



CICRA media release

17 January 2011

CICRA plans to reduce Jersey mobile termination rates

Jersey consumers should not be charged as much to call mobiles on other networks if the Channel Islands Competition and Regulatory Authorities' (CICRA) proposed changes to the interconnection charges paid by the telecommunication companies is introduced.

CICRA have published proposals to review the mobile termination charge rates (MTRs) - the rates the networks charge each other to connect calls from competing networks and is proposing a decrease in the cost and a cap at 4.11ppm.

Jersey Telecom, Cable and Wireless Jersey and Airtel-Vodafone currently charge each other 5.6ppm for the termination service. This cost is a key component in the retail charge mobile customers ultimately pay for their mobile phone services.

CICRA is proposing to set MTRs for Jersey mobile operators at the 4.11ppm as a flat rate (no time of day or weekend distinction) and calls will be charged on a per second basis (no minimum call charge or call duration).

The 4.11ppm rate will effectively standardise the rate across the Channel Islands after the Office of Utility Regulation introduced the rate in Guernsey from 1 April 2010.

It is proposed the Jersey rate will be in place until 31 March 2012 when a further revised rate will be determined across both Jersey and Guernsey and the 4.11ppm rate will be back-dated to 1 July 2011.

CICRA Executive Director, John Curran, said the issue of the level of MTRs, and the need to ensure such charges are set at levels that reflect the efficient and cost effective provision of

terminating services, is a matter currently under review by regulators in many European countries.

“We believe the cost for this service in Jersey is too high and needs to fall. The cost of mobile termination services is falling significantly in most other countries and is already at the level we are proposing in Guernsey. Jersey’s existing charge is one of the highest of the thirty three we benchmarked and we don’t believe that such a high charge in Jersey is justified. .”

“In the interests of fair competition we are recommending that the proposals set out in the initial notice should apply to all three operators and given that the sister companies of all three already apply this lower charge in Guernsey we expect them to support our proposals,” Mr Curran said.

CICRA has used the benchmarking approach used by many regulators in Europe to determine MTRs for the three Jersey mobile operators. Latest benchmarking statistics show the average MTR for 33 European countries surveyed is 3.91ppm.

“We believe such a rate would also be justified in the Channel Islands but, in the interest of adopting a pan-Channel Island approach to regulating this service, we are proposing a rate of 4.11ppm which is the current Guernsey MTR,” Mr Curran said.

Significant reductions in MTRs are planned in a number of European countries during 2012 and CICRA intends to undertake a further review of MTRs in both Guernsey and Jersey this year.

Responses to the initial notice should be submitted in writing to the JCRA by 5.00pm on 13 February, 2012.

ENDS

NOTES TO EDITORS:

Written responses should be directed to the JCRA, 2nd floor, Salisbury House, 1-9 Union Street, St Helier, Jersey. JE2 3RF or email info@bicra.je.

All enquiries should be directed to John Curran, the OUR’s Director General and the JCRA’s executive director, on +44 (0)1481 711120 or +44 (0)1534 514990.

About the CICRA

The Channel Islands Competition and Regulatory Authority (CICRA) is the name given to the two Channel Islands regulatory authorities, the Jersey Competition Regulatory Authority (JCRA) and the Guernsey Office of Utility Regulation (OUR). A memorandum of understanding was signed in December 2010 to facilitate closer

working between the two authorities. Both regulatory bodies were established in 2001. The JCRA was established under the Competition Regulatory Authority (Jersey) Law, 2001 and the OUR was established under the Regulation of Utilities (Bailiwick of Guernsey) Law, 2001. In Jersey the telecoms and postal sector are regulated by the JCRA, which is also responsible for administering and enforcing the Competition Law (Jersey) 2005. In Guernsey the telecoms, postal and electricity sector are regulated by the OUR. The aim of both authorities is to ensure that consumers receive the best value, choice and access to high quality services while Jersey has the added responsibility of promoting competition and consumer interests.