



CICRA media release

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CICRA concludes business connectivity review

The Channel Islands Competition and Regulatory Authorities (CICRA) has published proposals for a number of regulatory controls, including price controls of wholesale leased lines in Jersey and Guernsey, following its review of the business connectivity sector.

Private circuits, also known as leased lines, commonly used by businesses to provide secure, dedicated, high capacity data and voice connections between offices and third parties, were the focus of CICRA's review of business connectivity services given features of that market.

CICRA undertook a review of the sector during 2014 as a result of concerns that the market was not working in the best interests of business consumers in terms of choice, quality and value for money.

CICRA has concluded that, while there was no evidence of excessive pricing, Sure in Guernsey and JT in Jersey continue to have significant market power in the provision of leased lines to other telecoms operators and that it would be appropriate to put additional regulatory controls in place.

CICRA chief executive, Michael Byrne, said: "Business connectivity services are vital in supporting our island economies to continue to grow and remain competitive. A healthy balance between investment incentives and lower prices is key".

Following a programme of engagement with telecoms operators, businesses and policymakers on the implementation of its findings, the CICRA proposals put forward today look to implement retail-minus price controls on wholesale leased lines provided by JT in Jersey and Sure in Guernsey.

CICRA also intends to ensure that JT and Sure publish details of the profits earned by their wholesale business in providing these services to ensure maximum transparency of how they are performing in these markets. JT and Sure will also be required to submit regular statements formally confirming compliance with the wholesale price control.

CICRA chief executive, Michael Byrne, said: “The stricter regulatory control at a wholesale level is balanced by greater freedom given to retail leased line providers who can be more flexible and competitive in their pricing. CICRA’s controls are however designed to ensure that wholesale prices benefit also and competing operators are not discriminated against.

“This sets out a strong, sustainable framework for regulation in the future. We can’t, however, expect local operators to compete with places where governments subsidise connectivity which is the case for many of the comparators cited and assessed as part of this review.”

The consultation will be open for the next four weeks, closing on the 15 April.

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About CICRA:

The Channel Islands Competition and Regulatory Authorities or 'CICRA' is the name given to the Jersey Competition Regulatory Authority (JCRA) and the Guernsey Competition and Regulatory Authority (GCRA) (formerly the Office of Utility Regulation). The JCRA was established under the Competition Regulatory Authority (Jersey) Law, 2001, and the GCRA was established under The Guernsey Competition and Regulatory Authority Ordinance, 2012. In Jersey, the telecoms and postal sectors are regulated by the JCRA, which is also responsible for administering and enforcing the Competition (Jersey) Law 2005. In Guernsey the telecoms, postal and electricity sectors are regulated by the GCRA, which is also responsible for the administration and enforcement of the Guernsey competition law since it came into force on 1 August 2012.

By working together and sharing resources and expertise between the islands, CICRA strives to ensure that consumers in all the Channel Islands receive best value, choice and access to high quality services.