

TELECOMMUNICATIONS (JERSEY) LAW 2002

CABLE & WIRELESS JERSEY LIMITED

FINAL NOTICE

The Jersey Competition Regulatory Authority ('JCRA'), having received an application from Cable & Wireless Jersey Limited to run a telecommunications system in Jersey and in exercise of its powers under Article 14 of the Telecommunications (Jersey) Law 2002, announced its intention in an Initial Notice dated 12 August 2003 to grant Cable & Wireless Jersey Limited a Class II licence for fifteen years for the running of a telecommunications system.

The JCRA was of the opinion that the grant of a licence would help to ensure that telecommunications services are provided, both within Jersey and between Jersey and the rest of the world, as satisfy all current and prospective demands and would help promote competition among persons engaged in commercial activities connected with telecommunications in Jersey.

The JCRA invited written representations or objections to the exercise of this specified regulatory function to be made by no later than 11 September 2003. The JCRA received a representation on 11 September 2003 from Jersey Telecom Limited. This is the sole representation that has been received in response to the Initial Notice.

The thrust of Jersey Telecom Limited's objections is that the licensing of Cable & Wireless Jersey would be a "*backward step*" for Jersey and one that would not make any notable contribution to either:

- i. the quality or cost of present or future services; or
- ii. the speed at which new services are rolled out.

Jersey Telecom Limited suggests that the JCRA should only "*interfere*" if there is a fundamental and apparent market failure. It claims that it is not clear that additional competitive forces are necessary, as there is already significant and effective pressure on Jersey Telecom Limited and prices, quality of service and customer satisfaction are comparable with operators elsewhere.

Jersey Telecom Limited suggests that regulation of a single infrastructure is more suited to Jersey than network duplication. It alleges that in Jersey an efficient monopoly can provide service more efficiently than a multi-operator industry.

Jersey Telecom Limited states that “*consumers have a fairly limited view and understanding*” of telecommunications. Competition can be damaging. It can lead to “*cherry-picking*”, market fragmentation and loss of economies of scale and act as a “*threat*” to investment and cost effectiveness of Jersey Telecom Limited. It may result in an unfeasible reporting burden and its impact may outweigh efficiency savings. Competition will erode Jersey Telecom Limited’s ability to subsidise access services and provide universal service. It also increases the pressure on Jersey Telecom Limited to re-balance its tariffs, to increase rental connection charges and further reduce call charges.

The JCRA has carefully considered the objection. It does not believe that licensing Cable & Wireless Jersey Limited would be a “*backward step*”. The grant of a licence is not “*interference*” but a process to be carried out within the provisions of the Telecommunications (Jersey) Law 2002. Not only is there already competition in the market, but competition is one of the factors that the JCRA must promote “whenever it considers it appropriate”, when performing its functions under that Law. The JCRA must look at the market in both the short term and long term and must assess demand from wherever it arises. The JCRA believes that Jersey Telecom Limited’s claims are very general in nature and unsupported by evidence.

Overall, Jersey Telecom has failed to provide any, or any cogent, quantitative or qualitative evidence to justify many of its comments. The JCRA does not agree with the proposition that the JCRA ‘should only interfere if there is a fundamental and apparent market failure.’ The JCRA has a clear statutory mandate under Article 14 (1) to grant a licence for the running of any telecommunications system specified in the licence.

Jersey Telecom Limited freely admits in its written representation that competition increases the pressure on Jersey Telecom Limited to complete its tariff re-balancing to increase rental connection charges and further reduce call charges.

A copy of the full text of the JCRA’s response to the objection (which runs to six pages) and this notice is available for inspection at the offices of the JCRA at 6th Floor, Union House, Union Street, St Helier, Jersey between the hours of 9.00 am and 5.00 pm Monday to Friday until 9 December 2003. It will also be placed on the JCRA’s website at www.jcra.je

It is intended that the licence for Cable & Wireless Jersey Limited will now commence on 10 December 2003.

10 November 2003

By Order of the Board of the JCRA