

JCRA Media Release

16 September 2008

JCRA Proposes Limits on Jersey Telecom Fixed-Line Services

The Jersey Competition Regulatory Authority (JCRA) has today announced plans to limit price rises on certain of Jersey Telecom's (JT) fixed-line services, which are not considered to be subject to sufficient competition.

One of the JCRA's main duties under the Telecommunications (Jersey) Law 2002 is to ensure that Islanders have access to affordable telecommunications services. For many services, competition is the most effective way to keep prices down. For other services, however, there may be no competition, or competition may not have developed to a state sufficient to protect consumers from excessive prices. In these types of markets, price controls are an internationally recognized way to act as a surrogate for competition and thereby minimise the potential for price increases.

After conducting a review of the market and the relative efficiency of JT, the JCRA is proposing to limit price rises in certain of JT's services in the fixed-line telecommunications sector. The JCRA is proposing to limit JT's ability to increase prices for line installation and line rental to 1% below Jersey's prevailing Retail Price Index (RPI). In addition, the JCRA is proposing to limit JT's ability to increase charges for fixed-line calls to local, UK and international destinations to 3% below Jersey's RPI. The proposed period of the price control is three years from October 2008. Thus, the effect of the proposed price control would be to limit JT's ability to increase prices for these services to levels below Jersey's RPI over the next three years.

Chuck Webb, Executive Director of the JCRA said:

"It is common practice for regulatory authorities to apply price capping in areas of the telecommunications market where the former incumbent operator still maintains a large

market share in the face of competition. The JCRA previously applied limits in 2005 and this new cap follows a review of the market and Jersey Telecoms efficiency.”

The consultation period for the proposed price control closes on 17 October 2008. Copies of the proposed price control and associated Initial Notice may be obtained from the JCRA website www.jcra.je.

About the JCRA

The JCRA is an independent authority established by the States of Jersey to enforce Jersey’s competition law and regulate its telecommunication and postal sectors. In each of these areas, the JCRA’s primary mission is to promote consumer welfare through efforts that encourage lower prices and greater choice and innovation in the goods and services available in Jersey. The JCRA is recognized internationally as a leading voice in the application of competition law and policy in small economies.

All enquiries to the JCRA should be directed to the Executive Director, Chuck Webb, on +44 (0)1534 514990.

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