



NEWS RELEASE

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CICRA finds JT restricted competition in broadband market

The Channel Islands Competition and Regulatory Authorities (The Authority) has issued a Direction to JT to amend its broadband pricing structure after it found that the company had acted in contravention of its telecoms licence. JT has been found to be setting its price charged to other operators for wholesale broadband services at such a level that competitors would have to set their retail prices above JT's retail prices in order to cover reasonable costs. This is known as a 'margin squeeze', and acts to restrict other operators from competing with JT in the broadband market in Jersey.

JT, which has about 60% of Jersey's retail broadband market and is the exclusive supplier of wholesale fixed-line broadband, has been found in contravention of Condition 34 of its Class III Telecoms Licence, since 25th January 2019.

Condition 34 of the Licence imposes a requirement on JT not to abuse its dominant position or act in a way that would prevent, restrict or distort competition in the telecoms market, for example by causing a margin squeeze.

The investigation by the Authority has focused on the effective margin between the price JT offers wholesale broadband to its retail competitors and the retail prices it offers its own customers. When the gap between what competitors have to pay for broadband from JT, and the price they can sell to their customers becomes negative, taking account of the competitors' own reasonable retail costs, a margin squeeze is deemed to have occurred.

The Authority has found that for six broadband products JT has squeezed the margins available to reasonably efficient competitors to such an extent that they are negative.

JT has a number of options to ensure it complies with its licence condition, which would be to drop the wholesale price, increase the retail price or a combination of the two.

The full Direction is published on www.cicra.je and is attached to this media release.

ENDS

NOTES TO EDITORS:

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About The Channel Islands Competition and Regulatory Authorities:

The Channel Islands Competition and Regulatory Authorities 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.