



PRESS RELEASE

Thursday 29 April 2004

JCRA DECISION PAPERS AND DIRECTIONS REFERENCE JERSEY TELECOM LIMITED

The Jersey Competition Regulatory Authority ("JCRA") has today issued four directions to Jersey Telecom Limited.

The first direction formally designates Jersey Telecom Limited as the dominant telecommunications operator in Jersey. As such it has particular obligations under the terms of its telecommunications Licence in the way in which it should behave towards its consumers and competitors.

The JCRA, in its second set of directions, has ordered Jersey Telecom Limited to keep price rises on its fixed lines over the next three years to 2 per cent below the annual Jersey rate of inflation. In relation to mobile services it has been decided in the first instance to see if competition can be introduced in mobile telecommunications as an alternative to price control. The JCRA will keep the matter actively under review and reassess the situation in six months' time.

The JCRA has today also directed Jersey Telecom Limited with regards to the form, manner and structure of their Reference Interconnect Offer ("RIO"). A RIO is a framework contract that allows connection between an incumbent telecommunications operator and other licensees to ensure efficient and effective use of the existing network. Such a framework is a fundamental building block for the introduction of competition. The existing operators are very familiar with such a system in that it is already operated in Guernsey.

The JCRA recognises the need for Jersey Telecom Limited to have a reasonable return on capital on its investment. The JCRA is of the view, however, that this must be carefully

controlled, and have therefore directed, in its fourth direction, that this return should be no more than 11.25 per cent.

-(Ends)-

Note to editors:

Under the Telecommunications (Jersey) Law 2002 (“the Law”) the JCRA has a duty under Article 7 to ensure that telecommunications in the Island are conducted in order to promote the development of competitive, cost-efficient services to the benefit of the public. The JCRA has issued these directions to Jersey Telecom Limited under Article 19 of the Law whereby a direction to the licensee to take steps, or specified steps, to ensure compliance with any condition which, in the opinion of the Authority, the licensee is contravening.

A price freeze was agreed with Jersey Telecom Limited in March 2003. This has already brought cost benefits to local residential customers and businesses. The decision on Price Control will replace the freeze with a price cap. This is a 3 year price cap that will come into effect on 1 July 2004.

All documents are available from the offices of the JCRA and for download at www.jcra.je. These are now the subject of a statutory consultation process in accordance with Article 11 of the Law. The deadline for comment is 1 June 2004. Should no representations or objections be received the directions will then come into effect.

For further information, please contact:

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