



PRESS RELEASE

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PRICE CONTROL OF JERSEY TELECOM LIMITED

The Jersey Competition Regulatory Authority ("JCRA") today issued a public consultation document regarding Price Control of Jersey Telecom Limited ("JT").

As promised in its Strategic Plan 2003-2005, the JCRA engaged, after a process of competitive tender, a specialist firm of telecommunications consultants to prepare a report on the pricing structure of JT. This work was carried out with the aim of identifying areas in which regulatory intervention may be required in order to safeguard the interests of Jersey consumers and keep down prices.

The main recommendations in the report are that a price cap be introduced according to the formula of the local Retail Price Index ("RPI") -2; that is, overall prices will not increase by any more than 2 percentage points below local inflation. The report also indicates that mobile prices are too high, and so recommends that commercial competition in the mobile sector should be encouraged. In the event that mobile competition is not successful, a pricing strategy will be introduced in order to simulate the effects of competition.

Price control is an approach used by the majority of regulatory organisations worldwide, and is intended to manage the transition from a monopoly market into a truly competitive market in which regulation is not required. The aim of price control is to encourage JT to achieve efficiencies and cost savings, which will in turn be passed on to customers in the form of lower charges for its services.

The consultation document, which is available from the offices of the JCRA and for download at www.jcra.je, aims to survey opinion on the suitability of the proposed price

control measures. The deadline for comment is 7 April 2004; the JCRA shall thereafter move to take decisions.

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Note to editors: A price freeze was agreed with JT in March 2003. This has already brought cost benefits to local residential customers and businesses. The current proposals will replace the freeze with a price cap.

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