

JCRA Media Release

19 May 2010

JCRA Initiates Enforcement Action Against Jersey Telecom for Unfair Bundling

The Jersey Competition Regulatory Authority (“JCRA”) has today issued an Initial Notice to Jersey Telecom Limited (“JT”) which alleges that the currently advertised “JT Complete Bundle” infringes the conditions of JT’s Licence issued under the Telecommunications (Jersey) Law 2002 (the “Law”). Along with the Initial Notice, the JCRA is also publishing a proposed Direction that would require JT to withdraw the JT Complete Bundle.

Under the conditions of its Telecommunications Licence, JT must notify the JCRA at least 21 days in advance of any (i) new prices for telecommunications services in which JT is dominant, (ii) discounts to published prices for telecommunication services in which JT is dominant, or (iii) special offers to customers of telecommunication services in which JT is dominant. Previously, the JCRA has concluded that JT is the dominant provider of fixed-line telecommunication services in Jersey.

In January 2010, JT notified the JCRA of its intent to introduce a so-called “triple-play” bundle into Jersey, which would combine fixed-line telephone services, mobile telephone services, and broadband services, all at one price. The JCRA objected to this proposed bundle because it was not replicable by other licensed operators. Just last year, in its *Review of Jersey Telecom Ltd’s regulatory accounts and access provisions*, the JCRA’s consultants Regulaid BV recommended that JT should not be permitted to bundle different services unless its competitors are in a position to offer competing bundles in Jersey.

After the JCRA raised these concerns JT voluntarily withdrew its proposed triple-play bundle, and instead proposed to introduce a so-called “double-play” bundle comprising of mobile telephone services and broadband only. Since competitive mobile/broadband bundles are already on offer in Jersey by other providers, the JCRA did not object to JT’s proposed double-play offer.

Despite this, for at least the past month, JT has advertised the “JT Complete Bundle”, which offers “Three great services, one great price.” Accordingly, in the Initial Notice the JCRA alleges that JT is advertising a triple-play bundle (to which the JCRA previously objected to) and not a double-play bundle (to which the JCRA did not object). Therefore, pursuant to the Initial Notice, the JCRA propose to direct JT to withdraw its triple-play advertisement and solely make a double-play offer.

Pursuant to the procedures currently required under the Law, the JCRA’s Initial Notice and proposed Direction to JT are subject to a consultation period, which commences today and will conclude on Thursday, June 17. If comments are received during this period, the Law requires the JCRA to take such comments into consideration before deciding whether or not to proceed with its proposed enforcement action.

Concerning the matter, Chuck Webb, the JCRA’s Executive Director, states:

“We feel that JT’s Complete Bundle is a clear breach of JT’s Licence Conditions. The JCRA tried to resolve this matter informally with JT, but unfortunately JT refused to withdraw the triple-play advertisement voluntarily. Thus, under the circumstances, the JCRA has no choice but to resort to formal enforcement action against JT under the Law.”

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

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.

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