networks - 14 March 2014

⁶ For this report, we use the terms 'broadband' and 'internet' interchangeably to refer to internet access services provided on fixed lines. Beside broadband, dial-up services also provide access to the internet but they are becoming negligible in number

92% of Channel Islands consumers subscribe to broadband services offering download speeds of 2MBs or more, but average speed available in each island differed significantly.

Across the Channel Islands, 98% of broadband services were provided by ADSL copper based delivery technologies, with around 20% of subscribers supplied on a wholesale basis via a service provider which was not the incumbent operator in the respective island.

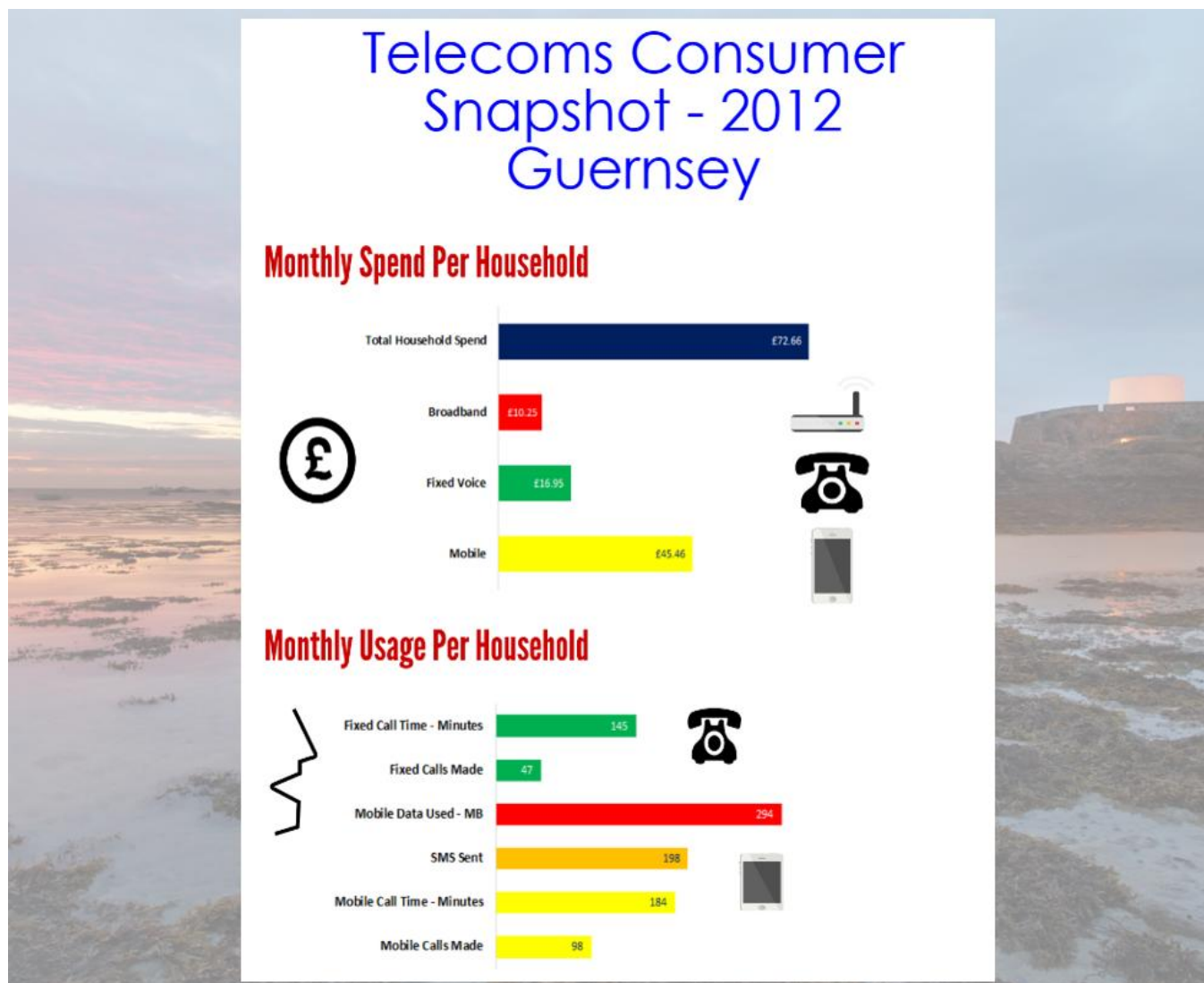
⁷ OFCOM Communications Market Report 2015, Figure 5.55

3. Consumer Snapshot

The Consumer Snapshots provide a headline view of consumer use of telecoms services in Guernsey and Jersey.

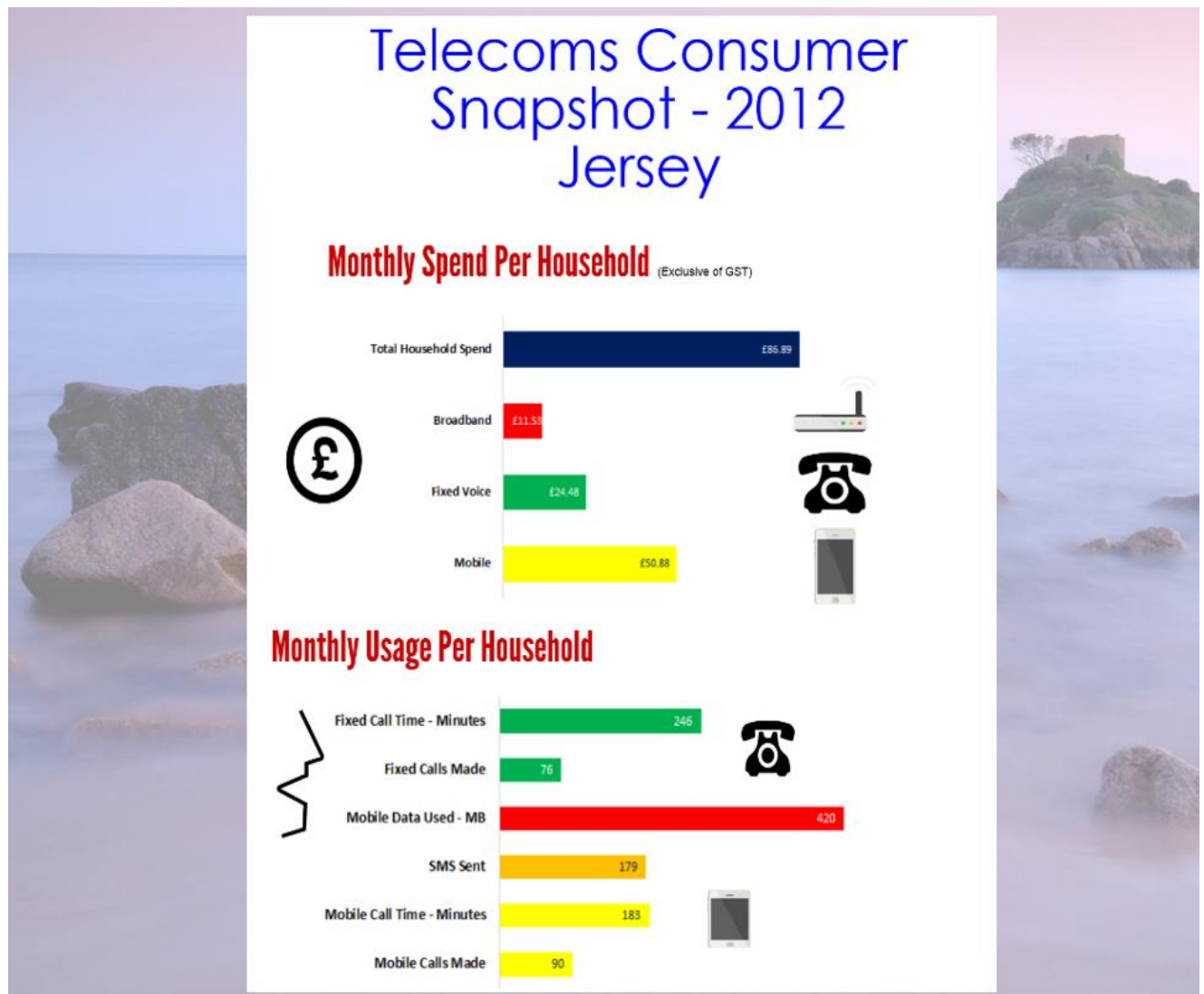
Guernsey Consumer Snapshot

Figure 3.1 Guernsey Consumer Snapshot – 2012



Source: CICRA Industry Questionnaire, October 2014

Figure 3.2 Jersey Consumer Snapshot – 2012



Source: CICRA Industry Questionnaire, October 2014

4. Economic Impact of the Telecoms Sector

This section presents general data about the Jersey and Guernsey telecommunications sectors, based primarily on data submitted by licensed operators in response to a CICRA questionnaire, covering the calendar year 2012.

As noted in the introduction, statistics are comparable across the Channel Islands but should not necessarily be compared with data produced separately in the past for the individual islands.

Total Turnover for retail telecommunication services in Guernsey and Jersey

Total turnover in 2012 from the telecoms industry in the Channel Islands, (including fixed, mobile, internet, the sale of handsets and the provision of data hosting services⁸) was £186.6 million: £70.2 million in Guernsey and £116.4 million in Jersey.

The telecommunications sector represents 3.5% of GDP⁹ in Guernsey and 3.2% of GDP in Jersey. This compared to 2.1% in the UK.¹⁰ The total sector turnover of £186.6 million, when compared to the combined GDP for the two islands of £5.659 billion, showed the telecoms sector generated equivalent to 3.3% of the total GDP in the Channel Islands. This showed a significant increase over the 2011 figure of £125 million or 2.2% of total Channel Island GDP¹¹.

The growth may be explained that the 2012 turnover figures are based on the operator's total Channel Islands revenues which it is understood includes the revenue for other on island provided services including data centre products, which were not included in the 2011 report.

Figure 4.1, below shows the turnover reported by the operators across Guernsey and Jersey for the different market sectors. The fixed and mobile figures for both retail and corporate turnover include revenues from both voice and data services.

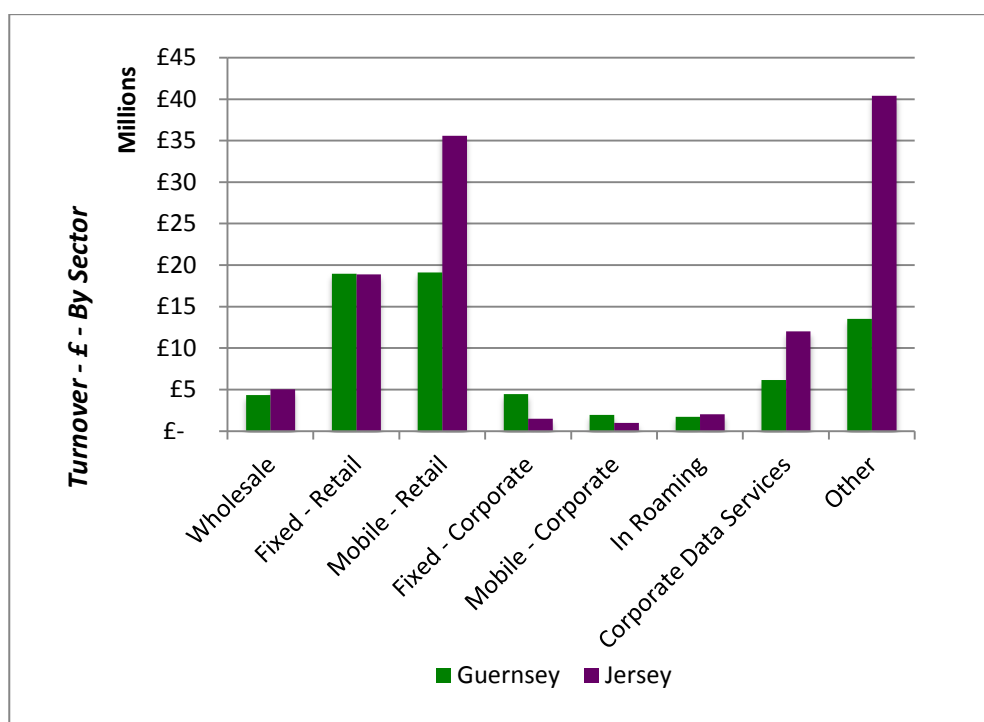
⁸ The revenue for data hosting services in both islands is believed to be included in the overall operator turnover figures.

⁹ Guernsey's 2012 GDP - £2.0bn (Source - Guernsey Facts and Figures 2013 - The States of Guernsey Policy Council Policy and Research Unit) Jersey's 2012 GDP - £3.635bn (Source - Measuring Jersey's Economy GVA and GDP – 2013 - Statistics Unit: www.gov.je/statistics);

¹⁰ OFCOM Communications Market Report 2014, Figure 5.1 – Total Operator Reported Revenue 2012 £39.3 Billion versus UK 2012 GDP £1.628 Trillion – source UK Office of National Statistics - <http://www.ons.gov.uk/ons/rel/gva/gross-domestic-product--preliminary-estimate/q4-2012>

¹¹ CICRA 2011 market report – Channel Islands telecoms sector turnover £125 million, compared to GDP Guernsey £1.9 billion and Jersey £3.6 billion

Figure 4.1 Telecommunications turnover (£million) by sector– Guernsey and Jersey



Source: CICRA Industry Questionnaire, October 2014

Figure 4.2 Fixed and mobile retail services turnover – Guernsey and Jersey

	Guernsey £	Jersey £	Total £
Fixed turnover	33,867,187	37,422,728	71,289,915
Mobile turnover	22,784,359	38,591,494	61,375,853
Other Turnover	13,522,203	40,401,572	53,923,775
Total	70,173,749	116,415,794	186,589,543

Source: CICRA Industry Questionnaire, October 2014

Figure 4.2 groups the different sector revenues into the key service categories, i.e. fixed, mobile and other, to enable the Guernsey and Jersey data to be compared with the UK figures.

Note: Fixed turnover includes internet business services, wholesale revenue and corporate data services revenues. Mobile turnover includes retail, business and in-roaming service revenues. Other turnover includes all non-mobile and non-fixed and is believed to include data hosting revenues.

The biggest share of revenue generated in Guernsey was from the fixed sector, whereas in Jersey the biggest share was from the “other” sector. In Guernsey, fixed revenue accounted for 48.2% of the total industry turnover in 2012, whereas in Jersey, fixed revenue accounted for only 32.1% of the total industry turnover. By comparison, in the UK, the fixed (voice and broadband) sector continued contributed around 31% of UK telecoms revenues in 2012¹².

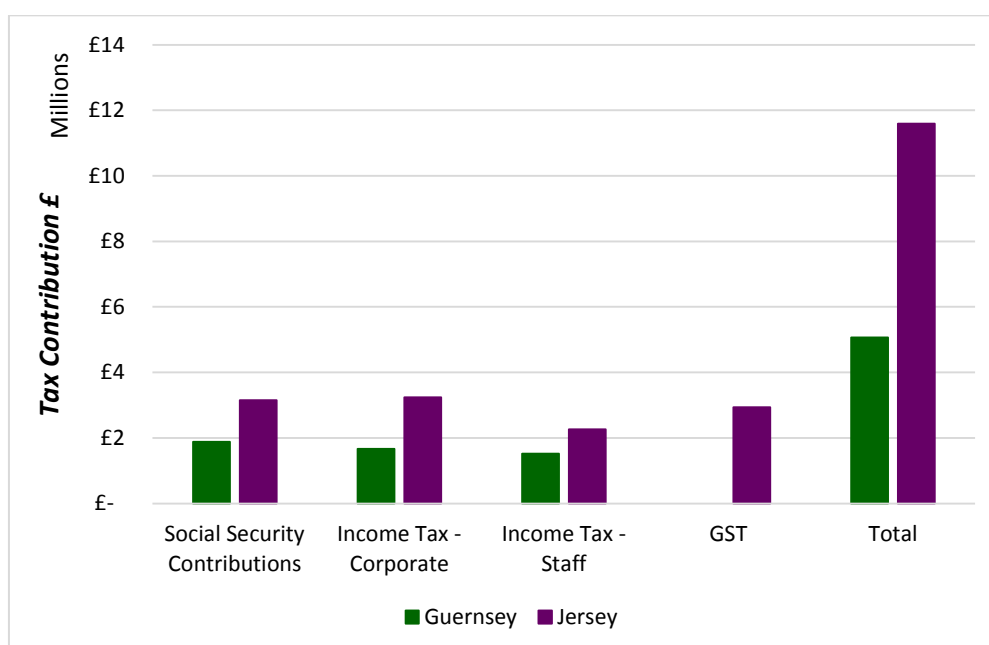
In Guernsey mobile revenue accounted for 32.4% of the total industry turnover, and 33.2% of the total industry turnover in Jersey. In the UK, the mobile sector continued to contribute a majority share of UK telecoms revenues in 2012 (39%), and mobile revenues have exceeded fixed revenues since 2007.¹²

Telecommunications sector employment and taxation contribution in Guernsey and Jersey

At the end of 2012 across the Channel Islands the telecoms industry employed 673 full time equivalents (FTE's) compared to 664 in 2011. In Guernsey licensed operators employed 246 FTE's (255 in 2011) and in Jersey licensed operators employed 427 FTE's (409 in 2011).

Figure 4.3 below shows that the telecommunications sector contributed £16.7 million in taxation during 2012; £5.1 million in Guernsey and £11.6 million in Jersey.

Figure 4.3 Taxation Contribution (£) – Guernsey and Jersey



Note that GST is only applicable in Jersey.

	Guernsey £	Jersey £	Total £
Income Tax - Staff	1,522,734	2,259,322	3,782,056
Corporate Income Tax	1,669,046	3,238,000	4,907,046
Social Security Contributions	1,878,582	3,150,150	5,028,732
GST	N/A	2,940,834	2,940,834
Total	5,070,362	11,588,306	16,658,668

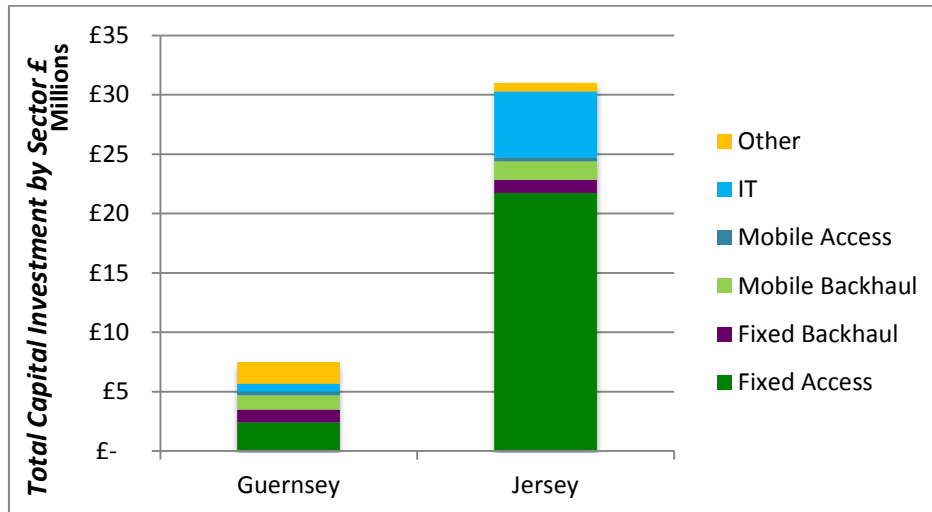
Source: CICRA Industry Questionnaire, October 2014

¹² Ofcom – Communications Market Report 2014 – Figure 5.1

Telecommunications sector capital investment in Guernsey and Jersey

Figure 4.4 below provides a breakdown of the telecoms sector capital investment made during 2012. JT, Sure, Airtel Vodafone and Newtel invested £38.5 million in their networks and business operations, with the investment in Guernsey and Jersey, being £7.5 million and £31 million respectively. The key area of operator investment was in fixed access network infrastructure.

Figure 4.4 Telecommunications sector capital investment – Guernsey and Jersey



	Guernsey £	Jersey £	Total £
Fixed Access	2,391,597	21,737,752	24,129,349
Fixed Backhaul	1,089,152	1,105,305	2,194,457
Mobile Access	1,208,989	1,549,611	2,758,600
Mobile Backhaul	310,122	324,878	635,000
IT	672,175	5,548,113	6,220,288
Other	1,819,505	743,297	2,562,802
Total	7,491,540	31,008,956	38,500,496

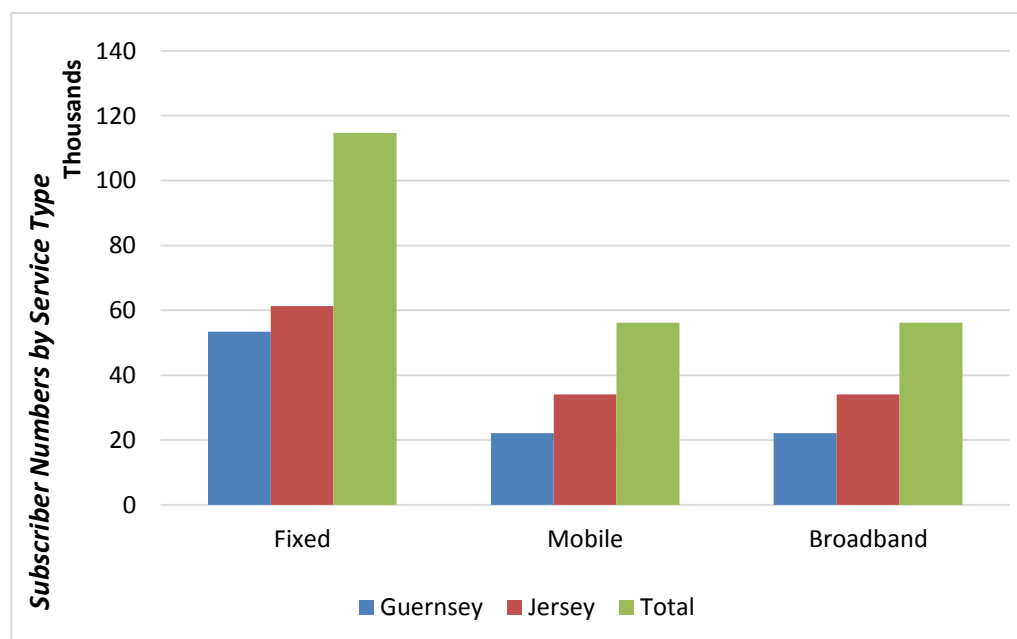
Source: CICRA Industry Questionnaire, October 2014

Subscribers by communications market

Definitions used for each type of connection can be found in section 9.

Figure 4.5 below shows the total number of subscribers (fixed, mobile and broadband) in Guernsey and Jersey.

Figure 4.5 Fixed, mobile and broadband subscribers¹³



	Guernsey	Jersey	Total
Fixed	53,414	61,274	114,688
Mobile	65,145	120,076	185,221
Broadband	22,087	34,037	56,124
Total	140,646	215,387	356,033

Source: CICRA Industry Questionnaire, October 2014

Between 2011 and 2012, the overall number of subscribers for fixed, mobile, and broadband internet services across both Guernsey and Jersey fell by 1% to 356,033 (359,000 in 2011). Between 2011 and 2012, both islands saw a reduction in mobile subscribers, 4% in Guernsey and 9% in Jersey. For the same period, the change in fixed and broadband subscribers between the Islands differed significantly. In Guernsey, the reported number of fixed subscribers increased by 30%, and the reported number of broadband subscribers also increased by 4%. In Jersey, the number of fixed subscribers reduced by 5%, but the number of broadband subscribers increased by 3%. [The significant increase in the number of Guernsey fixed subscribers may be a result of a reporting anomaly in the 2011 data].

¹³ Sure has reported “Active Subscribers” as being active on a 60 day cycle period, whereas other mobile operators have reported “Active Subscribers” as being active on a 90 day cycle period.

Fixed line penetration per head of population was 85%¹⁴ (compared to 65% in 2011) in Guernsey and 62% (66% in 2011) in Jersey, compared to 51.9% in the UK.¹⁴

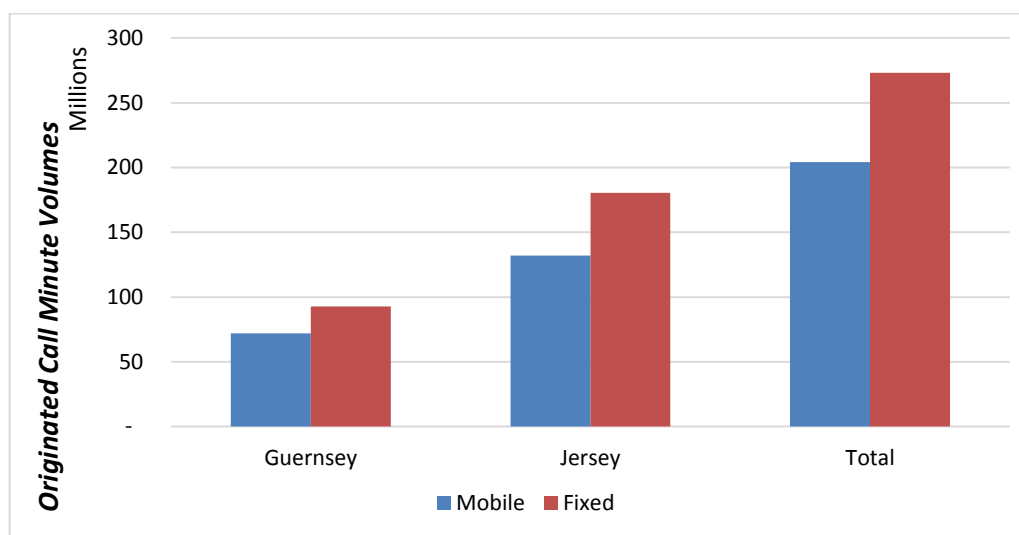
Mobile penetration per head of population in Guernsey was 103% and 121%¹⁵ in Jersey, compared with 129% in the UK.¹⁶

Residential broadband penetration was 84% (72% in 2011) of households in Guernsey and 81% in Jersey (compared to 69% in 2011) in Jersey¹⁷. This compared to 72% household internet penetration rate in the UK.¹⁸

Originated minutes

Figure 4.6 below shows the volumes of originated minutes on the fixed and mobile networks in Jersey and Guernsey, excluding minutes on broadband services (VoIP or voice over internet)

Figure 4.6 Originated minutes in 2012



	Guernsey	Jersey	Total
Fixed	92,656,249	180,568,952	273,225,201
Mobile	72,092,113	132,052,828	204,144,941
Total	164,748,362	312,621,780	477,370,142

Source: CICRA Industry Questionnaire, October 2014

¹⁴ Guernsey population: 63,085 and households: 26,172 in 2012

Jersey population: 99,000 and households: 42,250 in 2012 (States of Jersey estimated 2012 figures);

¹⁶ Ofcom – Communications Market Report 2014, Figure 5.1 – Number of Mobile Subscriptions 2012 – 82.4 million and Number of Fixed Subscriptions 2012 – 33.2 million, compared to UK population 2012 of 63.7 million, source – World Bank

¹⁷ Residential broadband numbers are 20,841 in Guernsey and 32,078 in Jersey

¹⁸ Ofcom – Communications Market Report 2014, Figure 5.55

The number of minutes originated on fixed and mobile networks decreased by around 3%, from 491.3 million minutes in 2011 to 477.4 million minutes in 2012. The traffic shrinkage was greatest for fixed traffic volumes in Guernsey, shrinking by 19%, from 114.7 million minutes in 2011 to 92.7 million minutes in 2012. In Jersey the decrease in fixed traffic was around 1%, from around 182.9 million minutes in 2011 to 180.6 million minutes in 2012.

For mobile networks, the number of minutes originated in both Guernsey and Jersey increased by an average of 5% despite the reduction in mobile subscribers, with mobile originated traffic growing in Guernsey by 3% (from 70.2 million minutes in 2011 to 72 million minutes in 2012), and for Jersey the traffic growth was more pronounced at 7% (from 123.5 million minutes in 2011 to 132 million minutes in 2012).

As at the end of 2012, considering Jersey and Guernsey combined fixed and mobile traffic data, 204 million minutes were originated on mobile networks, representing about 43% of the total number of minutes originated on both the fixed and mobile networks¹⁹. The proportion of call minutes made by fixed and mobile consumers in Guernsey was 56%/44% (62%/38% in 2011), respectively. In Jersey, the proportion of call minutes made by fixed and mobile consumers was 58%/42% (60%/40% in 2011) respectively. This was in contrast to the UK, where in 2012, the number of minutes from fixed calls lagged the number of mobile call minutes (44%/56%), respectively.²⁰

Payphones

There were 113 payphones in Jersey (115 in 2011) and 71 in Guernsey (80 in 2011). In both cases, all the payphones were provided by the local incumbent, i.e. JT in Jersey and Sure in Guernsey.

¹⁹ Call minutes on broadband services (VoIP or voice over internet) are not included in the figures above.

²⁰ Ofcom Communications Market Report 2014 – Figure 5.28

5. Competitive Market Environment

Licences in Jersey and Guernsey

The telecoms market environment across the Channel Islands changed little between 2011 and 2012. In Guernsey licences are issued for the services offered, i.e. fixed and / or mobile, whereas in Jersey licences are issued dependent upon the licensees anticipated level of impact on the telecoms market. In Guernsey, one additional fixed licence was issued (to Ytel Ltd), but the number of mobile licensees remained the same (3). In Jersey there was no change to the number of licences in issue between 2011 and 2012 (23 over three classes).

Figure 5.1 below shows the relative licencing status of the four key fixed and mobile players across the Channel Islands. All the leading operators held licences to operate services in both markets, except Newtel, which was only licenced to provide services in Jersey, under the terms of its Class II licence. Newtel, through its Ytel subsidiary was granted a licence to provide fixed services in Guernsey during 2012.

Figure 5.1 Status of Licencing across the four key Fixed and Mobile providers in Guernsey & Jersey as of 31 December 2012

	Service Type	Airtel-Vodafone	JT	Newtel	Sure
Guernsey	Fixed	Yes	Yes	No	Yes
	Mobile	Yes	Yes	No	Yes
Jersey	Fixed	Yes – Class II	Yes – Class III	Yes – Class II	Yes – Class II
	Mobile				

Source – CICRA Website www.cicra.je

Figures 5.2 and 5.3 below show the number of telecommunications licences issued in Jersey and Guernsey as of 31 December 2012²¹.

Figure 5.2 Total number of telecommunications licensees – Guernsey

	31 December 2012
Number of fixed licences	11
Number of mobile licences	3
Total	14

Source: CICRA

In Guernsey, the licensing system distinguishes between mobile and fixed licences, each with additional provisions applicable to a licensee that has market power in any particular market. The mobile licences awarded in Guernsey were identical for all three operators, Airtel-Vodafone, JT and Sure.

²¹ A list of all the telecommunications licensed operators is available at http://www.CICRA.gg/licensing_legal/list_of_licensees.asp?Sector=Telecommunications

Figure 5.3 Total number of telecommunications licensees – Jersey

	31 December 2012
Number of Class I licences	17
Number of Class II licences	5
Number of Class III licences	1
Total	23

Source: CICRA

Jersey has adopted a telecommunications licensing system based on four classes of licence. Classes I, II and III are based on an operator's market power, the fourth is a general class licence.

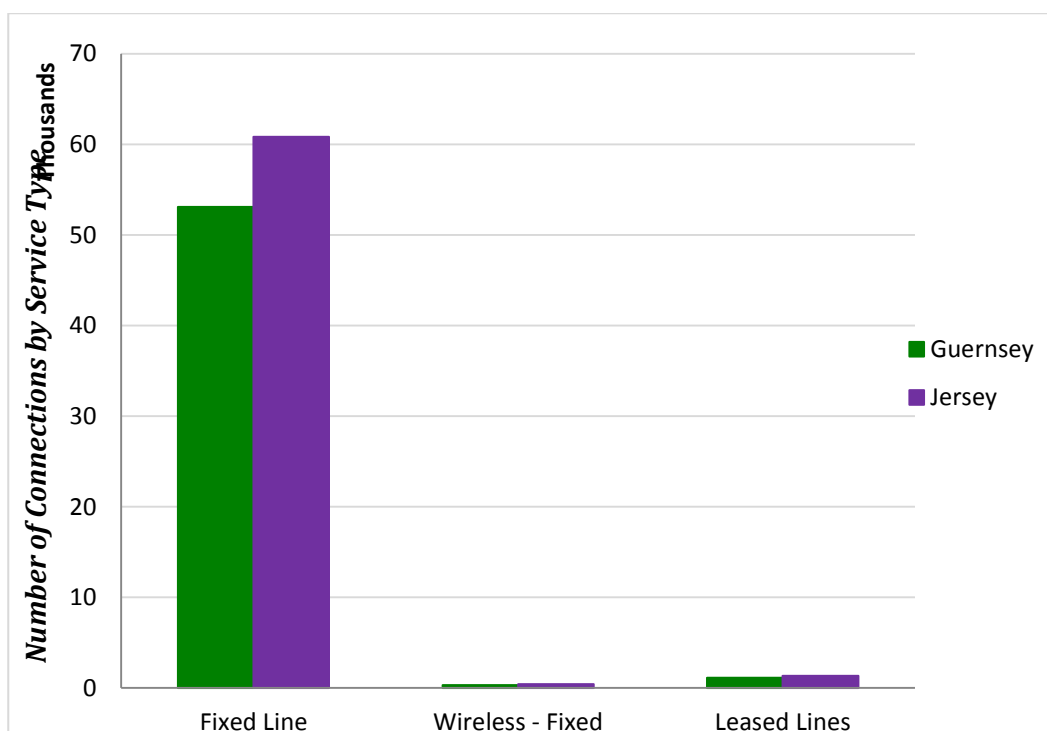
- Class I licence is for those telecoms operators that have a very limited impact on the competitive market;
- Class II licence is for those operators without Significant Market Power (SMP);
- Class III licence is for those operators with SMP; and
- General Class licence is for cases where there is a need for a licence but where, in the opinion of the JCRA, a formal application is too rigorous for the requirement. Operators are required to know the limitations and responsibilities of the General Class licence.

6. Fixed Market Overview

Total number of lines and subscribers

Figure 6.1 below shows that in December 2012 there were a total of 53,414 fixed and wireless-fixed telephone lines installed in Guernsey (compared to 40,958 reported in 2011) and 61,274 telephone lines installed in Jersey (compared to 64,455 reported in 2011)²².

Figure 6.1 Total number of installed lines & subscribers



	Guernsey	Jersey	Total
Fixed	53,105	60,847	113,952
Wireless – Fixed	309	427	736
Leased Line	1,142	1,347	2,489
Total	54,556	62,621	117,177

Source: CICRA, Industry Questionnaire, October 2014

N.B. Airtel-Vodafone provided fixed wireless services but the number was small at 309 subscribers in Guernsey and 339 subscribers in Jersey, plus 88 subscribers managed by Newtel in Jersey.

Figure 6.2 below shows that Channel Islands results for fixed line penetration rate per 100 inhabitants were well above the OECD average of 35%²³ and the highest across the OECD countries, both in terms total

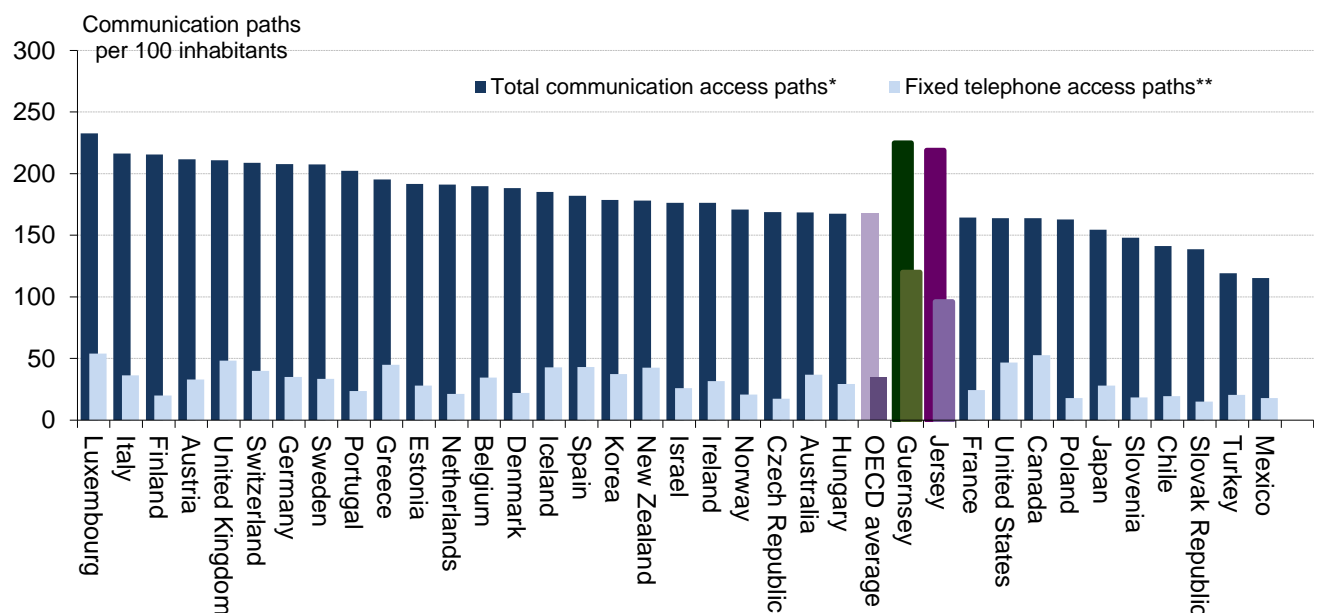
²² It is believed that the significant differences in the year on year figures for Guernsey is due to a reporting anomaly in 2012 as the 2013 figures corroborate those from 2012.

communications paths (total of mobile and fixed subscriptions per 100 head of population), but specifically for the measure of fixed telephone paths which included fixed voice and broadband connections. This is probably due to the higher level of non-residential and leased lines present and the highly concentrated nature of both markets, from a population and geographic basis.

Using the OECD Fixed Telephone Access Path definition (Total communication access paths: Analogue lines + ISDN lines + DSL + cable modem + other + fibre + mobile), Guernsey scored 225 and Jersey scored 219.

Analysing fixed voice lines (Total communication access paths: Analogue lines + ISDN lines + DSL + cable modem + other + fibre), compared to the population of each island, the usage of fixed access paths in Guernsey was 121 per 100 inhabitants, compared to Jersey with 97 fixed access paths per 100 inhabitants.

Figure 6.2 OECD fixed line penetration rate per 100 inhabitants



However, using a simpler comparison of the number of fixed and wireless fixed lines only (i.e. no Leased Lines or Broadband Lines) compared to the population of each Island, the fixed line penetration in Guernsey was 85 lines per 100 inhabitants, and for Jersey, was 62 lines per 100 inhabitants.

At the end of 2012, some 707 retail leased lines were installed in Guernsey (compared to 778 in 2011) and 1,013 retail leased lines installed in Jersey (compared to 1,017 in 2011)²⁴.

On-Island leased lines (lines that originate and terminate on the same island) accounted for about 80% (compared to 77% in 2011) of total leased lines in both Islands.

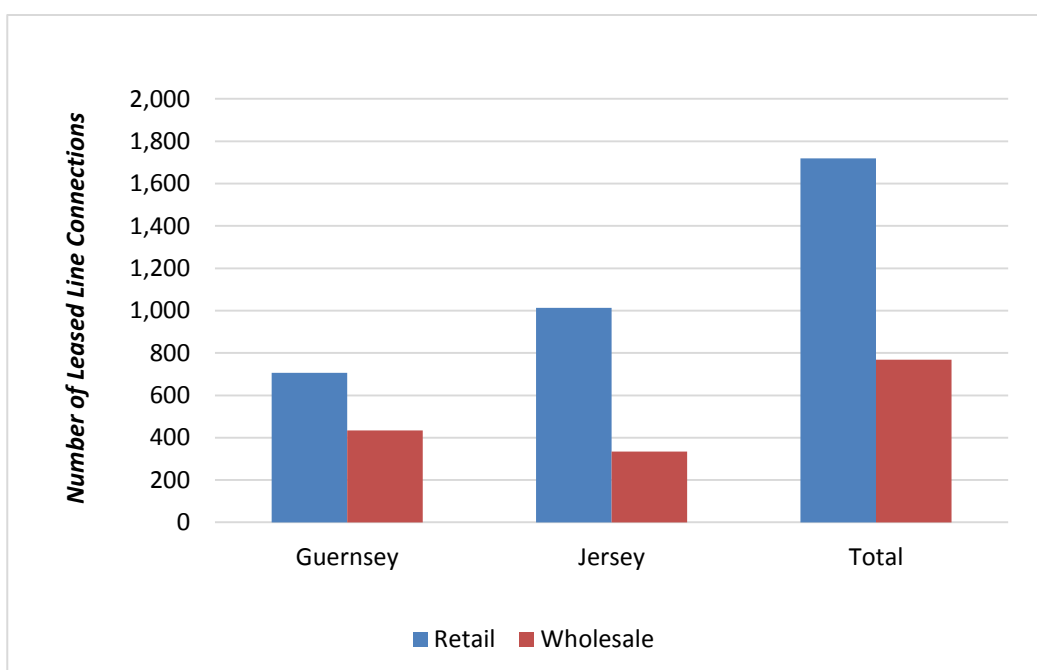
²³ Note that the OECD figures were collected in June 2012 and published in February 2013 and have been updated to include Guernsey and Jersey. The OECD defined Total Communication Paths to include all fixed (voice, broadband and leased lines) and mobile subscriptions. Whereas the Fixed Telephone Access Paths is defined as Fixed only lines, ie all voice, broadband and leased lines.

²⁴ There were also 435 wholesale leased lines in Guernsey (compared to 530 in 2011) and 334 wholesale leased lines in Jersey (compared to 342 in 2011); wholesale lines are supplied by an infrastructure owner, usually the incumbent in each island, to other telecom operators; these, in turn, provide retail lines to consumers.

Off-Island leased lines (lines that connect the Channel Islands with the UK or France) accounted for 15% of the total leased lines (14% in 2011), whilst inter-island leased lines accounted for about 5% (9% in 2011). Inter-Island lines are attributed to the Island from which they originate, with more inter-Island lines originating in Guernsey than in Jersey.

In 2012, across the Channel Islands, there were 2,489 leased lines, of which 69% (1,720) were supplied on a retail basis and 31% (769) were supplied through wholesale arrangements. Figure 6.3 below shows that the wholesale supply of leased lines in Guernsey was more pronounced at 38% (435) of the market, compared to 25% (334) market share of wholesale supplied leased lines in Jersey.

Figure 6.3 Number of retail vs wholesale leased lines

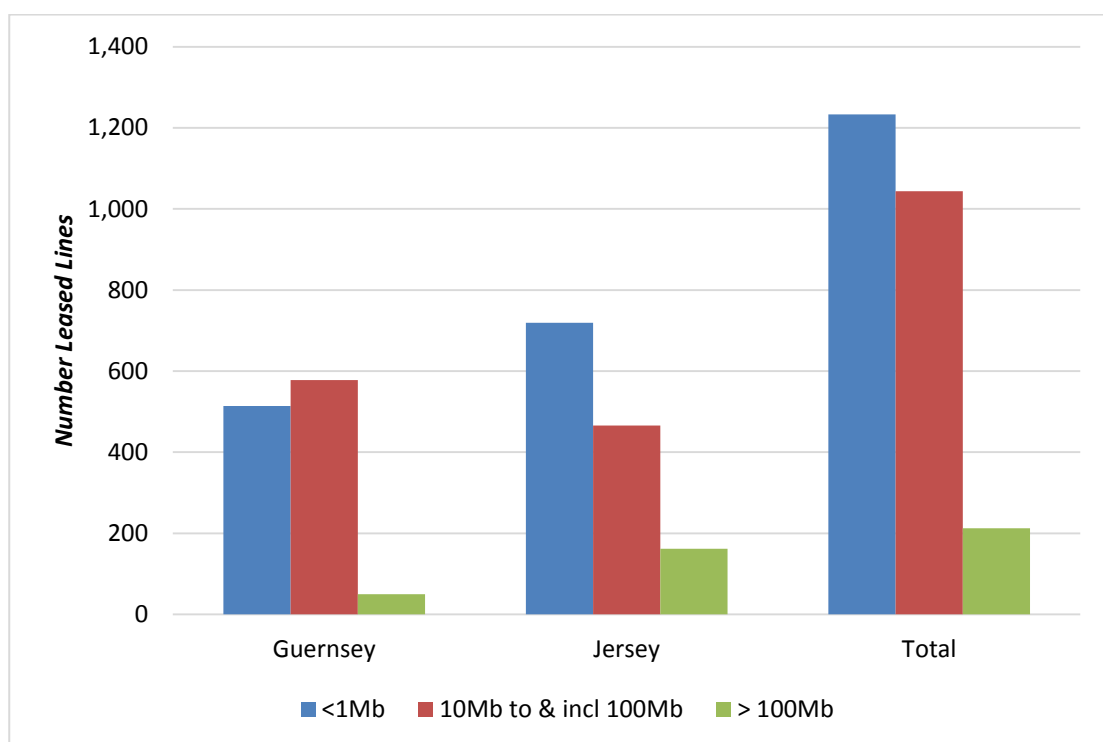


	Guernsey	Jersey	Total
Retail	707	1,013	1,720
Wholesale	435	334	769
Total	1,142	1,347	2,489

Source: CICRA, Industry Questionnaire, October 2014

Figure 6.4 below shows that the profile of demand for leased lines products varied between Guernsey and Jersey. In Guernsey, 51% of leased lines purchased offered capacity between 10Mb and 100Mb, compared to 35% in Jersey. In Jersey the greatest demand was for sub 1Mb products (53%), but the Jersey market demand for >100Mb leased lines was three times higher at 162 connections (12%) than Guernsey 50 connections (4%).

Figure 6.4 Profile of Leased Line Types



	Guernsey	Jersey	Total
<10Mb	514	719	1,233
10Mb to & incl 100Mb	578	466	1,044
>100Mb	50	162	212
Total	1,142	1,347	2,489

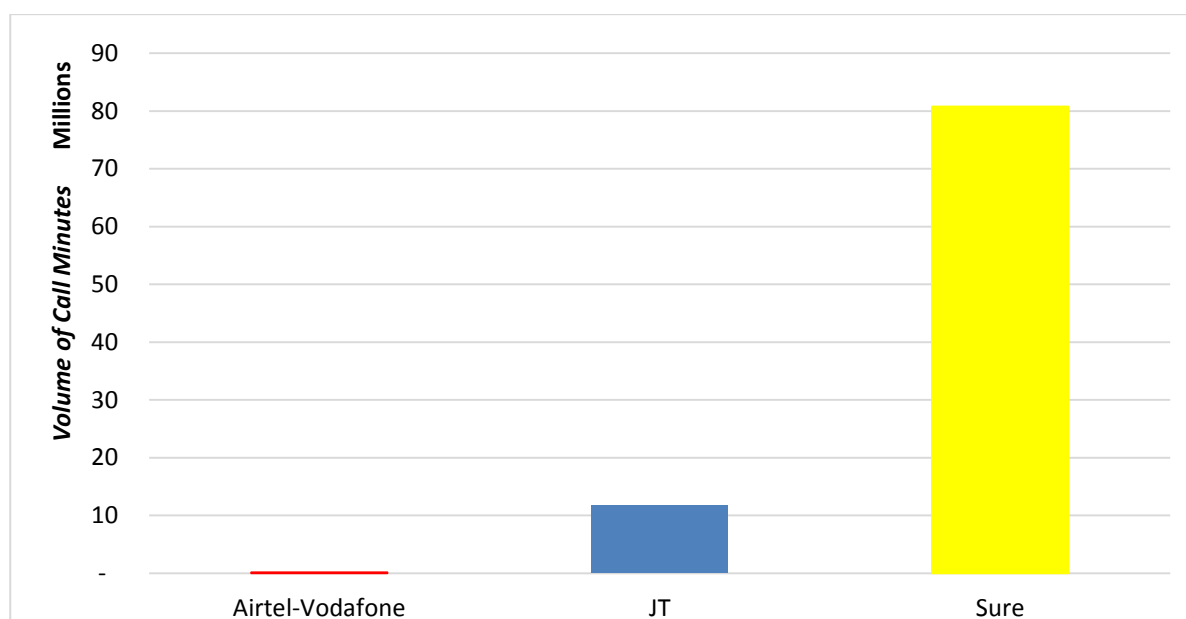
Source: CICRA, Industry Questionnaire, October 2014

Voice originated minutes - market share by operator

Figure 6.5 below provides a breakdown of the voice call minutes by operator for Guernsey. The incumbent operator, Sure, accounted for 87.2% (compared to 89% in 2011) of the minutes originated by fixed service operators²⁵, and JT accounted for 12.7% and Airtel-Vodafone for about 0.2%.

²⁵ Call minutes on broadband services (VoIP or voice over internet) are not included in the figures

Figure 6.5 Voice call minutes – Guernsey



	Airtel-Vodafone	JT	Sure	Total
Call Minutes – Guernsey	145,123	11,741,221	80,769,905	92,656,249

Source: CICRA Industry Questionnaire, October 2014

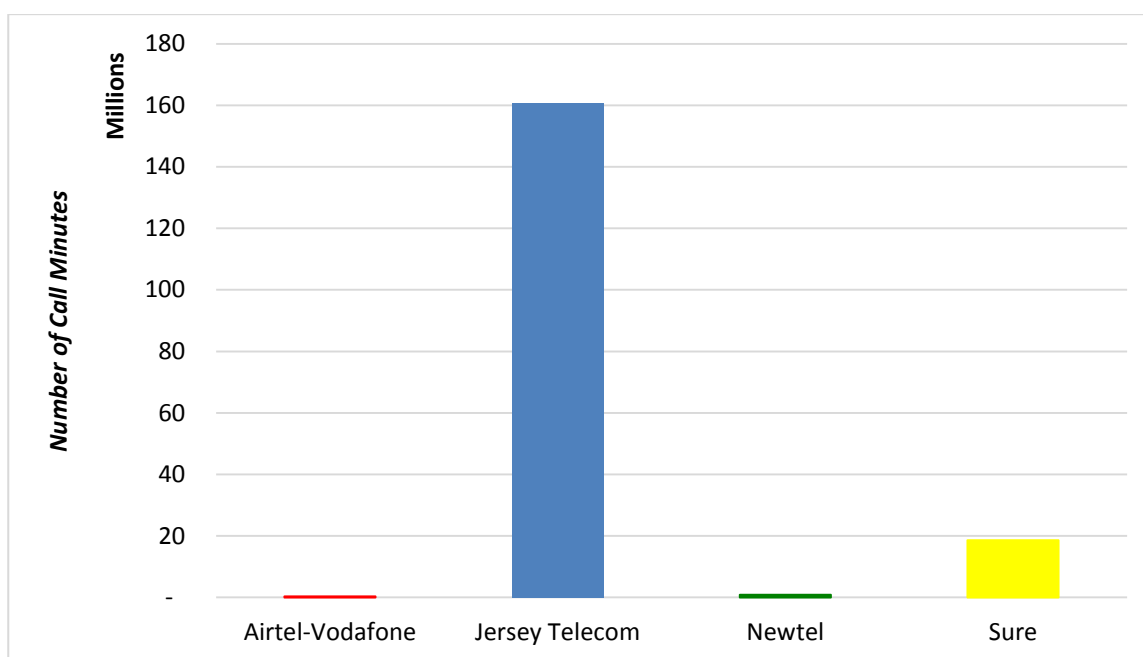
Figure 6.6 below provides a breakdown of the voice call minutes by operator for Jersey. The incumbent operator, JT, accounted for 89% (88% in 2011) of the minutes originated by fixed service operators²⁶. Sure used indirect access²⁷ to JT's network in order to compete and provide fixed telecoms services at the retail level. In 2012, Sure's market share was 10.3% (11% in 2011) of the total fixed originated minutes. Newtel's share was 0.5% (0.6% in 2011) of the share of voice originated minutes, whilst Airtel-Vodafone provided services to 0.2% of the fixed call market²⁸.

²⁶ Call minutes on broadband services (VoIP or voice over internet) are not included in the figures.

²⁷ Other Licensed telecom Operators (OLOs), including Sure, use Carrier Selection as the only means of indirect access to the incumbent fixed network. With Carrier Selection, a consumer dials a prefix before a telephone number to use the services of an OLO instead of the incumbent.

²⁸ Airtel-Vodafone provides a pay-as-you-go wireless fixed service.

Figure 6.6 Voice call minutes – Jersey



	Airtel-Vodafone	JT	Newtel	Sure	Total
Call Minutes - Jersey	361,971	160,693,123	894,205	18,619,653	180,588,952

Source: CICRA Industry Questionnaire, October 2014

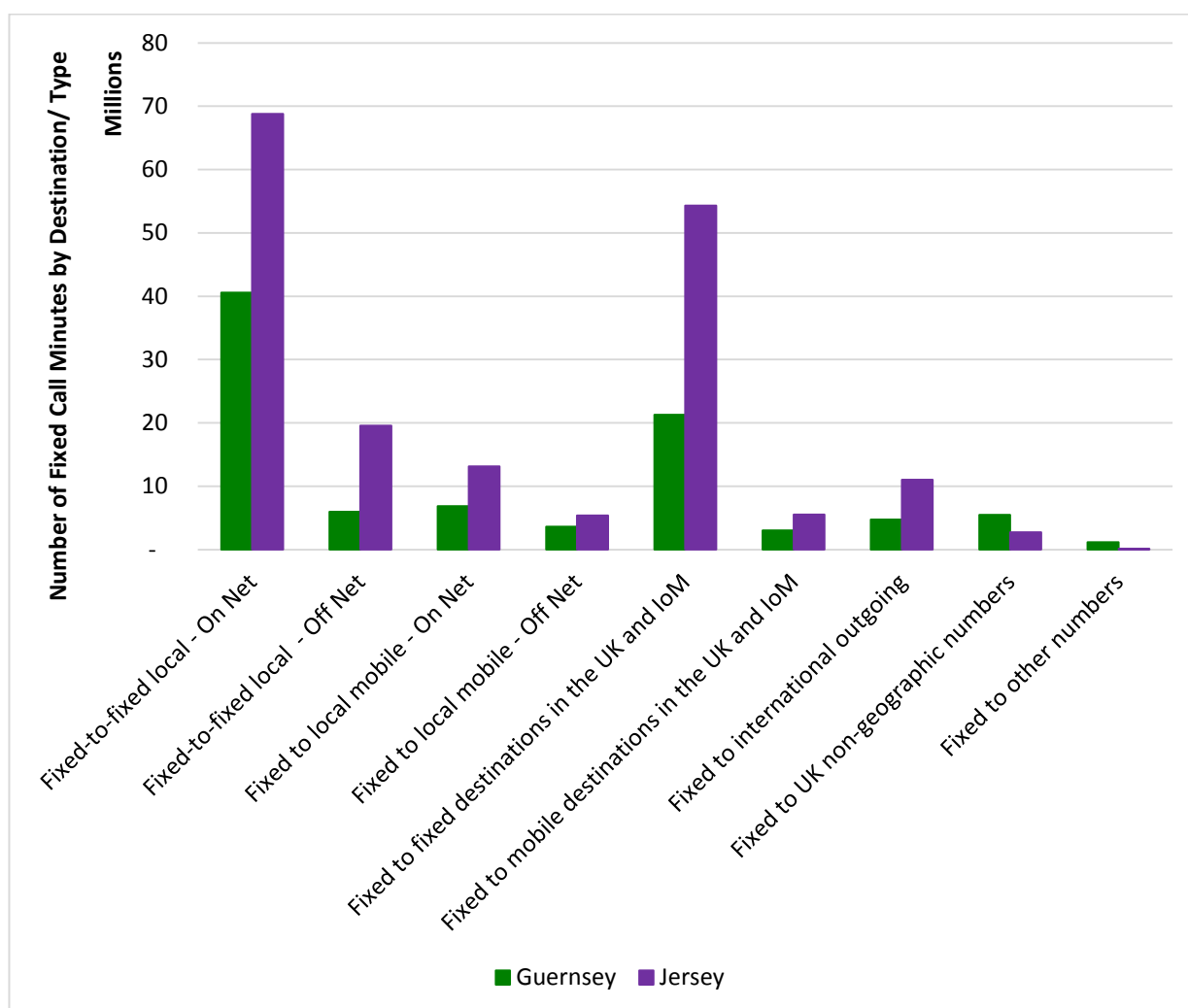
Share of voice originated minutes

Figure 6.7 below profiles the fixed originated minutes by call destination. In both islands, around 60% of call minutes were made within the islands.

The UK networks, i.e. UK, other Channel Islands and the Isle of Man, were the second highest destination for the minutes originated on the fixed networks of both Jersey and Guernsey. 26% of Guernsey call minutes originated on fixed networks (25% in 2011) and 33% of Jersey call minutes originated on fixed networks (38% in 2011) were terminated on national (UK) numbers compared. The proportion of calls to 'Other' destinations was higher in Guernsey than in Jersey. However, this data needs to be treated with caution, as 'national' calls (those to the UK, the Channel Islands and Isle of Man) included some calls to non-geographic numbers²⁹, which were recorded in the "Other" category, included in 'Other', since one operator could not separate these calls from 'national' calls.

²⁹ Non-geographic numbers include Freephone, special services, premium rate, directory enquiries and other call types, including 0800 and 0845 numbers.

Figure 6.7 Profile of fixed originated minutes, by call destination



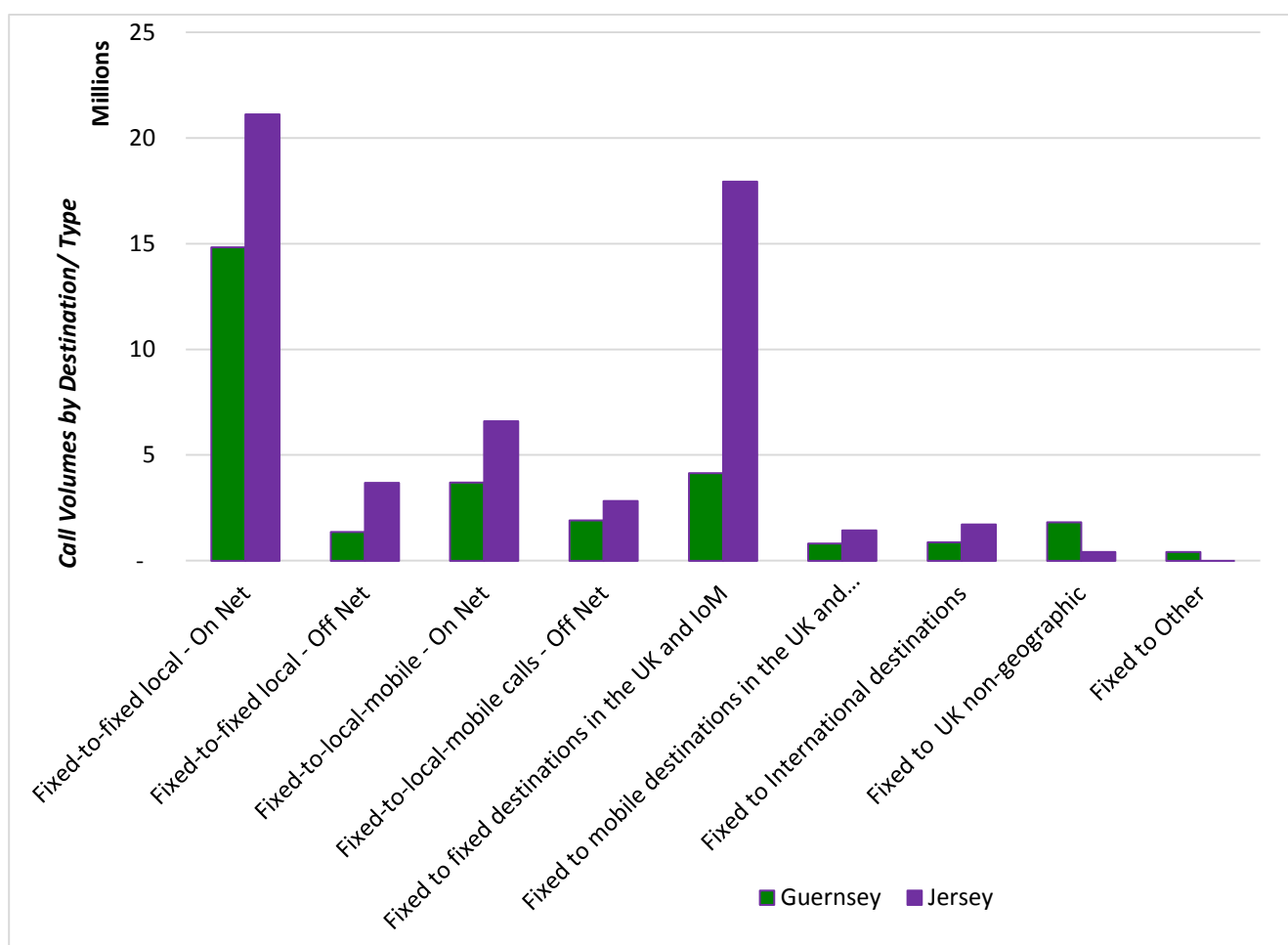
	Guernsey	Jersey
Fixed-to-fixed local - On Net	40,556,830	68,804,096
Fixed-to-fixed local - Off Net	5,971,343	19,559,166
Fixed to local mobile - On Net	6,831,189	13,140,265
Fixed to local mobile - Off Net	3,615,983	5,381,747
Fixed to fixed destinations in the UK and IoM	21,255,243	54,300,523
Fixed to mobile destinations in the UK and IoM	3,041,827	5,522,885
Fixed to international outgoing	4,757,058	11,017,859
Fixed to UK non-geographic numbers	5,475,457	2,733,937
Fixed to other numbers	1,151,318	108,475
Total chargeable call minutes	92,656,248	180,568,953

Source: CICRA Industry Questionnaire, October 2014

Total chargeable fixed line telephone calls – Jersey

Figure 6.8 below profiles the fixed originated fixed call volumes by call destination. In Guernsey, nearly 30 million telephone calls were made from fixed lines during 2012 (compared to 36 million calls in 2011). In Jersey, 55.8 million telephone calls were made from fixed lines in the same period (compared to 63 million calls in 2011). It was not possible to split out the volume of calls made from residential and non-residential fixed lines due to differences in the reporting provided by the different networks.³⁰

Figure 6.8 Profile of fixed originated fixed call volumes, by call destination



³⁰ Some operators were not able to separate out some types of traffic by Island or destination and thus a year on year comparison may not be appropriate or accurate.

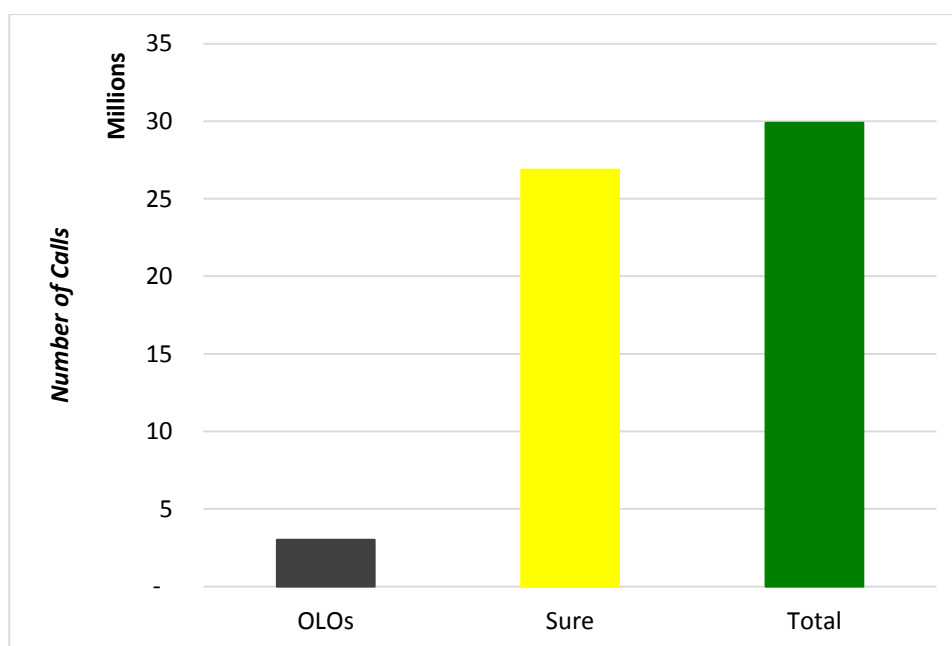
	Guernsey	Jersey
Fixed-to-fixed local - On Net	14,834,002	21,127,628
Fixed-to-fixed local - Off Net	1,365,296	3,683,303
Fixed-to-local-mobile - On Net	3,698,511	6,609,987
Fixed-to-local-mobile calls - Off Net	1,908,531	2,839,154
Fixed to fixed destinations in the UK and IoM	4,155,447	17,945,009
Fixed to mobile destinations in the UK and IoM	826,344	1,446,511
Fixed to International destinations	878,225	1,727,243
Fixed to UK non-geographic	1,822,609	418,040
Fixed to Other	413,932	3,268
Total chargeable call minutes	29,902,897	55,800,143

Source: CICRA Industry Questionnaire, October 2014

Figure 6.9 below show the number of chargeable fixed line calls in Guernsey and figure 6.10 below shows the same for Jersey.

In Guernsey, 90% of all fixed calls were supplied by the incumbent, Sure, whereas in Jersey the percentage of calls supplied by the incumbent, JT, was around 88%.

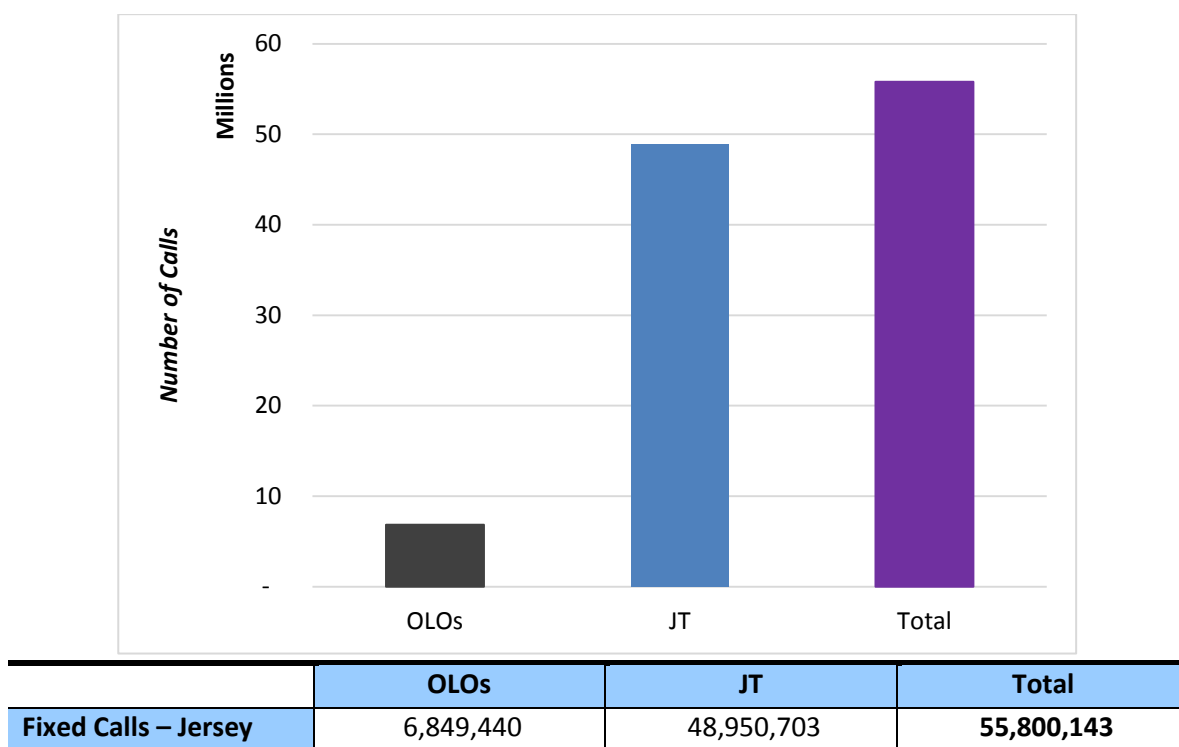
Figure 6.9 Chargeable fixed line calls – Guernsey



	OLOs	Sure	Total
Fixed Calls – Guernsey	3,020,897	26,882,000	29,902,897

Source: CICRA Industry Questionnaire, October 2014

Figure 6.10 Chargeable fixed line calls – Jersey



Source: CICRA Industry Questionnaire, October 2014

Length of calls originating on a fixed network

By collecting ‘matching’ data on call minutes (as a measure of overall traffic volumes) and number of calls made it is possible to calculate the average length of calls to various destinations simply by dividing call minutes by number of calls. Figure 6.11 below shows the results for Guernsey and Jersey.

Figure 6.11 Guernsey compared to Jersey call length (chargeable minutes)



	Guernsey	Jersey
Local - Fixed to Fixed	2.87	3.56
Local - Fixed to Mobile	1.90	2.00
Local - National UK & Other	4.54	3.16
Local - International	5.42	6.38
Average Call Length	3.10	3.24

Source: CICRA, Industry Questionnaire, October 2014

The length of telephone calls to each destination was broadly similar in Guernsey (3.10 minutes per call on average) compared against Jersey (3.24 minutes per call on average).³¹

International Calling Destinations

Fixed line users in both Guernsey and Jersey called a range of international destinations, but from the submissions provided by the operators, the most common called destinations³², included:-

- Canada
- Eire
- France
- Latvia
- Poland
- Portugal
- Romania
- South Africa
- Switzerland
- USA

Average Monthly Revenue (ARPU)

Average monthly revenue per fixed line for voice services in 2012 was £16.95 in Guernsey and £24.48 in Jersey. This included revenues for both residential and business voice calls but not broadband³³.

Broadband is commonly sold as a bundled service together with line rental. Some operators have not been able to separate fixed voice and fixed broadband revenues for residential and business users: line rental fees are attributed to telephony although most fixed broadband subscribers (other than mobile broadband subscribers) required a telephone line in order to subscribe to broadband services.

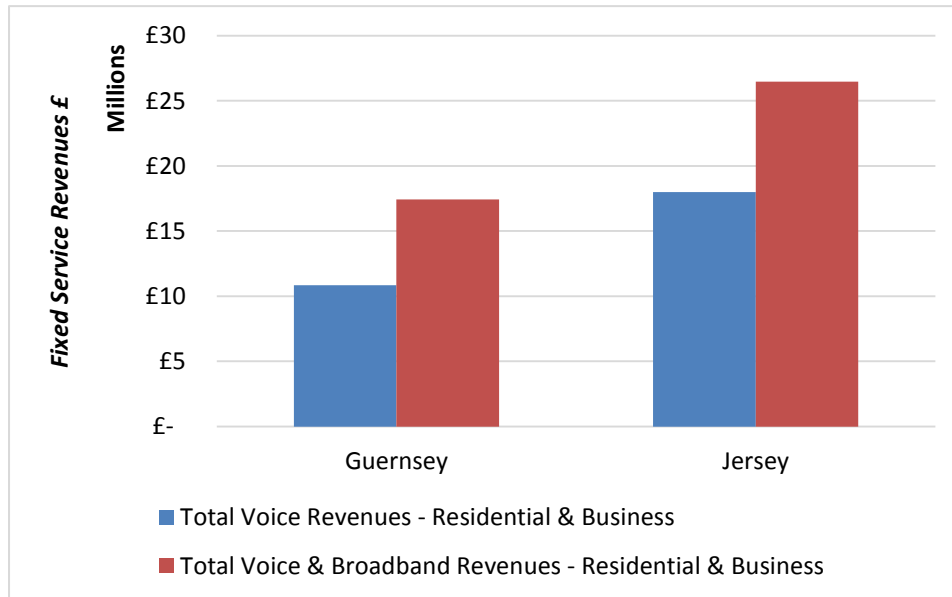
³¹ All average traffic, ARPU and usage figures in this report are based on weighted average calculation across the entire island market data

³² In the CICRA questionnaire, the operators were asked to confirm the top 5 destinations for international calling and In/ Out Roaming. The operator responses have been consolidated to indicate the most common international calling and destinations for Channel Islands traffic.

³³ Some operators were not able to separate out the residential and business fixed voice service revenues in their submissions.

Figure 6.12 below shows the fixed voice only and voice/broadband revenues. In Guernsey, total fixed voice and broadband revenues for residential and business services were around £17.4 million, of which fixed voice only services comprised 62% of the total. In Jersey, total fixed voice and broadband revenues for residential and business services were around £26.5 million, of which fixed voice only services comprised 68% of the total.

Figure 6.12 Fixed Voice Only & Voice/Broadband Revenues – Residential & Business Combined



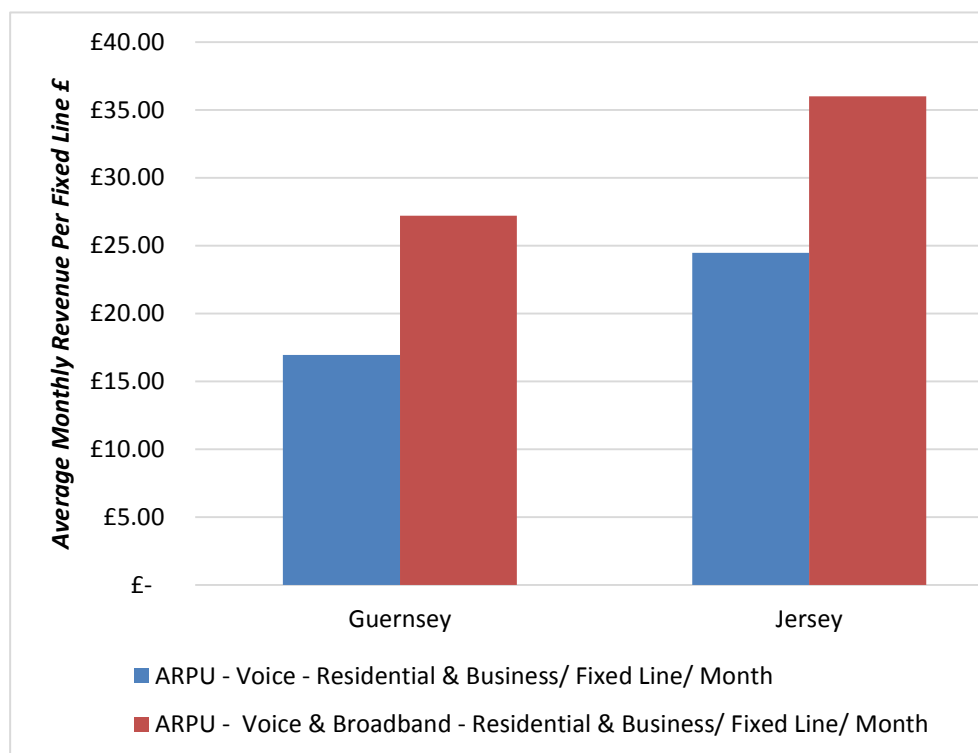
	Guernsey	Jersey	Combined Total
Fixed Voice Only – Residential & Business	£10,862,384	£17,999,502	£28,861,886
Fixed Voice & Broadband – Residential & Business	£17,435,044	£26,480,579	£43,915,623

Source: CICRA Industry Questionnaire, October 2014

Figure 6.13 below shows the average monthly revenue per fixed line – voice only and voice / broadband. If the total reported broadband revenues are included, the average monthly revenue per fixed line for voice and broadband services was £27.20 in Guernsey and £36.01 in Jersey.

[In 2011, the average monthly revenue per consumer in Guernsey was reported as £56 and for Jersey the average monthly revenue per consumer was £57. The 2011 figures included revenues from leased lines and payphones. In the 2012 report, the ‘average monthly revenue per consumer for fixed services’ has been refined to only the revenues for fixed voice and broadband services.]

Figure 6.13 Average monthly revenue per fixed line – Voice Only & Voice/ Broadband – Residential & Business Combined



	Guernsey	Jersey
ARPU - Voice - Residential & Business/ Fixed Line/ Month	£16.95	£24.48
ARPU - Voice & Broadband - Residential & Business/ Fixed Line/ Month	£27.20	£36.01

Source: CICRA Industry Questionnaire, October 2014

7. Mobile Market Overview

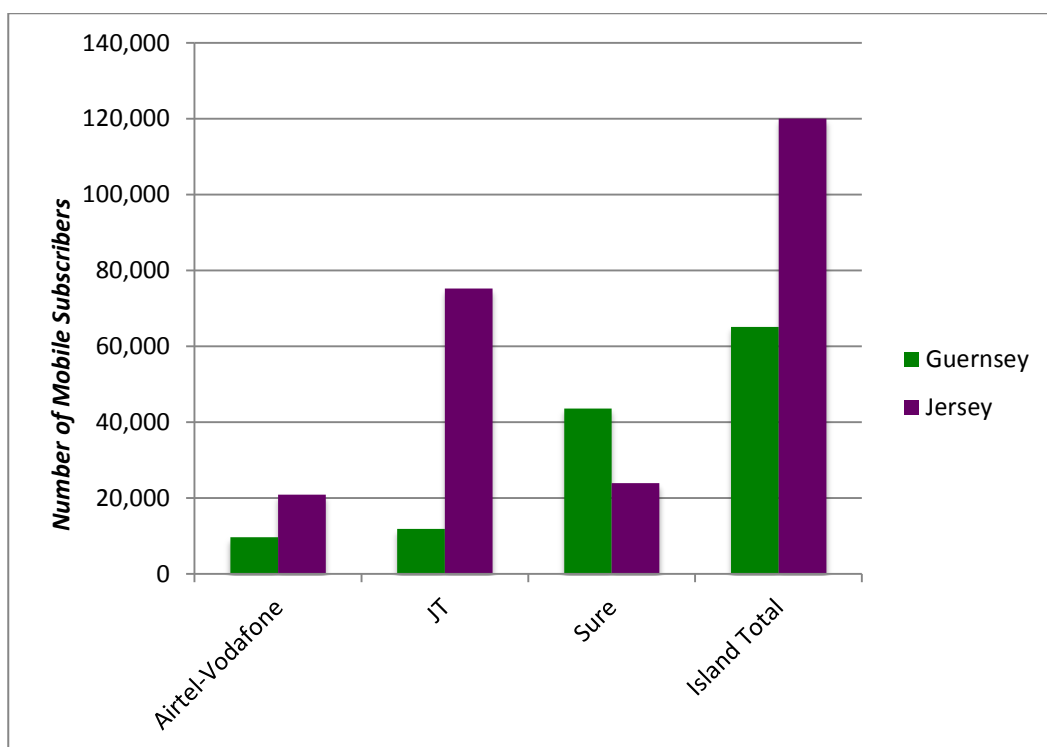
Subscribers, penetration rate and market shares

As of 31 December 2012, there were three mobile network operators (MNO) with commercial activities in Jersey and Guernsey – Sure, JT and Airtel-Vodafone.

Figure 7.1 below provides a breakdown of the number of mobile subscribers per operator.

At the end of 2012, the total number of active mobile subscribers was 65,145 (compared to 67,725 in 2011) in Guernsey and 120,076 (compared to 131,680 in 2011) in Jersey. Across the Channel Islands, the number of existing active mobile subscribers was greater than the local population as is fairly common in most developed countries. In Guernsey, the mobile service penetration rate was 103%, in Jersey, the penetration rate was 121% and in the UK the rate was 130%.

Figure 7.1 Number of mobile subscribers per operator, Guernsey & Jersey³⁴



	Guernsey	Jersey	Total
Airtel-Vodafone	9,645	20,938	30,583
JT	11,868	75,237	87,105
Sure	43,632	23,901	67,533
Island Total	65,145	120,076	185,221

Source: CICRA Industry Questionnaire, October 2014

³⁴ Sure has reported “Active Subscribers” as being active on a 60 day cycle period, whereas other mobile operators have reported “Active Subscribers” as being active on a 90 day cycle period.

Figure 7.2 below shows that the mobile penetration rate and pre-paid usage in Guernsey and Jersey align to the OECD average.

Figure 7.2 OECD mobile penetration rate per 100 inhabitants

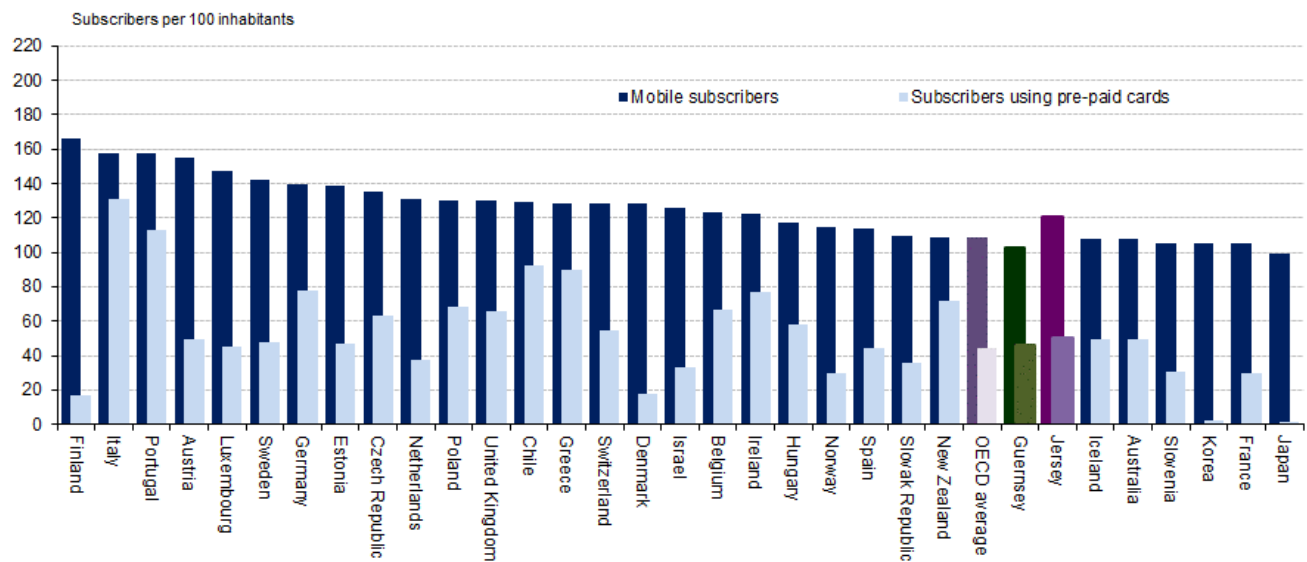
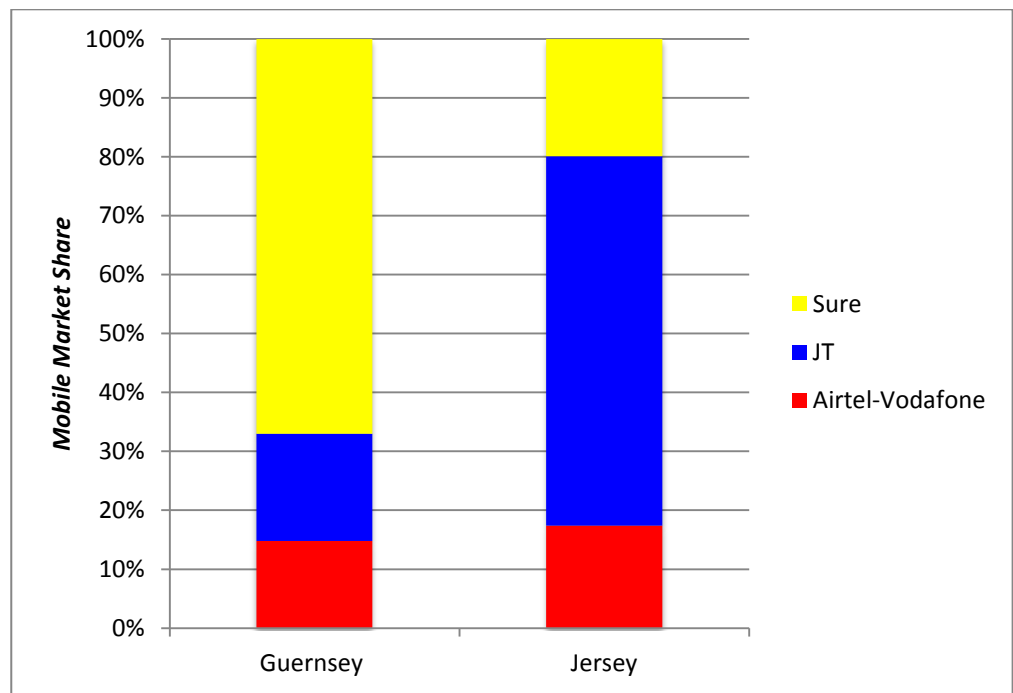


Figure 7.3 below shows that across Guernsey and Jersey, the market share of the dominant operator (Sure in Guernsey and JT in Jersey) was around 67% and 63% respectively. The rest of the market was shared between the entrants in each Island (Sure and Airtel-Vodafone in Jersey and JT and Airtel -Vodafone in Guernsey).

Figure 7.3 Mobile subscribers’ market shares – Guernsey and Jersey



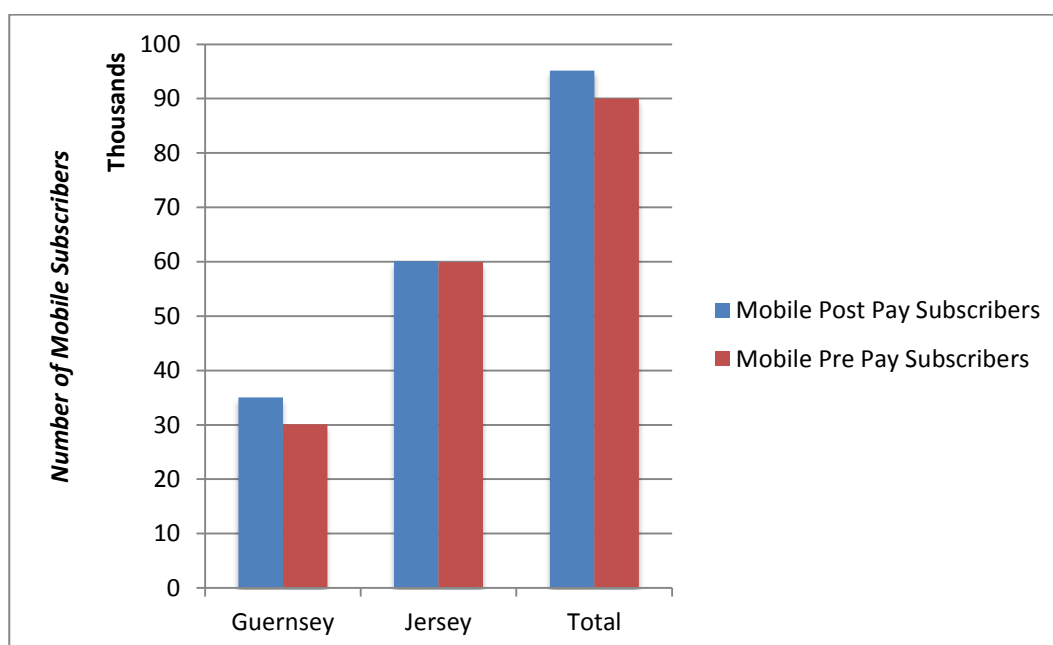
	Guernsey	Jersey
Airtel-Vodafone	14.8%	17.4%
JT	18.2%	62.7%
Sure	67.0%	19.9%

Source: CICRA Industry Questionnaire, October 2014

Figure 7.4 below shows that the ratio of prepay to post pay subscribers was 46:54 in Guernsey, 50:50 in Jersey³⁵ similar to the United Kingdom ratio of 48:52³⁶.

Pre-pay consumers put cash on their mobile phone account in advance of using it – typically, these are not business users and they are low-users of mobile phones. Post-pay consumers are charged monthly – usually by direct debit – and retrospectively for the use of their mobile phones.

Figure 7.4 Pre-pay and post-pay mobile subscribers



	Guernsey	Jersey	Total
Post-Pay Subscribers	35,064	60,107	95,171
Pre-Pay Subscribers	30,081	59,969	90,050

Source: CICRA Industry Questionnaire, October 2014

Voice Traffic – Mobile Call Minutes

Voice traffic can be analysed in terms of call minutes or the number of calls made. This section analyses both starting with the call minutes and then turning to the number of calls made.

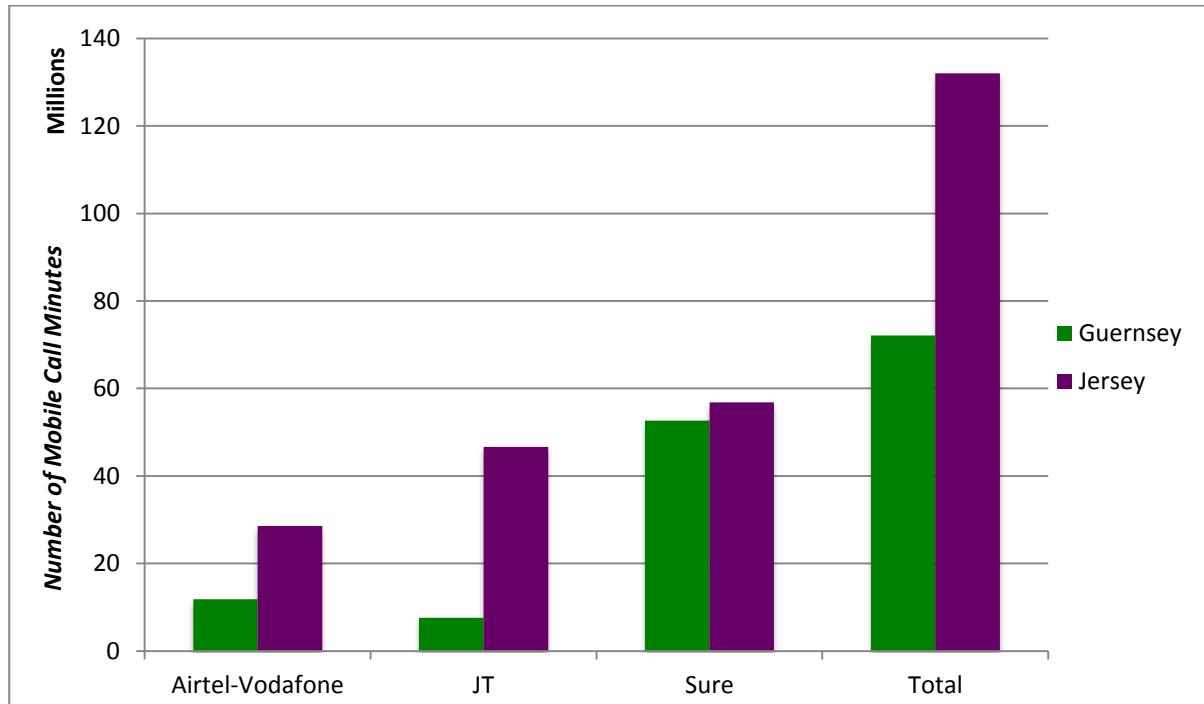
³⁵ These figures exclude pre-pay customers that have been deactivated in the last 12 months due to inactivity.

³⁶ OFCOM 2014 Market Report UK – Figure 5.45

Figure 7.5 below shows the total voice traffic, measured in minutes, in Guernsey and Jersey, and how it is distributed between the three main telecom operators.

During 2012, Guernsey mobile subscribers used 72 million call minutes (70 million minutes in 2011), compared to 132 million call minutes in Jersey (123 million minutes in 2011), showing that the Jersey market was 83% larger than Guernsey, in terms of outgoing call minutes.

Figure 7.5 Total number of mobile minutes per operator – Guernsey and Jersey



	Guernsey	Jersey
Airtel-Vodafone	11,848,838	28,594,683
JT	7,605,251	46,668,365
Sure	52,638,024	56,789,780
Island Total	72,092,113	132,052,828

Source: CICRA Industry Questionnaire, October 2014

As for the relative market shares viewed in terms of subscriber numbers, the original incumbent telecom operators (Sure in Guernsey and JT in Jersey) had the largest share of traffic in their respective islands. In Guernsey, Sure had a 73% share of the total call minutes, compared to JT (11%) and Airtel-Vodafone (16%). In Jersey, JT had 43% of the total mobile call minutes, compared to Sure (35%) and Airtel-Vodafone (22%).

The data above indicates the total number of call minutes carried by the networks of the mobile operators. The same data can also be looked at from the perspective of mobile subscribers and the use each subscriber makes of mobile networks.

Figure 7.6 below shows the annual number of minutes that each consumer in Guernsey and Jersey spent calling from a mobile phone.

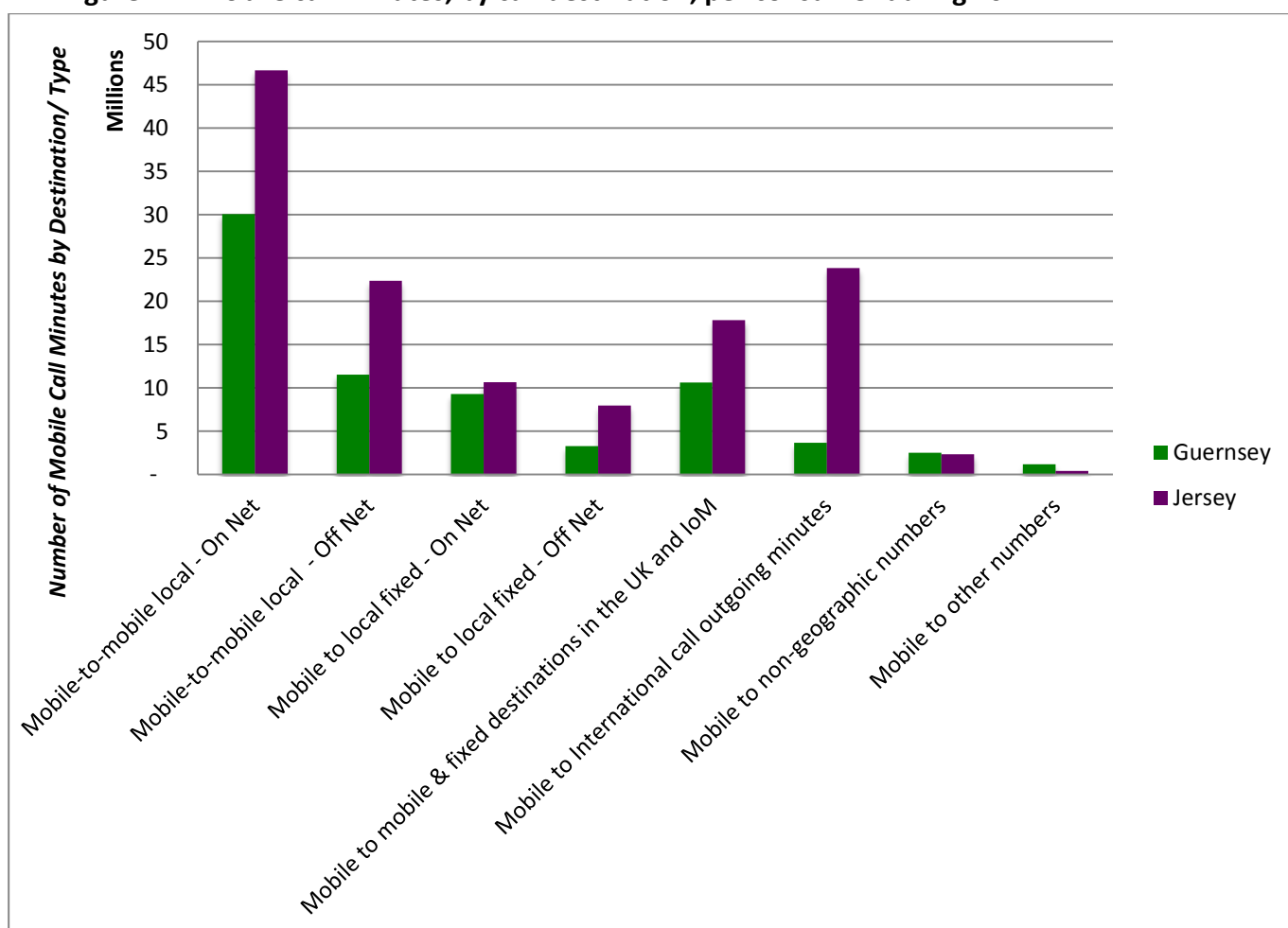
Figure 7.6 Number of mobile call minutes per subscriber during 2012

Mobile Service Type	Guernsey	Jersey
All Services – Average	1107	1100
Pre-Pay	698	748
Post-Pay	1457	1451

Source: CICRA Industry Questionnaire, October 2014

Figure 7.7 below provides an analysis of the main destinations called by subscribers in Guernsey and Jersey. The highest proportion of call minutes were On-Net calls to other subscribers on the same mobile network, 42% in Guernsey and 35% in Jersey. Off Net call minutes to other subscribers on a different mobile network were balanced across both islands at around 17% of overall call minutes. Mobile call minutes to fixed subscribers on the same network were higher in Guernsey (13%) than in Jersey (8%). Traffic to the UK generated the largest volume of international traffic, representing between 15% for Guernsey and 13% for Jersey of total call minutes.

Figure 7.7 Mobile call minutes, by call destination, per consumer during 2012

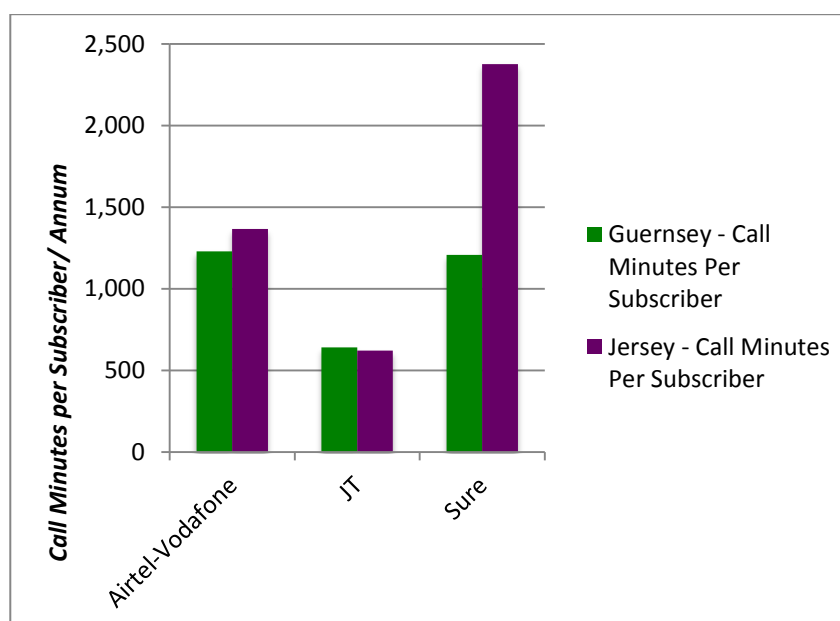


	Guernsey	Jersey
Mobile-to-mobile local - On Net	30,048,034	46,669,725
Mobile-to-mobile local - Off Net	11,536,283	22,364,500
Mobile to local fixed - On Net	9,276,533	10,636,987
Mobile to local fixed - Off Net	3,262,674	7,971,354
Mobile to mobile & fixed destinations in the UK and IoM	10,616,724	17,822,751
Mobile to International call outgoing minutes	3,655,058	23,830,326
Mobile to non-geographic numbers	2,513,962	2,344,398
Mobile to other numbers	1,182,845	412,787
Total Mobile Minutes	72,092,113	132,052,828

Source: CICRA Industry Questionnaire, October 2014

Figure 7.8 below shows the average number of mobile minutes per subscriber per annum, by operator, across both Guernsey and Jersey. Sure subscribers had the highest number of minutes, averaging 2,376 each year (46 minutes per week) in Jersey but Airtel-Vodafone consumers had the highest number of call minutes in Guernsey, averaging 1,228 each year (24 minutes per week). On average in Guernsey, mobile users talked for almost 21 minutes per week (20 minutes per week in 2011) on their mobile phone and Jersey mobile users also talked for 21 minutes per week (18 minutes per week in 2011).

Figure 7.8 Average mobile call minutes per subscriber, per operator, in 2012



	Guernsey	Jersey
Airtel-Vodafone	1,228	1,366
JT	641	620
Sure	1,206	2,376
Island Average	1,107	1,100

Source: CICRA Industry Questionnaire, October 2014

Voice Traffic – Total Calls

Voice traffic, as noted above, can also be considered from the perspective of the number of calls made, irrespective of length.

Figure 7.9 below shows the average number of mobile calls per subscriber during 2012

Figure 7.9 Number of mobile calls per consumer per annum

Mobile Service Type	Guernsey	Jersey
All Services – Average	589	538
Pre-Pay	389	355
Post-Pay	761	721

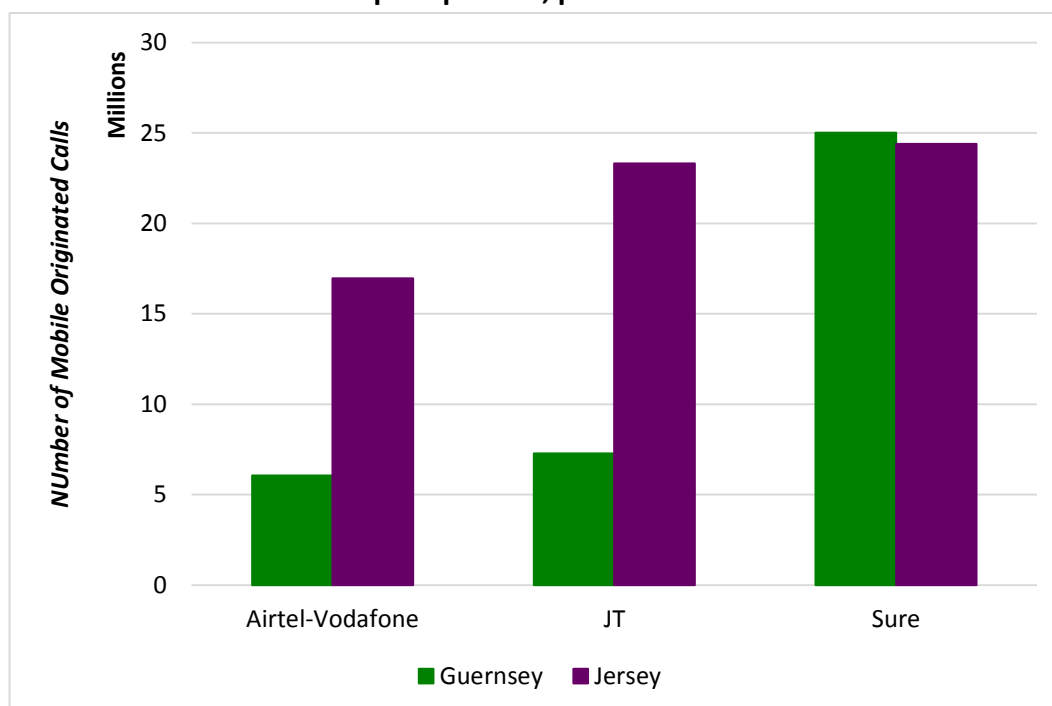
Source: CICRA Industry Questionnaire, October 2014

The average number of calls per subscriber differed by around 9% between Guernsey (average of 589 per subscriber per annum) and Jersey (average of 538 per subscriber per annum). Subscribers to the incumbent operators, Sure in Guernsey and JT in Jersey, made fewer calls than subscribers to the new entrants in each Island.

During 2012, Guernsey mobile subscribers made 38.4 million calls, and 64.7 million calls in Jersey (around 70% more calls than Guernsey).

Figure 7.10 below shows the number of mobile calls originated on each network in Guernsey and Jersey. The incumbent in Guernsey (Sure) had around 65% of the total number of Guernsey originated calls, with smaller shares for JT (19%) and Airtel-Vodafone (16%). In Jersey, JT only had 36% of the local market in terms of originated call volumes, compared to Sure (38%) and Airtel-Vodafone (26%). Across the Channel Islands, Sure subscribers made around 48% of the total calls generated, with JT and Airtel-Vodafone subscribers accounting for 30% and 22% of the total call traffic respectively.

Figure 7.10 Total number of calls per operator, per annum



	Guernsey	Jersey	Total
Airtel-Vodafone	6,068,242	16,958,643	23,026,885
JT	7,284,709	23,319,791	30,604,500
Sure	25,025,232	24,392,906	49,418,138
Island Total	38,378,183	64,671,340	103,049,523

Source: CICRA Industry Questionnaire, October 2014

Incoming International Calling Countries

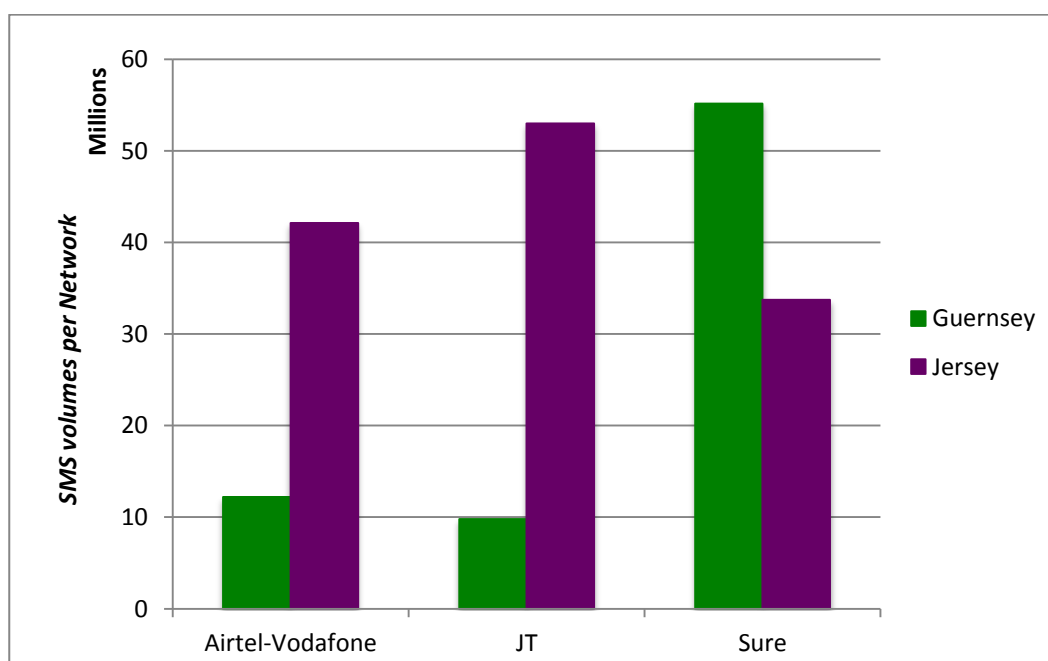
Mobile users in both Guernsey and Jersey received calls from a range of countries, but from the submissions provided by the operators, the most commonly called countries originating mobile calls to the Channel Islands, included :-

- Canada
- Eire
- France
- Latvia
- Poland
- Portugal
- Romania
- South Africa
- Spain
- Switzerland
- USA

SMS Traffic

Similarly to the mobile call volume statistics, 67% more SMS messages were sent in Jersey compared to Guernsey. Figure 7.11 below shows that in total 77.2 million SMS messages (29% sent by pre-paid subscribers and 71% sent by post-paid subscribers) were sent in Guernsey in 2012 and 128.8 million SMS messages were sent in Jersey in 2012 (31% sent by pre-paid subscribers and 69% sent by post-paid subscribers).

Figure 7.11 Number of SMS texts per annum



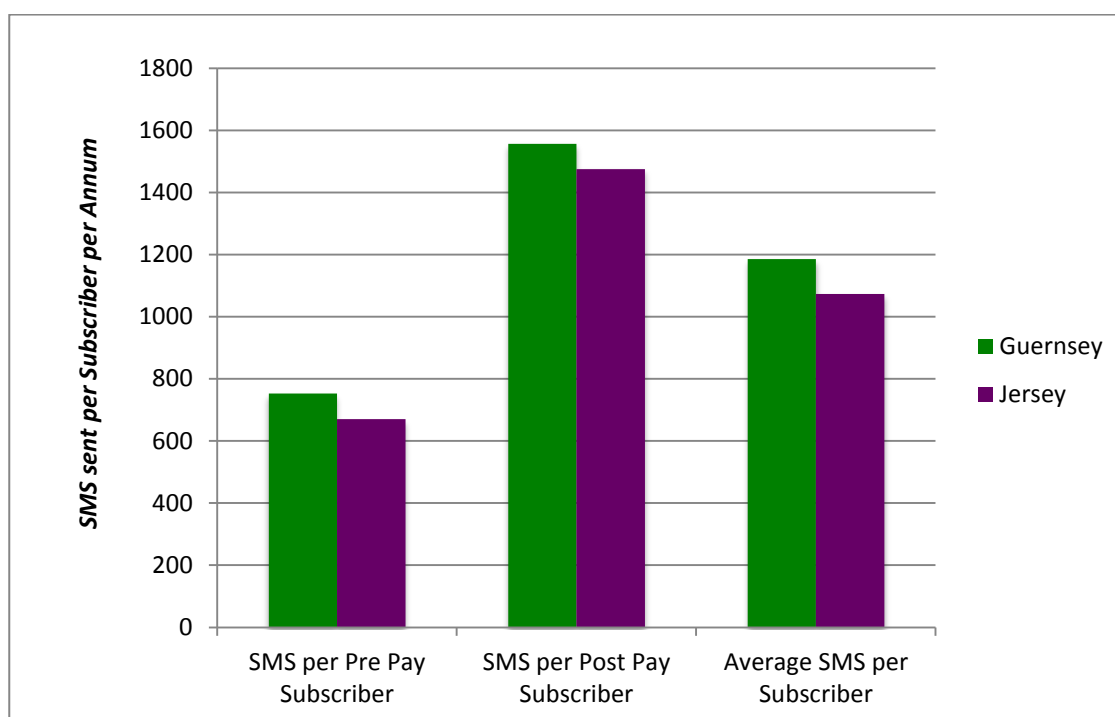
	Guernsey	Jersey	Total
Airtel-Vodafone	12,216,846	42,116,630	54,333,476
JT	9,815,889	52,993,471	62,809,360
Sure	55,172,543	33,737,345	88,909,888
Island Total	77,205,278	128,847,446	206,052,724

Source: CICRA Industry Questionnaire, October 2014

In terms of market share, the incumbent in Guernsey (Sure) had about 71% of the total number of SMS messages sent, with smaller shares for Airtel-Vodafone (16%) and JT (13%). In Jersey, JT had 41% of the local market in terms of originated number of SMS messages, compared to Airtel-Vodafone (33%) and Sure (26%).

As shown in Figure 7.12 below in Guernsey, the number of texts sent by prepay consumers was around 14 SMS's per week (consistent with 2011), compared to 30 SMS's (39 per week in 2011) for the average post-pay consumer. In Jersey, prepay consumers sent about 13 SMS's per week (consistent with 2011), compared to post-pay consumers who sent about 28 SMS's per week (34 per week, 2011).

Figure 7.12 Average number of SMS texts per annum



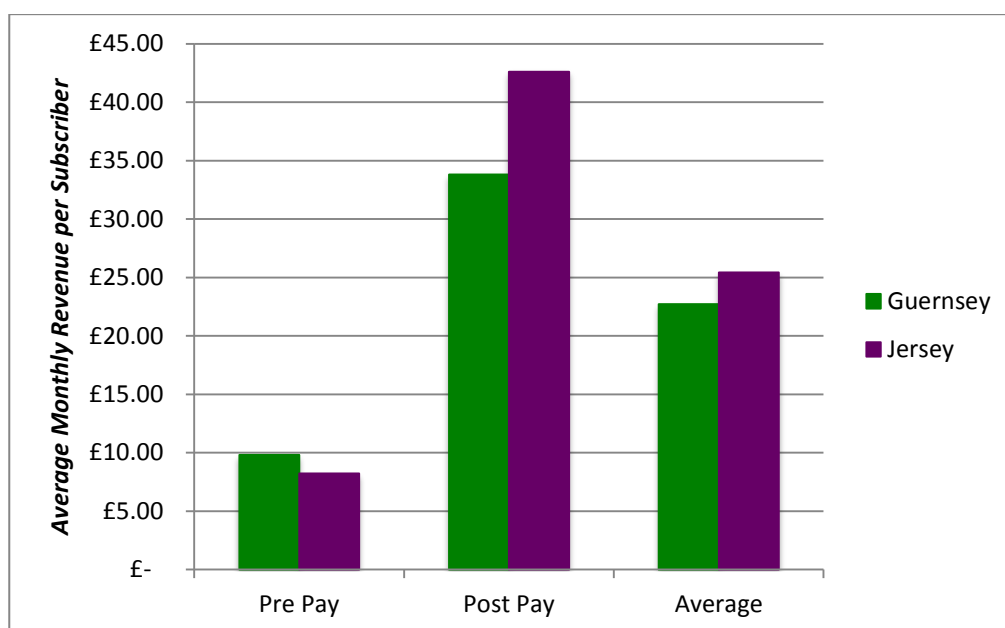
Mobile Service Type	Guernsey	Jersey
All Services – Average	1185	1073
Pre-Pay	753	670
Post-Pay	1556	1475

Source: CICRA Industry Questionnaire, October 2014

Mobile revenue per type of consumer

Figure 7.13 below shows that, on average, there was little difference between the net revenue received, i.e. excluding GST in Jersey, from each mobile subscriber. Figure 7.13 also shows the annual revenue per user (ARPU) in total and analysed according to subscriber type.

Figure 7.13 Average revenue per subscriber per month



Mobile Service Type	Guernsey	Jersey	Average
All Services – Average	£22.73	£25.44	£24.49
Pre-Pay	£9.81	£8.23	£8.76
Post-Pay	£33.81	£42.61	£39.37

Source: CICRA Industry Questionnaire, October 2014

For pre-pay subscribers, the average monthly ARPU was £9.81 per month³⁰ (£11.08 in 2011) for Guernsey subscribers and £8.23 per month (compared to £8.50 in 2011) for Jersey subscribers.

For post-pay subscriber, an average Guernsey subscriber spent £33.81 per month (£37.65 in 2011) and Jersey subscribers spent on average £42.61 per month (£37.49 in 2011). The figures included roaming and mobile data charges.

In the UK, pre-pay consumers spent on average £5.92 per month and post-pay consumers spent £26.09 on average. According to Ofcom, in 2012, the average monthly blended ARPU for a UK mobile consumer (including voice, roaming and data charges) was around £16.13³⁷, compared to the average monthly ARPU in Guernsey of £22.73 and in Jersey of £25.44.

Switching Activity in the Guernsey and Jersey mobile markets

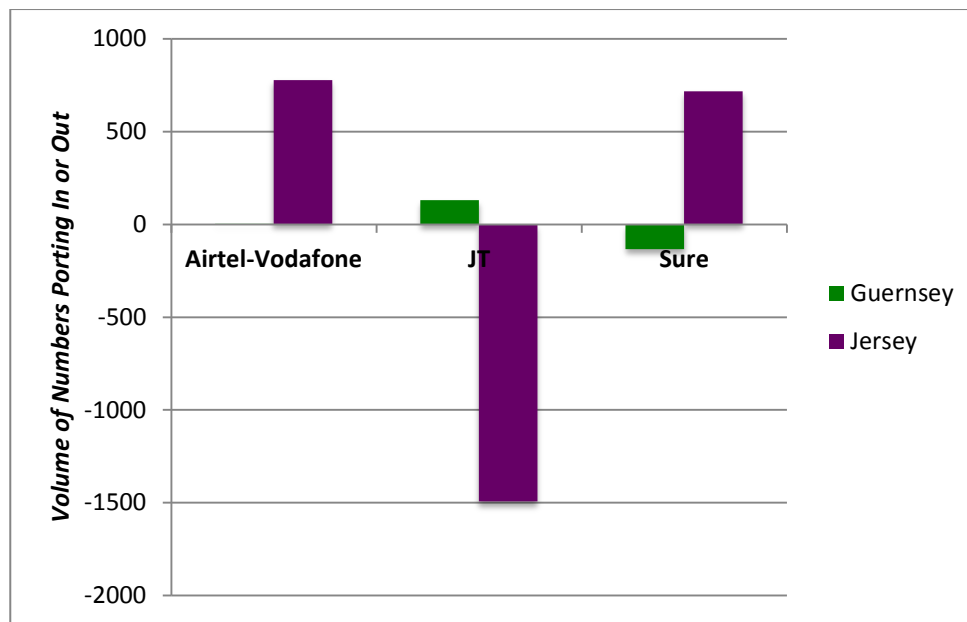
One measure of the competitive dynamics apparent in markets is the extent to which consumers switch from one supplier to another. If consumers switch, it indicates that telecom operators are innovative in creating new offerings that entice consumers from one operator to another. Switching is usually associated with the process called 'porting' whereby consumers, can switch from one supplier to another while keeping their

³⁷ Ofcom: 2014 Communications Market Report – Fig 5.41

telephone number; in effect, consumers 'port' their telephone number from one telecom supplier. In the Channel Islands number porting is available intra-island but not inter-island.

Figure 7.14 below shows the mobile porting activity in Guernsey and Jersey, 'Porting-in' describes the number of consumers moving to a new supplier and, conversely, 'porting-out' describes the number of consumers leaving the existing supplier. In each island, the total number of consumers porting in and out, by definition, is equal and in each island, the incumbent operator lost more consumers than it gained. The overall Airtel-Vodafone, gained 778 consumers during 2012 across both Guernsey and Jersey, Sure gained 583 consumers and JT lost 1,361.

Figure 7.14 Mobile Porting Activity – Guernsey & Jersey



Guernsey Porting Activity	Port In	Port Out	Net Benefit
Airtel-Vodafone	133	131	2
JT	670	539	131
Sure	353	486	-133
Island Total	1156	1156	0
Jersey Porting Activity	Port In	Port Out	Net Benefit
Airtel-Vodafone	1351	575	776
JT	1092	2584	-1492
Sure	1233	517	716
Island Total	3676	3676	0

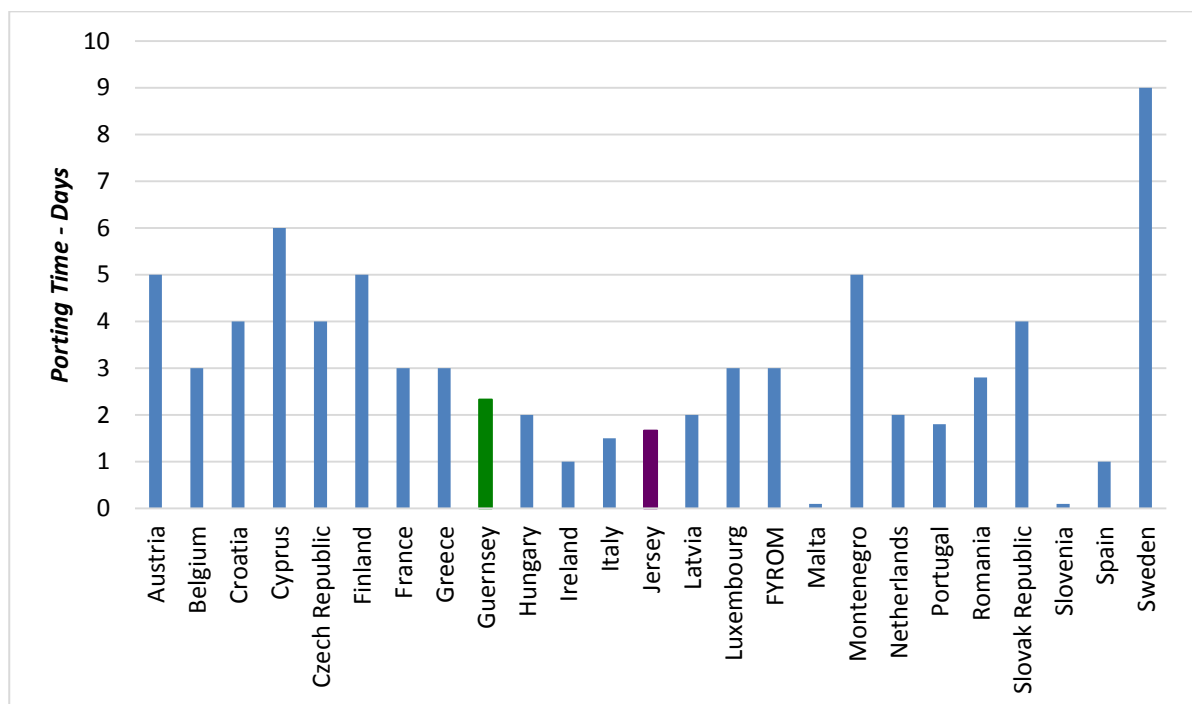
Source: Porting XS MNP Channel Islands data – 2012

A total of 4,832 mobile numbers were ported in 2012, representing 2.61% of the Channel Islands mobile subscriber base. The majority of porting activity was seen in Jersey where 3,676 (3.06%) numbers were ported, compared to Guernsey, where 1,156 (1.77%) numbers were ported. Whilst the average porting level

aligned to the average seen across Europe, it was significantly behind the competitive markets of Denmark, France and Italy, where porting activity was between 8% and 12% of the active subscriber base³⁸.

Figure 7.15 below provides a comparison of porting times across the EU. The average porting time in Guernsey was 55.9 hours (2.3 days) hours, whereas porting transactions in Jersey were processed faster, with an average porting time of 39.9 hours (1.7 days), per porting transaction. According to the 2014 CEPT report data³⁹, the average porting time for mobile services across the EU was 3.1 working days. However, the variation in porting times was broad, and it should be noted that porting timeframes in Eire, Malta and Spain could be less than one hour and thus the 2012 porting performance in both Guernsey and Jersey was poorer than the European best practice countries.

Figure 7.15 Comparison of Porting Times across the EU



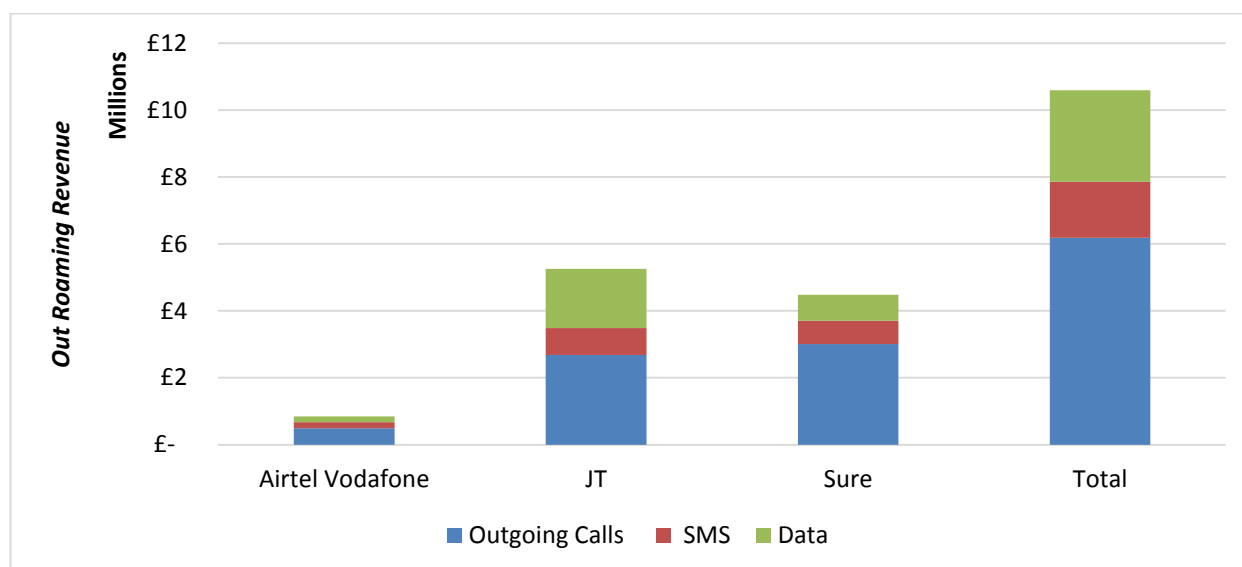
Out Roaming

Out Roaming is the use of mobile services by the mobile subscribers of local operators while roaming on networks outside the Channel Islands. Figure 7.16 below shows that in 2012, the Channel Islands mobile operators generated revenues of around £10.6 million (18.4% of mobile revenues excluding In Roaming revenues) from Out Roaming service usage by their subscribers. It also shows the relative Out Roaming revenues generated by each operator from Out Roaming calls (58%), SMS (16%) and data usage (26%).

³⁸ Number Portability Implementation in Europe based on a survey of CEPT Member Countries - CEPT/ECC Working Group Numbering & Networks - 14 March 2014

³⁹ Number Portability Implementation in Europe based on a survey of CEPT Member Countries - CEPT/ECC Working Group Numbering & Networks - 14 March 2014

Figure 7.16 Out Roaming Revenue



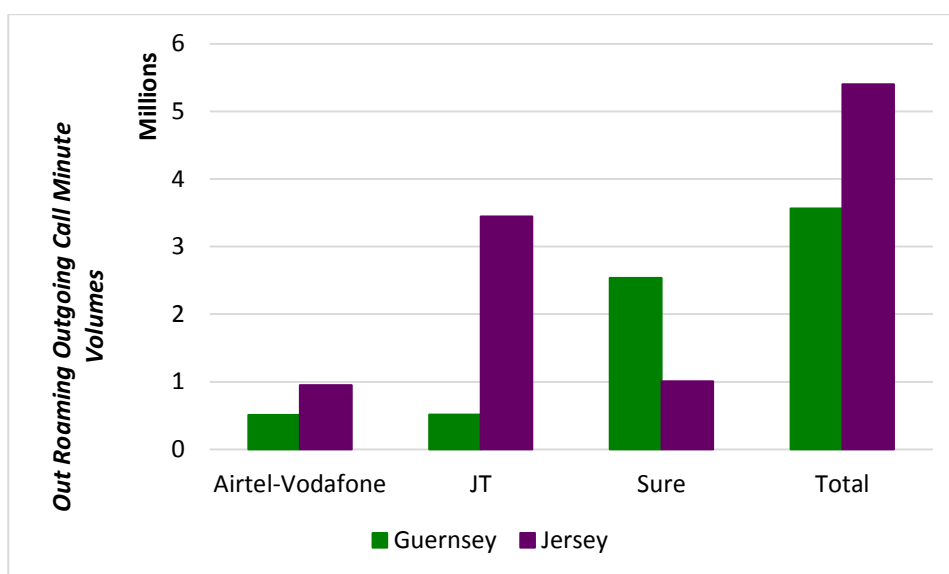
Out Roaming Revenue	Airtel-Vodafone	JT	Sure	Total
Outgoing Calls	£496,155	£2,681,322	£3,008,471	£6,185,948
SMS	£175,508	£800,914	£693,218	£1,669,640
Data	£174,972	£1,776,911	£781,103	£2,732,986
Total	£846,635	£5,259,147	£4,482,792	£10,588,574

Source: CICRA Industry Questionnaire, October 2014

Out Roaming outgoing call minutes

Out Roaming outgoing call minutes are all minutes used by the mobile subscribers of local operators while roaming on networks outside the Channel Islands. Figure 7.17 below shows that the incumbent operator in each Island had the highest number of roaming out outgoing call minutes (Sure in Guernsey (71%) and JT in Jersey (64%)) which reflected the comparative sizes of their subscriber bases.

Figure 7.17 Out Roaming outgoing call minutes



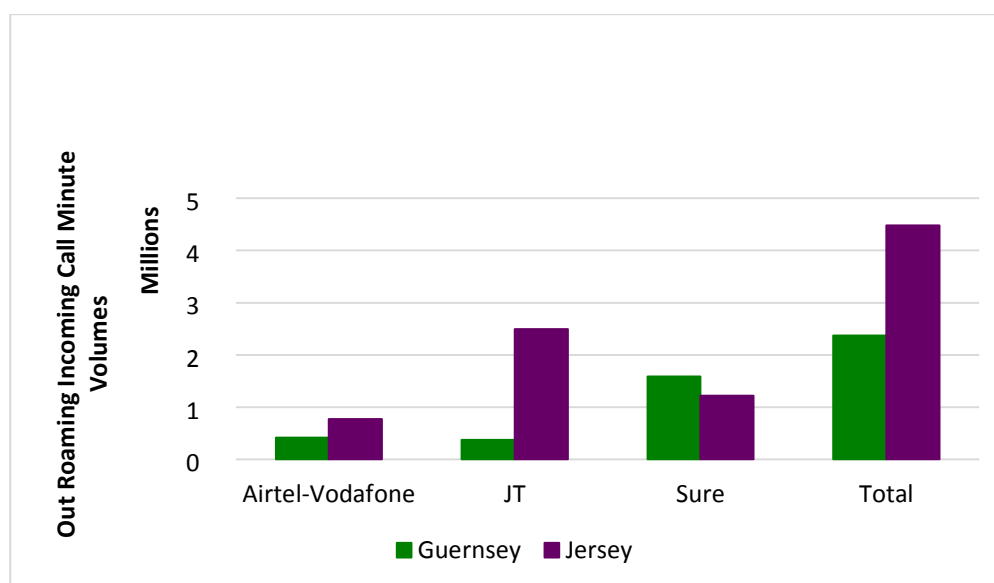
Out Roaming outgoing call minutes	Guernsey	Jersey	Total
Airtel-Vodafone	510,615	948,286	1,458,901
JT	515,196	3,447,849	3,963,045
Sure	2,537,010	1,005,919	3,542,929
Total	3,562,821	5,402,054	8,964,875

Source: CICRA Source: CICRA Industry Questionnaire, October 2014

Out Roaming incoming call minutes

Out Roaming incoming call minutes are those calls minutes received by the operators' own mobile consumers while roaming on networks outside the Channel Islands. Figure 7.18 below shows that the two respective incumbents' consumers received the largest number of call minutes, Sure in Guernsey (67%) and JT in Jersey (56%).

Figure 7.18 Out Roaming incoming call minutes



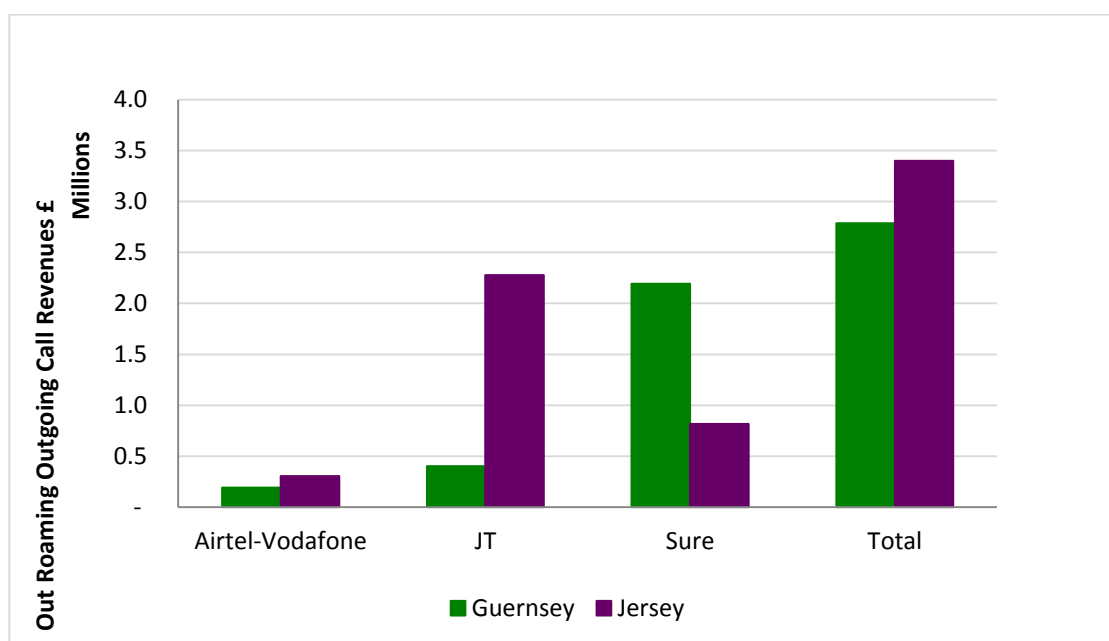
Out Roaming Incoming Call Minutes	Guernsey	Jersey	Total
Airtel-Vodafone	414,051	768,951	1,183,002
JT	373,073	2,496,718	2,869,791
Sure	1,584,262	1,217,313	2,801,575
Total	2,371,386	4,482,982	6,854,368

Source: CICRA Industry Questionnaire, October 2014

Out Roaming outgoing call revenue

Out Roaming outgoing call revenue is the revenue received from roaming out voice calls made by the operators' own mobile consumers while roaming on networks outside the Channel Islands. Figure 7.19 below shows that the operators made around 10% of total mobile revenues excluding In Roaming revenues, from Out Roaming outgoing calls, generating £6.2 million in 2012, with £2.8 million generated by Guernsey subscribers and £3.4 million generated by Jersey subscribers. Sure generated 49% of the total out roaming outgoing call revenues, JT 43% and Airtel-Vodafone 8%.

Figure 7.19 Out Roaming outgoing call revenue (£)



Out Roaming Outgoing Call Revenue £	Guernsey	Jersey	Total
Airtel-Vodafone	190,879	305,276	496,155
JT	403,011	2,278,311	2,681,322
Sure	2,192,114	816,357	3,008,471
Total	2,786,004	3,399,944	6,185,947

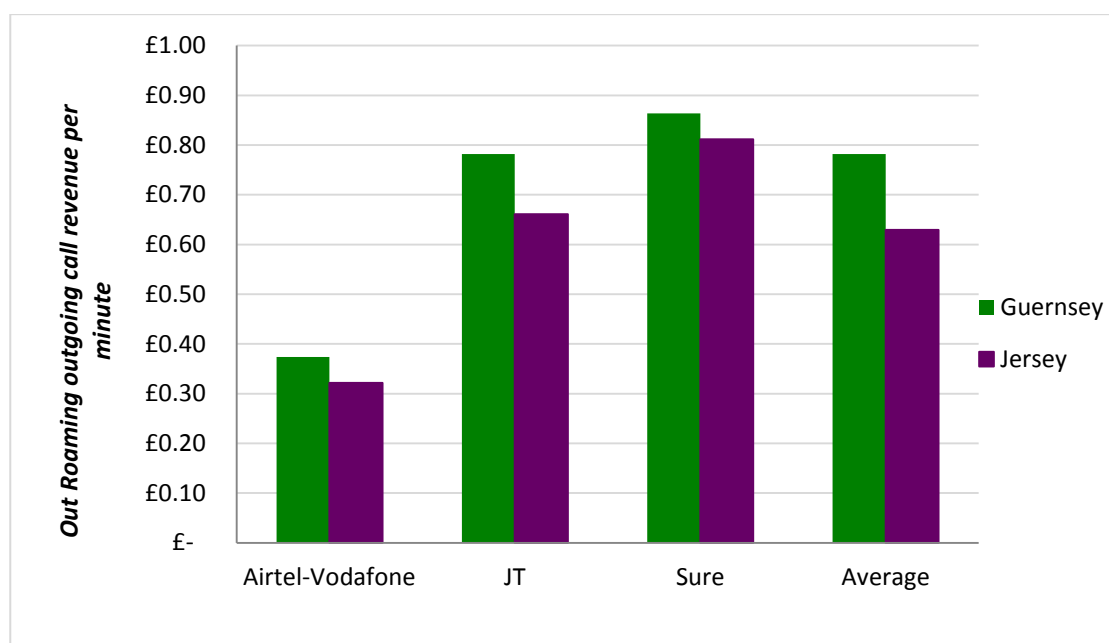
Source: CICRA Industry Questionnaire, October 2014

Out Roaming - revenue per outgoing call minute

Figure 7.20 below shows, for Out Roaming, the average revenue per outgoing call minute.

The figures shown in figure 7.20 below have been calculated as the ratio of revenue and call minutes. Average revenue per Out Roaming outgoing call minute was 24% or £0.15 higher in Guernsey, compared to Jersey. Sure collected the highest revenue per minute at £0.84, compared to £0.72 for JT and £0.35 for Airtel-Vodafone.

Figure 7.20 Out Roaming– revenue per outgoing call minute



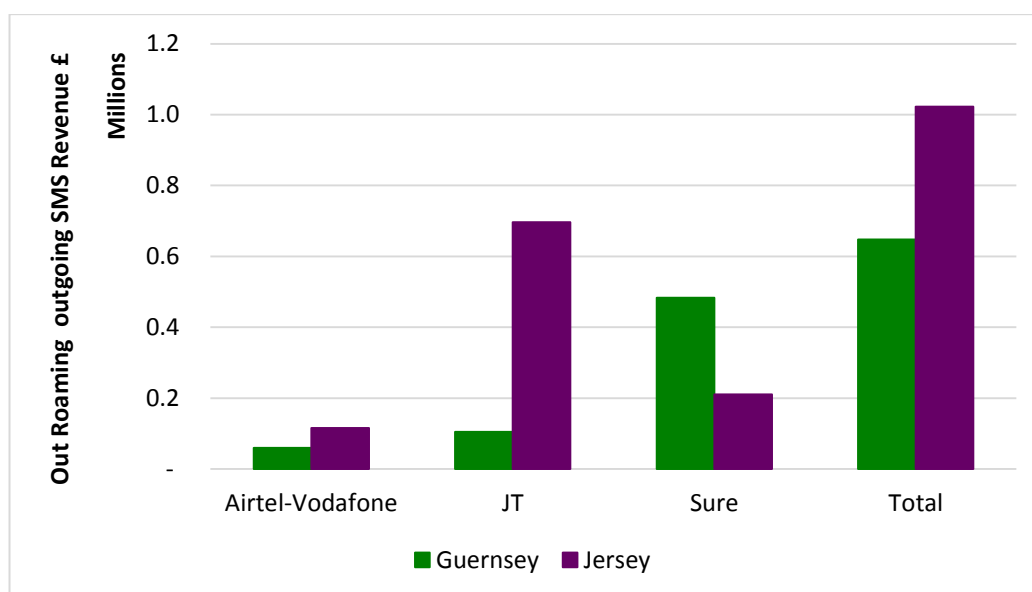
Out Roaming – Revenue per outgoing call minute £	Airtel-Vodafone	JT	Sure	Average
Guernsey	£0.37	£0.78	£0.86	£0.78
Jersey	£0.32	£0.66	£0.81	£0.63

Source: CICRA Industry Questionnaire, October 2014

Out Roaming SMS message revenue

Out Roaming SMS message revenue is the revenue received (excluding GST in Jersey) from SMS messages sent by the operators' own mobile consumers while roaming on networks outside the Channel Islands. Figure 7.21 below shows that the operators generated around £1.6 million (£0.6 million from Guernsey consumers and £1 million from Jersey consumers) from out roaming SMS traffic, which showed a marginal increase over the 2011 figure of around £1.5 million. JT generated 48% of the total out roaming outgoing SMS revenues, Sure 41% and Airtel-Vodafone 11%.

Figure 7.21 Out Roaming – SMS message revenue (£)

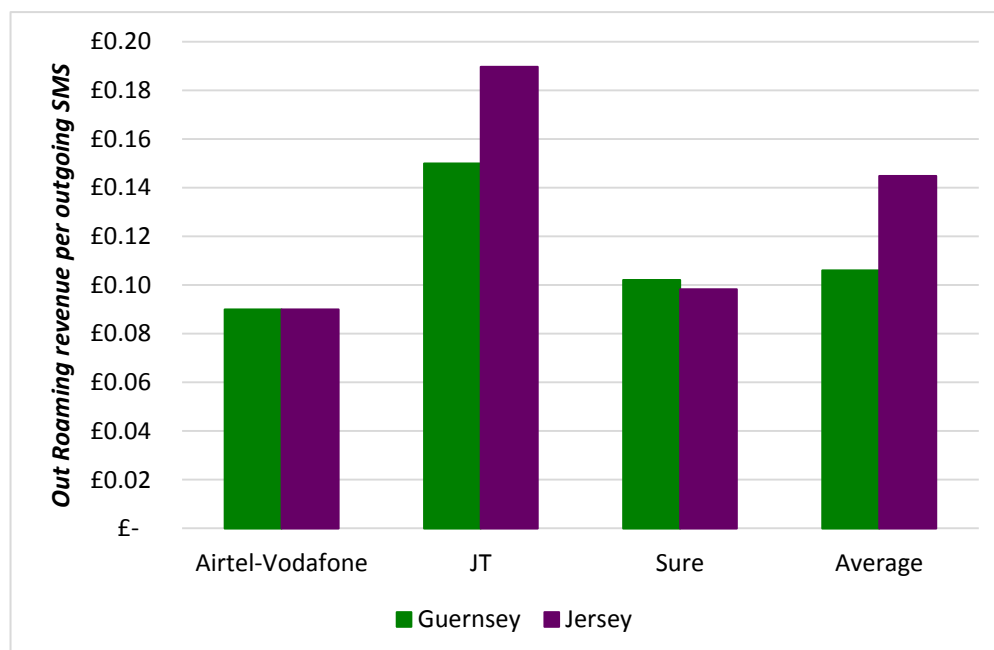


Out Roaming Outgoing SMS Revenue £	Guernsey	Jersey	Total
Airtel-Vodafone	59,694	115,814	175,508
JT	104,467	696,447	800,914
Sure	483,213	210,005	693,218
Total	647,374	1,022,266	1,669,640

Source: CICRA Industry Questionnaire, October 2014

As can be seen from figure 7.22 below contrary to the trend for average revenue per Out Roaming outgoing call minute pricing, the average price of SMS roaming messages was 37% or £0.03 per SMS higher in Jersey, when compared to Guernsey. JT received on average £0.17 per SMS roaming message, compared to £0.10 for Sure and £0.09 for Airtel-Vodafone. The relative difference between the average revenue per roaming SMS sent by its subscribers compared to Sure and Airtel-Vodafone was significant and may be explained by different roaming profiles of JT subscribers.

Figure 7.22 Revenue per Out roaming SMS message



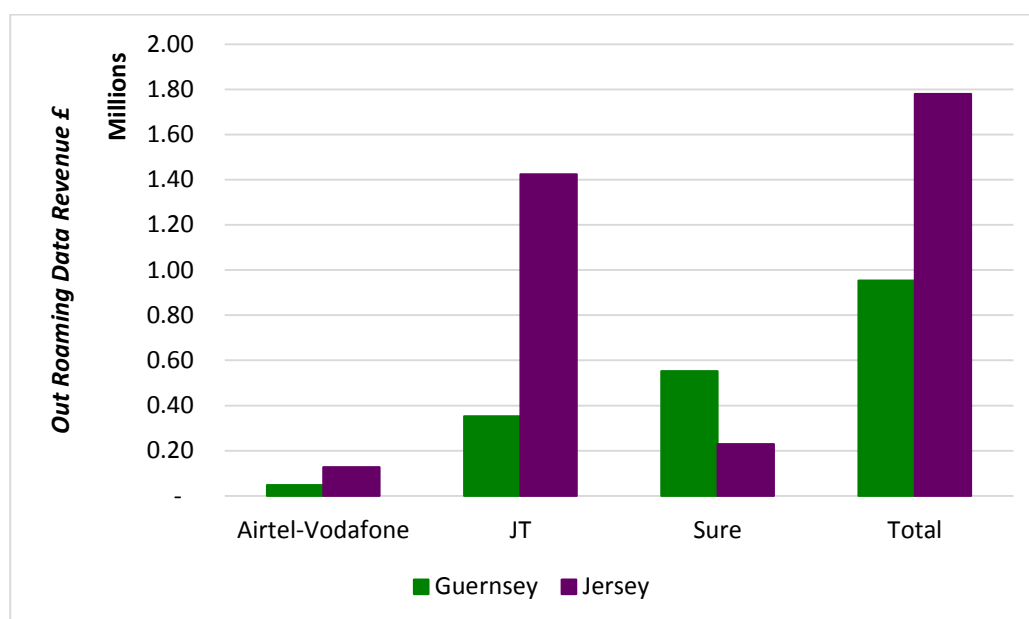
Out Roaming – Revenue per SMS £	Airtel-Vodafone	JT	Sure	Average
Guernsey	£0.09	£0.15	£0.10	£0.11
Jersey	£0.09	£0.19	£0.10	£0.14

Source: CICRA Industry Questionnaire, October 2014

Out Roaming data revenue

Out Roaming data revenue is the revenue received from data downloaded by the operators' own mobile subscribers while roaming on networks outside the Channel Islands. Figure 7.23 below shows that the three operators, earned around £1 million (£2 million in 2011) from Guernsey subscribers and nearly £1.8 million (£2.5 million in 2011) from Jersey consumers for overseas roaming data usage. The reduction in Out Roaming data revenue between 2011 and 2012 is possibly caused by reductions in unit per Mb market pricing apparent from the Airtel-Vodafone and Sure pricing.

Figure 7.23 Out Roaming Data Revenue



Out Roaming Outgoing Data Revenue £	Guernsey	Jersey	Total
Airtel-Vodafone	48,140	126,832	174,972
JT	352,939	1,423,972	1,776,911
Sure	552,070	229,033	781,103
Total	953,149	1,779,837	2,732,986

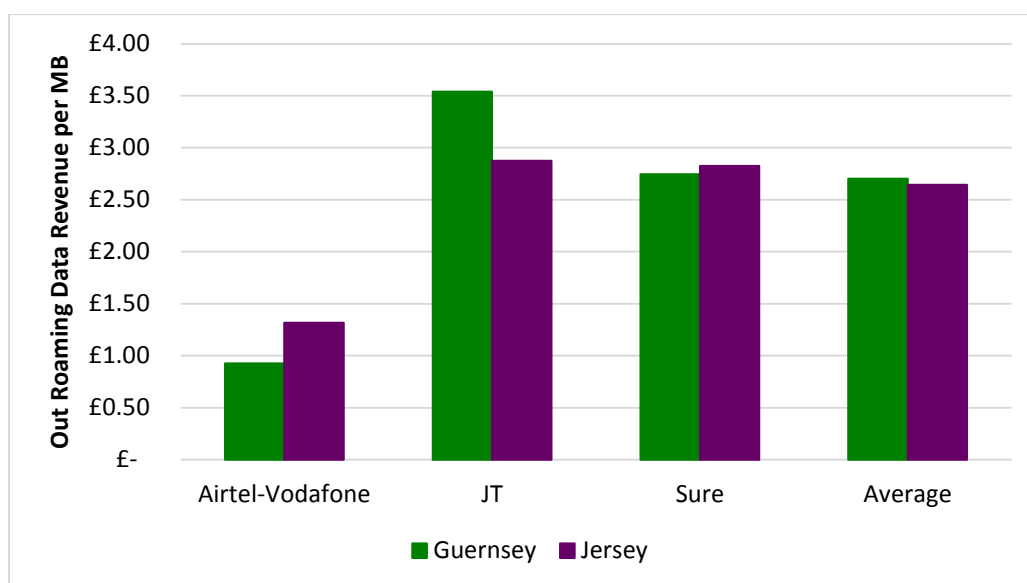
Source: CICRA Industry Questionnaire, October 2014

Figure 7.24 below shows the average revenue per downloaded MB of data that the Channel Islands' operators collected from their local consumers when they roamed abroad and downloaded data, averaged £2.67 per MB, ranging from £0.93 per MB with Airtel-Vodafone (Guernsey) to £3.54 per MB with JT (Guernsey).

The average Out Roaming revenue between Guernsey and Jersey were closely aligned, averaging £2.70 per MB in Guernsey and £2.65 per MB in Jersey.

The 2012 revenue per MB reported by the different operators varied from the average revenues reported in 2011. For instance, Sure's average revenue appeared to have reduced from £3 per MB (2011) to £2.77 per MB (2012), with a more dramatic reduction in Airtel-Vodafone's average revenue reducing from £2.40 per MB (2011) to £1.18 per MB (2012). However, the JT average revenue appears to have increased significantly from around £1.20 per MB (2011) to £2.99 per MB (2012). The apparent reduction in Airtel-Vodafone and Sure data pricing may be due to the trend across the UK and Europe where roaming data pricing have been reducing significantly due to regulatory and consumer pressure, but may also have been driven by specific roaming promotions. The growth in JT's average roaming data revenue may be due to anomalies with the 2011 data or to a different roaming profile of JT subscribers, for instance, a greater prevalence to international roaming rather than European roaming.

Figure 7.24 Out Roaming Data - Revenue per MB (£)



Out Roaming – Revenue per MB £	Airtel-Vodafone	JT	Sure	Average per Island
Guernsey	£0.93	£3.54	£2.75	£2.70
Jersey	£1.32	£2.87	£2.82	£2.65
Average per Operator	£1.18	£2.99	£2.77	

Source: CICRA Industry Questionnaire, October 2014

Out Roaming Destinations

The submissions from the Channel Islands operators indicated that the most common destinations for local consumers to use their mobile telecommunications services when roaming abroad, included:-

- Eire,
- France,
- Poland,
- Portugal,
- Spain,
- Switzerland,
- UK,
- USA

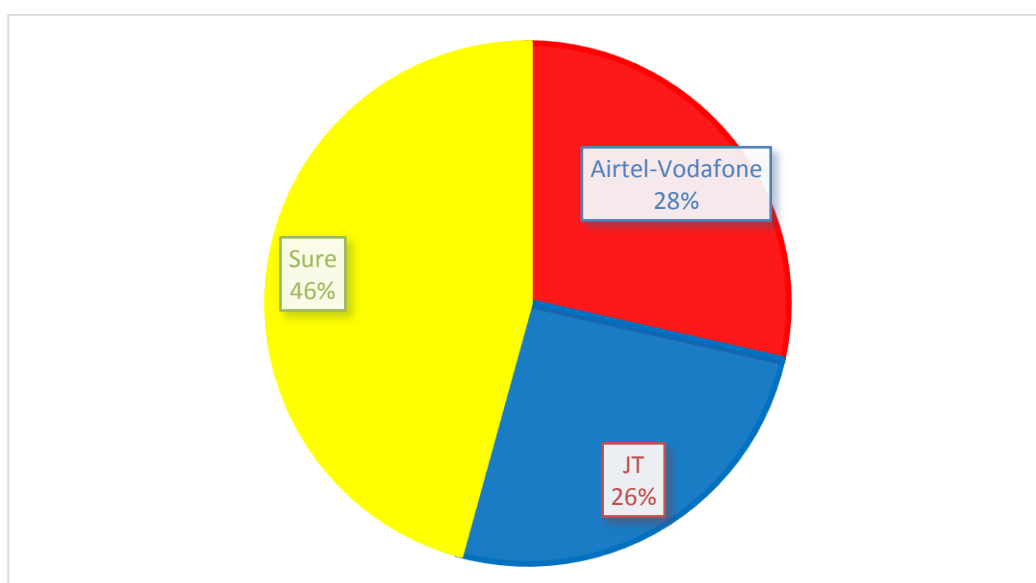
In Roaming

In Roaming is the use of Channel Islands networks by overseas visitors for mobile services.

In 2012, In Roaming subscribers generated revenues of around £3.8 million across the Channel Islands, with visitors to Guernsey generating revenues of around £1.7 million and those to Jersey generating revenues of around £2.0 million.

Figure 7.25 below shows that Sure generated 46% of the total Channel Island In Roaming revenue, with Airtel-Vodafone generated 28% and JT 26% respectively.

Figure 7.25 In Roaming Revenue Market Share



In Roaming Revenue £	Guernsey	Jersey	Total
Airtel-Vodafone	456,784	616,374	1,073,158
JT	406,139	561,314	967,453
Sure	871,234	848,795	1,720,029
Total	1,734,157	2,026,483	3,760,640

Source: CICRA Industry Questionnaire, October 2014

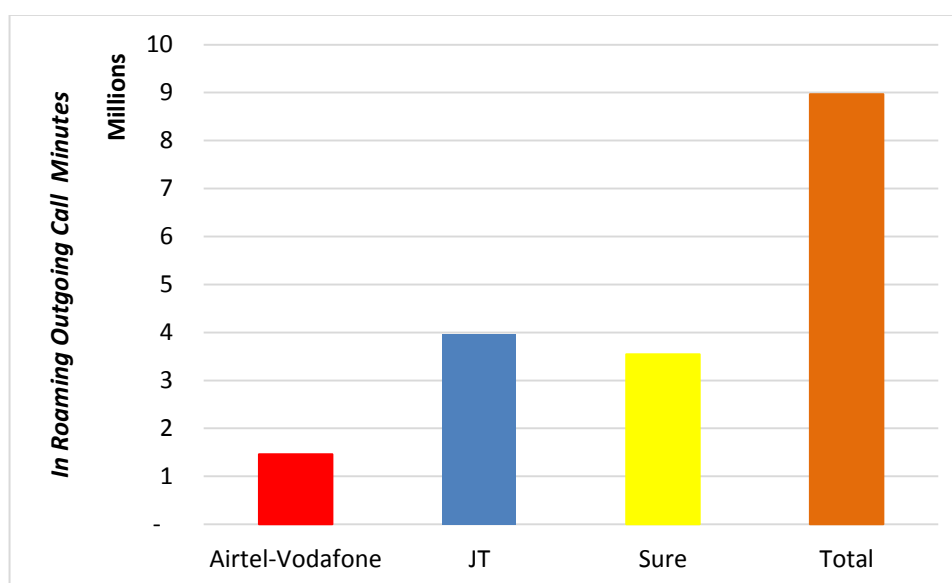
In Roaming outgoing call minutes

Figure 7.26 below shows the number of outgoing call minutes used by visiting mobile consumers while roaming on the Channel Island operators' mobile networks.

Over 44% of the roaming in outgoing call minutes were made on JT's Network (compared to 37% in 2011), 40% on Sure's (compared to 21% in 2011), with biggest change being on Airtel-Vodafone's network, where outgoing voice traffic market share dropped from 42% in 2011 to 16% in 2012.

Some of the operators were unable to separate out In Roaming traffic between Guernsey and Jersey and thus In Roaming data is presented on a pan Channel Island basis.

Figure 7.26 In Roaming outgoing call minutes



In Roaming Outgoing Call Minutes	Total
Airtel-Vodafone	1,458,901
JT	3,963,045
Sure	3,542,929
Total	8,964,875

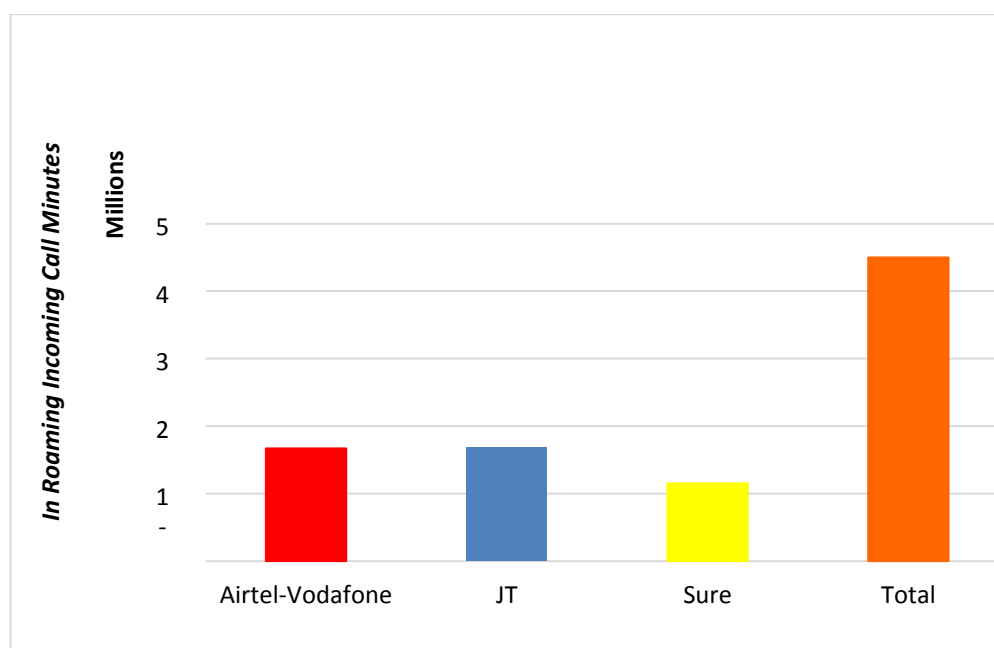
Source: CICRA Industry Questionnaire, October 2014

In Roaming incoming call minutes

In Roaming incoming call minutes refers to the total number of call minutes received by visiting mobile consumers while roaming on local operators' own mobile networks.

Figure 7.27 below shows the share of incoming call minutes received by visiting mobile consumers demonstrated a different profile to the corresponding outgoing call traffic, in which the predominate market share was held by Airtel-Vodafone and JT with 37% each and a lower share with Sure, at 26%.

Figure 7.27 In Roaming incoming call minutes



In Roaming Incoming Call Minutes	Total
Airtel-Vodafone	1,669,685
JT	1,678,160
Sure	1,152,107
Total	4,499,952

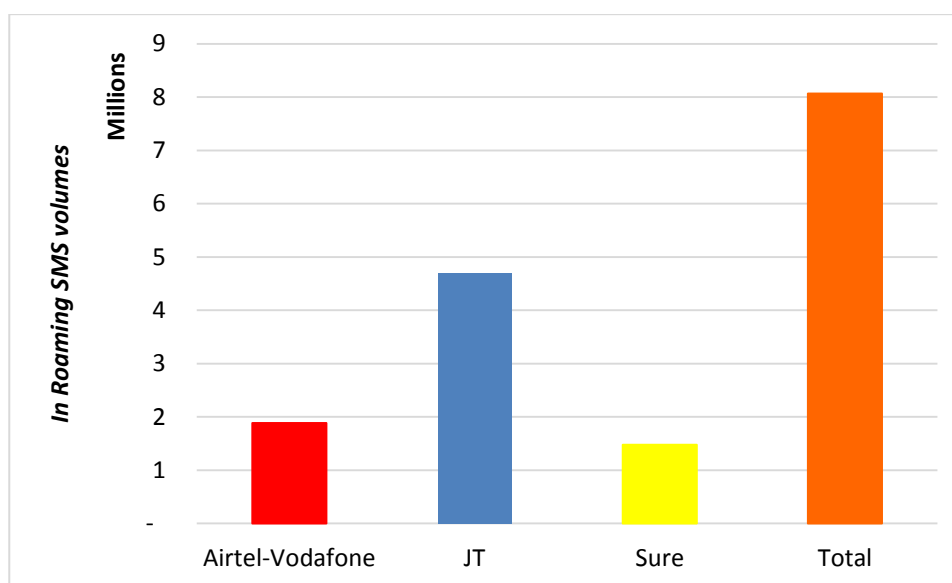
Source: CICRA Industry Questionnaire, October 2014

In Roaming SMS messages and data

Figure 7.28 below shows the total number of SMS messages sent by visiting mobile consumers while roaming on Channel Islands' operators' mobile networks.

The predominate share of outgoing SMS messages sent by visiting mobile consumers was held by JT with 58%, Airtel-Vodafone 23% share and Sure 19%.

Figure 7.28 In Roaming – outgoing SMS messages

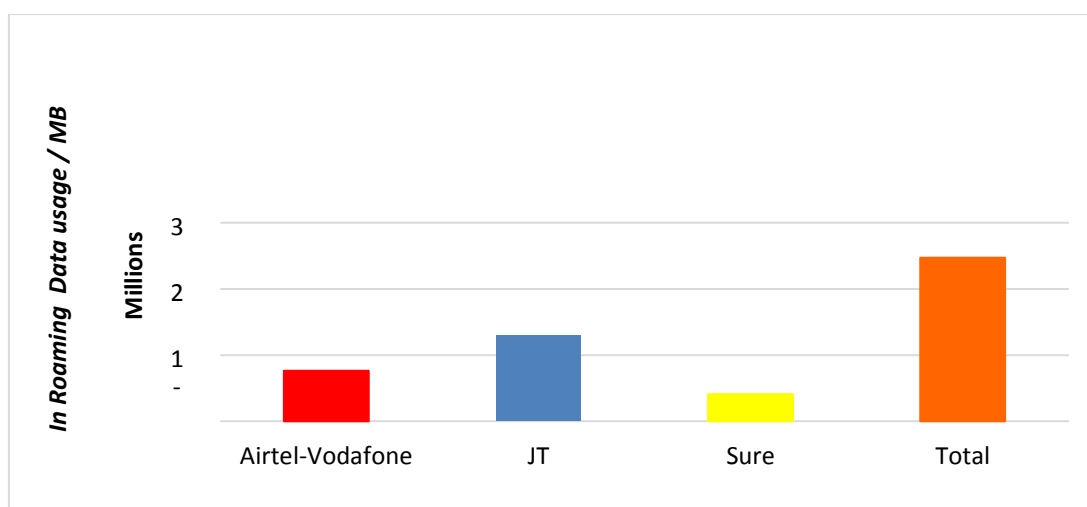


In Roaming SMS	Total
Airtel-Vodafone	1,884,880
JT	4,704,154
Sure	1,477,308
Total	8,066,342

Source: CICRA Industry Questionnaire, October 2014

Figure 7.29 below shows the amount of data which visiting mobile consumers downloaded while using one of the networks of a Channel Island operator. JT held 52% of the market share, with Airtel-Vodafone accounting for 31% and Sure with 17%.

Figure 7.29 In Roaming – data usage (MB)



In Roaming Data Usage/ MB	Total
Airtel-Vodafone	764,081
JT	1,299,566
Sure	410,219
Total	2,473,866

Source: CICRA Industry Questionnaire, October 2014

In Roaming Destinations

The submissions from the Channel Islands operators indicate that the most common countries from which visiting consumers originated who roam on the Channel Islands mobile networks whilst visiting the Channel Islands, included :-

- Belgium,
- France,
- Germany,
- Eire,
- Netherlands,
- Portugal,
- Poland,
- Switzerland,
- UK

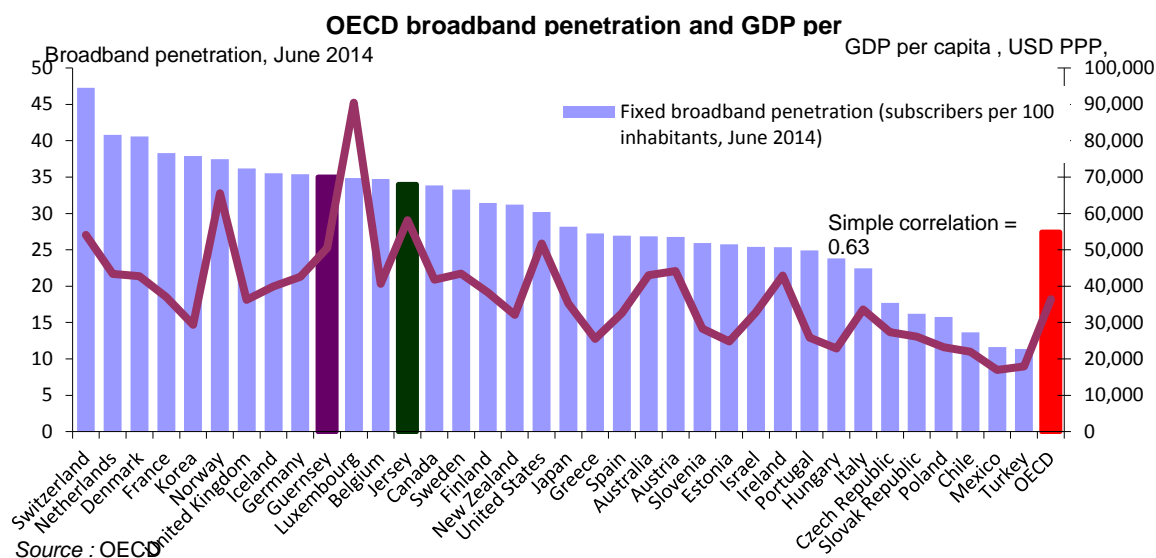
8. Broadband Market Overview

Subscribers and penetration rate

The majority of broadband subscribers in both islands are categorised as residential users rather than business users. However, it is believed that some subscribers termed as “residential” users could be small businesses, but purchase residential type products. Some operators were unable to distinguish between residential and small business users who purchased the same broadband package. In 2012, Guernsey and Jersey the split between residential and business subscribers was around 94%/6% respectively, whereas in 2011 the split between the islands was more marked with the split in Guernsey being 90%/10%, compared to 93%/7% in Jersey. One possible explanation for the small proportion of business internet consumers is that business subscribers demand more tailored products of higher capacities (like leased lines) which were not captured in the above figures.

At the end of December 2012, there were 84 residential broadband fixed line subscriptions per 100 households in Guernsey (72 in 2011), compared to 81 in Jersey (69 in 2011). In the UK in 2012, the average fixed line broadband household penetration rate was 72%⁴⁰. The number of fixed line broadband subscribers per head of population was 35% in Guernsey and 34% in Jersey, compared to 34% in 2011 for both islands. Figure 8.1 below shows that these results were above the OECD average of 26%⁴¹ but not as high as Switzerland, Netherlands or Denmark, which have the highest penetration rates in terms of population of 47%, 41% and 41% respectively.

Figure 8.1 OECD broadband penetration rate per 100 inhabitants



Source: OECD Broadband statistics June 2012 [oecd.org/sti/ict/broadband] – updated to include Guernsey and Jersey data

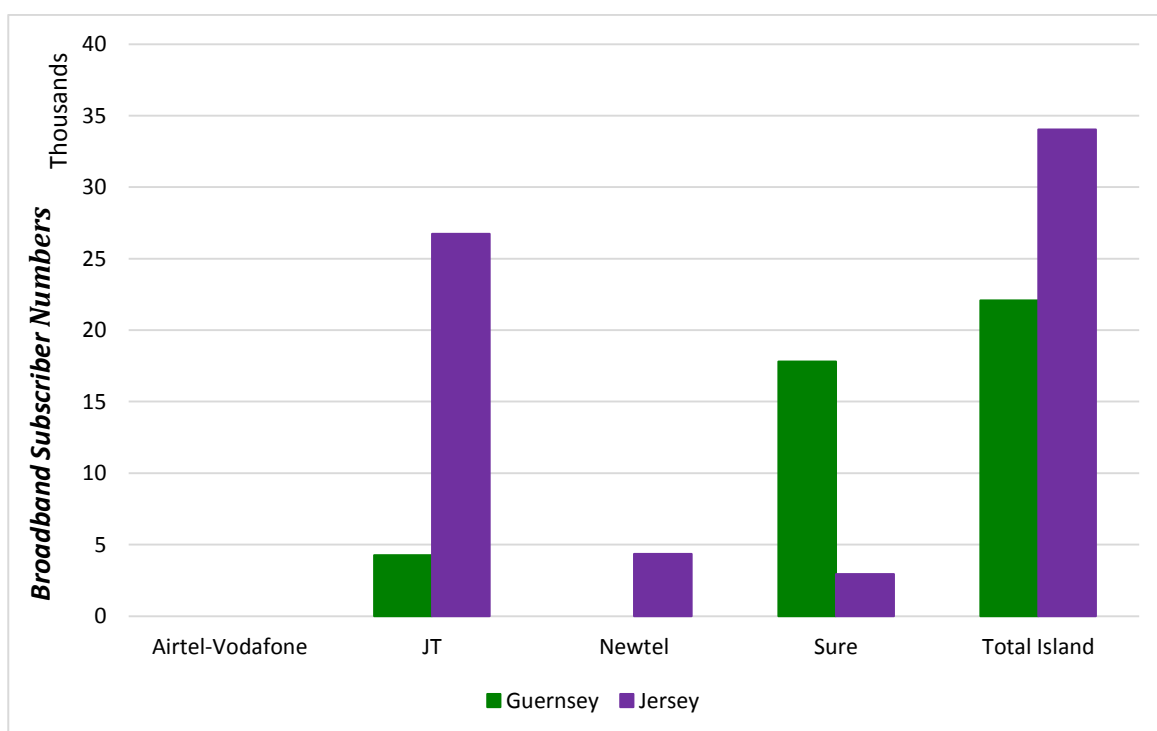
⁴⁰ Ofcom: Communications Market Report 2014 – Figure 5.55

⁴¹ Note that the OECD figures were collected in June 2012 and published in February 2013 and have been updated to include Guernsey and Jersey.

Share of broadband subscribers

Figure 8.2 below shows the respective Broadband subscriber numbers between the different operators for Guernsey and Jersey. It is evident that the incumbent operators remained dominant in the respective markets, i.e., Sure in Guernsey and JT in Jersey.

Figure 8.2 Broadband subscribers by operator – Guernsey and Jersey



	Guernsey	Jersey	Total
Airtel-Vodafone	0	0	0
JT	4,272	26,730	31,002
Newtel	0	4,354	4,354
Sure	17,815	2,953	20,768
Island Total	22,087	34,037	56,124

Source: CICRA Industry Questionnaire, October 2014

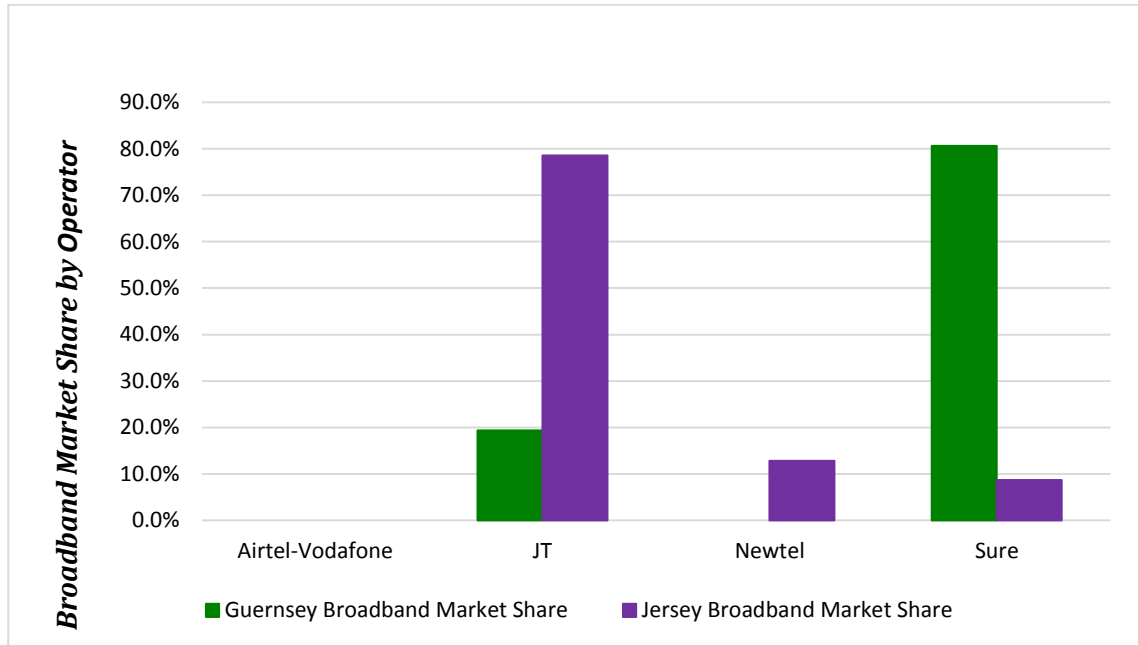
Figure 8.3 below shows the broadband market shares by operator.

Similar to the fixed line sector, in Guernsey, at the end of December 2012, Sure's market share in terms of subscribers was 81% (similar to its 2011 market share of 80.3%). Sure's main competitor was JT with a 19% market share (a marginal drop from JT's 2011 market share of 19.7%).

In Jersey, JT had the greatest share of the broadband market in terms of subscriber numbers. By the end of December 2012, JT's market share in terms of subscribers was approximately 78% (a decrease from JT's 2011 market share of 81%). The main competitor was Newtel which had 13% of the market at the end of 2012

(compared to 14% market share in 2011). Sure's market share increased to around 9% at the end of 2012, compared to 5% in 2011.

Figure 8.3 Market shares of broadband subscribers by operator – Guernsey & Jersey



	Guernsey	Jersey
Airtel-Vodafone	0.0%	0.0%
JT	19%	78%
Newtel	0.0%	13%
Sure	81%	9%

Source: CICRA Industry Questionnaire, October 2014

The wholesale market in Guernsey at the end of 2012 showed that Sure provided 3,944 wholesale broadband lines to the OLOs (JT), representing 18% of the total, which was similar to 2011, where Sure provided 3,869 wholesale broadband lines. In Jersey at the end of 2012, JT provided 7,112 wholesale broadband lines to the OLOs (Newtel & Sure), representing 21% of the total, which was an increase compared to the 2011 data, where JT provided 6,364 wholesale broadband lines to OLOs (Sure and Newtel), representing 19% of the 2011 total.

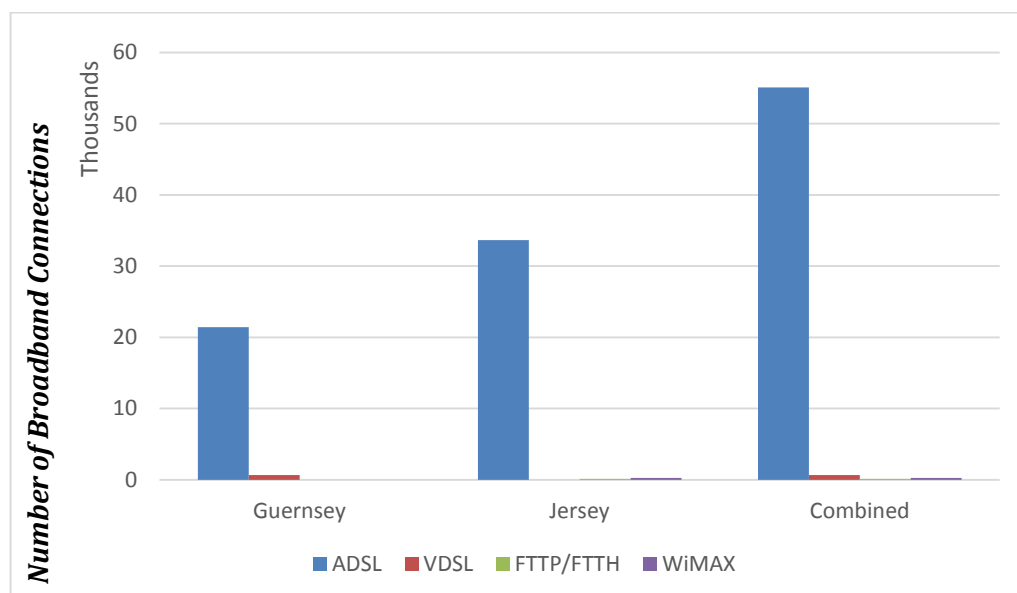
Broadband Delivery Technologies

Figure 8.4 below shows that most broadband services across Guernsey and Jersey were delivered using ADSL copper based products, accounting for 97% of broadband service delivery in Guernsey and 99% of broadband service delivery in Jersey.

In Guernsey, Sure delivered 664 broadband lines via the higher performance VDSL copper based technology. Whereas in Jersey, JT progressed its fibre roll-out programme and delivered 114

fibre based broadband services to consumers. Newtel provided WiMAX wireless broadband services in Jersey to 266 consumers.

Figure 8.4 Broadband Service Delivery Technology – Guernsey & Jersey



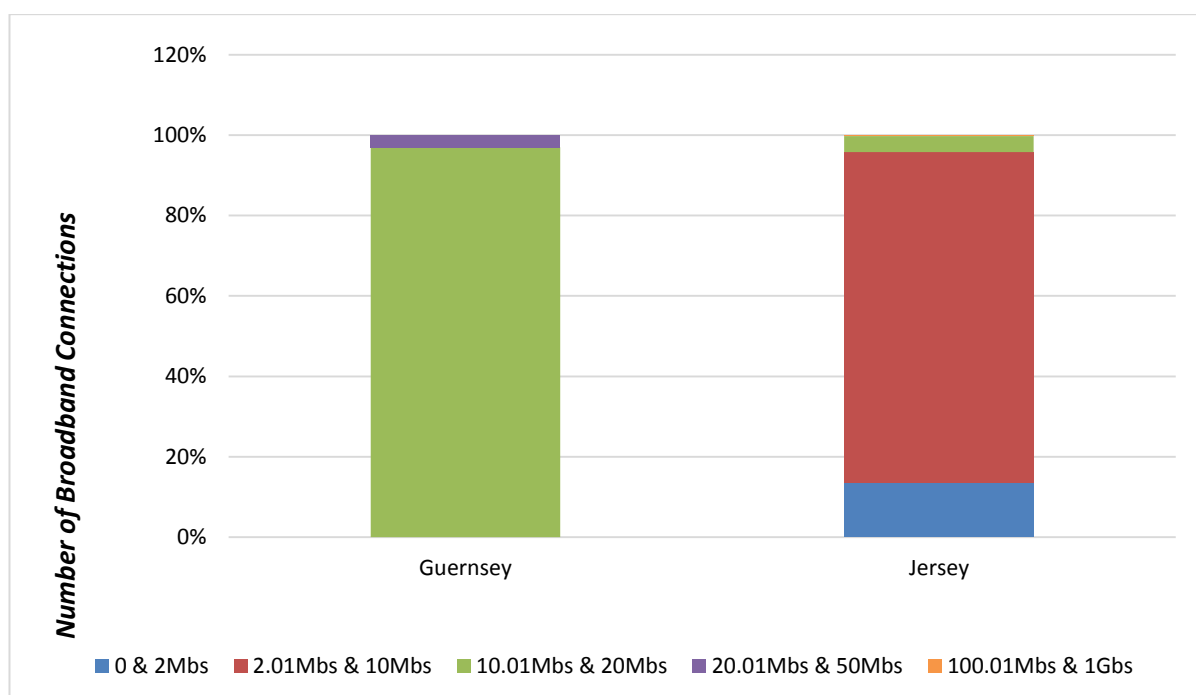
	Guernsey	Jersey	Total
ADSL	21,423	33,657	55,080
VDSL	664	0	664
FTTP/ FTTH	0	114	114
WiMAX	0	266	266
Island Total	22,087	34,037	56,124

Source: CICRA Industry Questionnaire, October 2014

Figure 8.5 below shows that the ADSL delivered broadband products provided in Guernsey in 2012 had a minimum download speed of 10 MB/s (97% of services provided), with a further 3% of broadband services delivered via VDSL, providing download speeds of between 20MB/s and 50MB/s. It should be noted that the minimum download speed available for Guernsey Broadband packages was 16 MB/s.

In Jersey, 99% of the total broadband market was delivered by ADSL, 114 broadband subscribers were serviced by Fibre based services and a further 266 subscribers received broadband services from Newtel's WiMAX products. Despite the roll-out of fibre based broadband services, the majority of Jersey broadband services (96% of the total broadband market) offered download speeds lower than in Guernsey, at between sub 2 MB/s and 10MB/s. 14% of Jersey broadband consumers were provided with services offering lower download speeds of less than 2MB/s. However 4% of broadband services provided in Jersey offered download speeds in excess of 10MB/s, suggesting some of these services were delivered via JT's fibre roll-out programme.

Figure 8.5 Broadband Download Speed – Guernsey & Jersey



	Guernsey	Jersey
0 & 2 Mbs	0%	14%
2.01 MBs & 10Mbs	0%	82%
10.01 Mbs & 20 Mbs	97%	4%
20.01 Mbs & 50 Mbs	3%	0%
100.1 Mbs & 1Gbs	0%	0%

Source: CICRA Industry Questionnaire, October 2014

Broadband Market Pricing

The average market pricing of the cheapest fixed Retail Broadband service providing a minimum download speed of 1Mb/s in 2012 in Guernsey was £16.50 per month, whereas in Jersey, the equivalent average cheapest Retail Broadband product pricing was lower at £14.82⁴² per month. The difference in pricing could, at least in part, be a result of the increased competition in the Jersey broadband market with 3 competitors, compared to 2 competitors in Guernsey. This was evidenced by the lowest broadband product in Guernsey being priced at £14.99 per month compared to £12.76 for the lowest priced broadband product in Jersey.

It was noted that in both Guernsey, both providers offered broadband products without usage caps, but these services were subject to the fair usage policies of each of the service providers. However, in Jersey, whilst Newtel and Sure offered broadband products without usage caps, JT products were based on capped usage, averaging 16.63GB per subscriber per month.

⁴² All Jersey retail service prices exclude GST

9. Report Definitions

- **Broadband connection** – refers to an active high-speed Internet access connection, provided by either wireline or wireless delivery technologies, which could be provided with other fixed or mobile services.
- **Fixed calls**- refers to calls billed as part of a monthly subscription allowance and billed separately (when charged per minute) of all outgoing calls originating on a fixed network in the Channel Islands during the year, to all destinations i.e., Channel Islands, International, Non Geographic, Fixed and Mobile.
- **Fixed connection** – refers to an active telephone line (PSTN or ISDN) retailed by a telecom operator, identified by having a fixed line telephone number (area code + 6 digit local number). This includes fixed wireless connections.
- **Mobile connection** – refers to a mobile phone retail connection on a telecom operator's network with a mobile telephone number that has been active within the previous 90 days.
- **Subscriber** - refers to an individual telephone number or connection, whether fixed or mobile. It is important to bear in mind that the term does not apply to an individual; a person or a business may use a number of connections and telephone numbers.