

JCRA

JERSEY  
COMPETITION  
REGULATORY  
AUTHORITY

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BUSINESS PLAN

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*At the Jersey Competition Regulatory Authority (the Authority), we administer and enforce the Competition Law within Jersey and are responsible for the economic regulation of the ports, postal and telecommunications sectors.*

Over the last year our work programme continued to demonstrate the importance of competition policy and economic regulation to all Jersey consumers, citizens and businesses. Highlights included regulation and policy development in telecoms, insightful market studies in key sectors of the Jersey economy and the initiation of reviews into the Ports and Postal sectors. Our work in these areas, will continue to ensure markets work efficiently in the interest of consumers and the wider Jersey economy.

Our economy is dynamic and now more than ever is facing significant pressure. Recognising this we will maintain close working relationships with all stakeholders to ensure we keep abreast of internal and external factors that may affect the sectors subject to economic regulation and the market in general. Our work programme will evolve in response to government, macroeconomic, global, technology and other drivers, and, not least, consumer interests.

To ensure competition remains effective for the benefit of our economy and our citizens, we will continue to adopt a responsive and agile approach. Effective competition and regulatory policy provide a necessary framework for all economic activity and can also be a stimulus for innovation and investment, helping to make Jersey an attractive place to do business.

This is consistent with our primary role and overarching objective: to continue to promote healthy and sustainable markets for all goods and services for Jersey.

This Business Plan is a key building block for us to deliver this objective. It sets out the work we are aiming to complete in 2023 and shows how we will measure success and fund our responsibilities effectively and efficiently.

We look forward to delivering further value for all Islanders and the Jersey economy.





In this section we provide an overview of the strategic context within which we operate and which has shaped our Business Plan.

## Our strategic context considers:

- Our duties and influencing policies
- Strategic plan and direction
- Key drivers for 2023

## Our duties and influencing policies

*First and foremost, we are mindful of the important responsibilities placed upon us for upholding Jersey's Competition Law and our duties in connection with Regulation.*

Within this framework, some activities, such as merger control or statutory investigations, are 'non-discretionary'. They must be carried out regardless of wider developments. This non-discretionary work must always influence our priorities and planning.

While an independent body, we seek to ensure our work, where appropriate, supports Government objectives and established policies. We do this by working collaboratively with Government, acting as a trusted independent advisor.

To maximise our impact, we communicate, share learning and work with other on-Island regulators, for example, through the Jersey Regulators Forum, with the overall aim of improving outcomes. More widely, we have bilateral relationships

with counterparties within Europe and around the world. A key counterparty is the Guernsey Competition & Regulatory Authority (GCRA). In particular we engage with the GCRA on pan-Channel Island issues, carrying out joint projects where appropriate. Within the UK, we work and engage with the Office of Communications (Ofcom) and the Competition Markets Authority (CMA).

Internationally we are members of the International Institute of Communications (ICC). As part of the ICC, we play an active role in the Small Nations Regulatory Forum, which our Chief Executive Officer chairs. This Forum is where we learn and share information with regards to regulatory best practice from other similar sized jurisdictions which face many of the same challenges as Jersey.

## Strategic plan and direction

As an independent regulator, we have ambitious aims to help shape and sustain the Island's economic future, for the benefit of Jersey consumers, citizens and businesses. These aims are captured in our Strategic Plan. It is the guiding framework within which we shape, prioritise and deliver our annual Business Plan.

### The Strategic Plan established four strategic goals:

- 1 Protect and encourage competition
- 2 Deliver effective supervision of regulated sectors
- 3 Safeguard consumers
- 4 Maintain the Authority's reputation and resilience<sup>1</sup>

All elements of the Business Plan relate to one or more of these goals, with specific projects or business-as-usual activities planned to ensure we meet our ambitions and deliver on expectations.

Deciding what to include within the Business Plan is dependent on two factors:

#### 1 Our prioritisation principles, which are:

- Impact on consumers and the wider economy;
- Strategic significance and synergy with the Authority's objectives;
- Risks, in respect of a successful outcome and potential detriment; and
- Resource requirement, including proportionality and the implications of doing the work.

#### 2 Our assessment of the present operational environment, considered under three broad headings:

- Government and Jersey economic drivers – local factors likely to impact on the Jersey economy, Government planning and decision-making;
- Global drivers – broader factors arising from societal, geopolitical, natural trends and events; and
- Technological drivers – specific factors arising from technical and structural developments that may require consideration within competition or regulatory frameworks.

<sup>1</sup>This goal has been updated from the goal in our published Strategic Plan. The next iteration of the Strategic Plan will reflect this and wider developments.

## Key drivers for 2023

*While the direct effects of COVID 19 steadily declined during 2022, the residual impact of the pandemic - and global macroeconomic and geo-political factors - will have a significant bearing on Jersey consumers, citizens and businesses in 2023.*

The residual impacts of the pandemic include continuing supply chain disruptions and increased inflationary pressure. These are exacerbated by the conflict in Ukraine and associated economic/geo-political instability. In response to these developments, there are ongoing changes to market structures and business models. There is also continuing uncertainty over the full impact of the UK's exit from the EU on the UK and the Crown Dependencies.

Characterised by many commentators as a 'cost of living' crises, the combined effects of increased inflation and general economic uncertainty will likely prevail into 2023, and underpin many of our considerations in our future work.



We will continue to ensure our approach provides the right balance of outcomes, both now and for the future. For example, this will be reflected through initiation and continued development of multi-year reviews on the Ports and Postal sectors. Each of the regulated sectors faces strategic challenges, which may have a bearing on our proposed regulatory framework and approach. For example, the market dynamics in the postal sector indicative of potential structural changes with the continued decline in letters; the prospective infrastructure developments in Ports, notably, the proposed Harbour development. These reviews will sit alongside our ongoing work in the Telecommunications sector, for example, ensuring Jersey's spectrum and numbering are efficiently utilised and that the regulatory framework continues to promote and support competition. These developments are in the context of continued technological and commercial developments with which regulation must keep pace.

We will continue to use our market study programme to provide important and comprehensive understanding of local markets and insight on how well they are working for Jersey consumers. In the

context of inflationary pressures and 'cost of living', any market studies will likely be geared towards consumer retail markets. Relatedly, we will further our advocacy work in 2023, to explain and highlight the importance of Competition Law and competition policy more generally.

To help ensure Jersey maintains a 'best practice' competition and regulation regime, and continues to be an attractive place to do business, we will continue to work with Government on recommendations for amendments to competition legislation (for the benefit of the Island). These proposed amendments will add further rigour to the regime, providing for additional transparency and certainty.

The drive towards an environmentally sustainable Island will increasingly exert influence on both our organisation and those we regulate or engage with. This will be reflected in our work during 2023 where we plan to further develop our internal work on this area.

Our work areas reflect our responsibilities for promoting competition in the supply of goods and services in Jersey, together with the economic regulation of the ports, postal and telecommunications sectors. The work areas are:

- Administration of the Competition Law
- Market Studies
- Regulation of Air and Sea Port Operations
- Regulation of Postal Services
- Regulation of Telecommunications Services
- Regulation of Spectrum and Numbering
- Organisation Development

This section provides an overview of each work area and within each, key activities planned for 2023. Each key work area is also mapped to a different area of focus, where the focus areas align with our four strategic goals, which are:



**1** Protect and encourage competition



**2** Deliver effective supervision of regulated sectors



**3** Safeguard consumers



**4** Maintain the Authority's reputation and resilience



## Administration of the Competition Law

### Overview

The Competition (Jersey) Law 2005 promotes competition in the supply of goods and services in Jersey. Competition law is designed to deal with three main issues:

- anti-competitive arrangements;
- abuse of a dominant position in a market; and
- mergers that are harmful to competition

Our aim is to ensure that consumers and the economy benefit from competitive markets.

### Key work areas

Work area	Focus	Activities
Advocacy and Training		We will continue to promote and support competitive markets in Jersey, by the provision of information and guidance for different stakeholder groups.
Competition Investigations		We will carry out investigations into possible breaches of the Competition Law and address complaints received.
Competition Law Amendments		The Government has identified a package of legislative reform proposals and areas for further consideration for the Competition Law. We will continue to work with Government to ensure competition legislation works for the benefit of the Island.
Merger control		We will assess notified mergers, with a focus on those which could weaken competition, raise prices and reduce quality, innovation and choice for Islanders. The assessment will be carried out in line with our published guidelines.

## Market Studies

### Overview

A market study is a flexible tool to explore whether a market, or feature of a market, is working well for Jersey consumers. As part of a market study we consider the relationship between consumer behaviour and the market structure and the behaviour of firms in that market. By looking at these types of relationships and other factors, we can determine whether action designed to encourage changes in consumer behaviour, business behaviour, or both, will help address any market problems found.

### Key work areas

Work area	Focus	Activities
<b>Competition Law Amendments</b>		The Government has identified a package of legislative reform proposals and this includes new powers for market studies. We will continue to work with Government to ensure market studies work for the benefit of Islanders.
<b>Market Study Advocacy</b>		We will use market studies to promote a competitive environment and raise awareness of competition policy and its benefits among businesses, consumers and public institutions. This includes carrying out follow up work to support the findings of completed market studies, such as, freight logistics and alcohol pricing and promotions.
<b>Market Study Delivery</b>		We will continue to undertake a targeted programme of market studies during the course of 2023, to address issues with competition in markets where change will most benefit Islanders. This will include the delivery of the two market studies currently in progress, groceries and school uniforms.
<b>Market Study Pipeline</b>		We will continue to actively horizon scan to identify markets that could be subject to a future market study.

## Regulation of Air and Sea Port Operations

### Overview

The Air and Sea Ports (Incorporation) (Jersey) Law 2015 enables us to license port operations in Jersey. Our primary duty under this law is to best protect and further the interests of users of port operations, where appropriate, by promoting competition in the provision of port operations. In addition, to ensure provision is made to satisfy all reasonable demands, both current and prospective, for port operations and that they are provided efficiently and effectively.

We are approaching the fourth year of operation of the current regulatory regime; we are required to undertake a review to give effect to a new regulatory framework. In addition, prospective infrastructure and commercial developments in the Ports sector will have to be considered in the context of any new regulatory framework.

### Key work areas

Work area	Focus	Activities
Compliance		We will monitor compliance with the Law and Licence conditions and investigate potential breaches.
Consumer Policy and Support		We will support users of air and sea port services – for example, Islanders’ and businesses’ complaints.
Government Policy		We will continue to provide support to Government about how they can design and implement Ports policy in a way that and protects and promotes the interests of Islanders.
Quality of service		We will analyse and publish quality of service data on port operations in Jersey to ensure their customers continue to receive the standards expected.
Ports Regulatory Framework Review		In this review we are considering the licence framework for port operations in Jersey and the regulatory policy framework, including the future price control and future quality of service reporting.

## Regulation of Postal Services

### Overview

The Postal Services (Jersey) Law 2004 empowers us to license companies providing postal services that concern Jersey. Our primary duty is to ensure postal services are provided so as to satisfy all current and prospective demands. We also provide oversight of Jersey Post's customer service and prices, as well as ensuring quality of service provision and universal service obligations (which ensures all users receive a minimum level of service) are met.

The last major review of postal services was undertaken in 2012, and there has been significant technical, cultural, and economic change over the following decade. The review will take account of these changes, with a view to delivering more effective regulation of the postal sector.

### Key work areas

Work area	Focus	Activities
Compliance		We will monitor compliance with the Law and Licence conditions and investigate potential breaches.
Consumer Policy and Support		We will support users of postal services – for example, Islanders' and businesses' complaints.
Quality of Service		We will analyse and publish quality of service data from Jersey Post to ensure Islanders continue to receive the standards expected.
Strategic Review of Postal Services		This review started in 2022 and will finish in 2024. The aim of this review is to consider, how we can best continue to deliver effective supervision of the postal sector.




## Regulation of Telecommunications Services

### Overview

The Telecommunications (Jersey) Law 2002 empowers us to license the provision of telecommunications systems in Jersey. Our primary duty is to ensure that telecommunications services are provided, so as to satisfy all current and prospective demand. In the telecoms sector, we carry out our functions in a way that maintains well-functioning markets, supporting both competition and investment in connectivity.

Our work programme will continue to ensure, where necessary, that the current regulatory framework is enforced, and that it remains both effective and ‘fit-for-purpose’. We will also initiate workstreams like market reviews to help ensure the regulatory framework continues to promote and support competition in telecoms.

### Key work areas

Work area	Focus	Activities
Compliance		We will monitor compliance with the Law and Licence conditions and investigate potential breaches. Alongside this we will carry out follow up work on previous directions issued, the JT accounting and cost allocation audit and current open cases.
Consumer Policy and Support		We will support consumers – for example, Islanders’ and businesses’ complaints and by following up the recommendations from the telecoms retail pricing market study.
Government Policy		We will continue to support the implementation of Government telecoms policy.
Market/Price Reviews		Market reviews are a key tool which allow us to identify the competitive conditions prevailing in a market and whether any regulatory interventions are required. We plan to undertake any necessary market reviews in 2023.
Telecoms Security		We will provide ongoing support to the Government in introducing an telecoms security regime in Jersey.
Telecoms Statistics		We will publish our annual statistics report, a joint project with the GCRA. We will also collect pricing data to be able to assess how prices are changing through time and implement an appropriate form of cost reporting for JT.







## Regulation of Spectrum and Numbering

### Overview

Aligned with our legal responsibilities under the Telecommunications (Jersey) Law 2002, we work closely with UK communications regulator Ofcom to regulate local spectrum and number ranges. Our primary duty is to ensure these important resources are responsibly allocated and managed, informing Ofcom's licencing decisions towards acting in the interests of Islanders.

### Key work areas

Work area	Focus	Activities
Compliance		<p>We will ensure that licensed operators adhere to Ofcom requirements in relation to spectrum licensing and numbering.</p> <p>The annual mobile mast emissions audit will take place in the Autumn of 2023.</p>
Licensing		<p>We will review requirements for local Satellite broadband licensing in response to global commercial and technical developments in this area.</p>
Numbering		<p>We will ensure that licensed operators remain compliant with Ofcom rules around the use of number ranges. To support this, we will complete our calling line identity review, which will ensure increased protection for Islanders from fraudulent callers.</p>
Spectrum Allocation		<p>We will complete the 5G spectrum award process, including required Licence changes, and make the appropriate award recommendations to Ofcom. To support 5G we will also undertake a review of 5G spectrum to determine potential defragmentation requirements for key bands.</p> <p>Alongside 5G we will also monitor wider spectrum policy developments that affect Jersey.</p>

## Organisation Development

We are a small, full time team, which is Jersey based and familiar with Jersey's economic needs, legal framework and stakeholders. We are overseen by our Board, which includes an excellent balance of local knowledge, diversity and skills across competition, economics, legal and sector specific expertise. More broadly, we are supported by the provision of specialist advice by external consultants, where required.

### Key work areas

Work area	Focus	Activities
Communications		We will ensure openness and transparency with stakeholders, working on the basis of 'no surprises'.
Corporate Governance		We will lead by example and ensure our work and the governance that oversees it, is delivered in line with best practice.
Corporate Social Responsibility		We will support local charitable organisations , which includes providing personal time, for example to provide professional support.
Financial Resilience		We will implement a new fee structure to ensure sustainable funding is provided to meet our competition and regulatory objectives across all the areas of our responsibility.
Resources and Training		We will continue to build and develop an agile team with a wide range of skills to meet our objectives. This includes retaining external expert consultants to provide specialist support when required.
Risk Management		Our mitigation plans for all key risks will be managed under the guidance of the Audit and Risk Committee. We will carefully manage risk throughout the process of making decisions on our work programme.
Staff Wellbeing		Our team is made up of dedicated individuals who have a large portfolio. We will ensure our staff and their families are supported by the Board and executive.
Sustainability		Our internal environmental sustainability programme will be further developed.



To support the achievement of our vision of healthy and sustainable markets in goods and services for Jersey, it is important for us to measure the delivery and impact of our strategic goals and the approach we take to achieve them in our programme of work. As an organisation we aspire to continuous improvement and aim to provide maximum value to Jersey and its consumers.

Below is a broad framework within which we will assess the delivery of our various programmes of work (in the context of our strategic goals). This includes a list of intended workstreams and initiatives designed to support achievement of

the strategic goals. In many cases, these will be consistent year on year, reflecting our statutory duties which underpin our 'non-discretionary' work.

We may consider other factors when assessing whether we have delivered on our objectives, and we will report on progress toward meeting our strategic goals in our annual report. This will include an assessment of the proposed workstreams and initiatives, whether each has been successfully undertaken, and the impact on the respective strategic goal.

## Strategic goal

## Workstreams and initiatives



### Protect and encourage competition

- Carry out investigations into possible breaches of Competition Law in line with our prioritisation principles.
- Assess mergers notified for clearance in line with published guidelines and administrative target dates.
- A programme of market studies to address issues with competition in those markets where change would most benefit Islanders.
- Promote competitive markets in Jersey, by the provision of information and guidance in a variety of forms, as appropriate for different stakeholder groups.



### Deliver effective supervision of regulated sectors

- Ensure appropriate and proportionate economic regulation is in place and regularly reviewed for regulated sectors.
- Develop a rolling programme of market reviews for regulated local markets respectively.
- Ensure appropriate and proportionate quality of service standards and reporting are in place for regulated sectors.
- Maintain regular contact with key local organisations and stakeholders; and develop our knowledge by working closely with other international regulatory and competition authorities.



### Safeguard consumers

- Ensure there is appropriate consumer protection in place and support the resolution of complaints by individuals and business consumers of regulated services where appropriate.
- Publish relevant statistics which help further educate and inform consumers.
- Embed consumer priorities and views in our work programme.
- To continue to work with Jersey consumer bodies.



### Maintain the Authority's reputation and resilience

- Maintain and enhance constructive and beneficial relationships with counterparties.
- Welcome requests for cooperation from counterparties and respond where appropriate.
- Implement a sustainable fee structure.
- Develop our environmental sustainability programme.

# 5 Financials

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Our forecast income is broken down and shown in the Figure 1 overleaf. All direct costs are ring-fenced by sector, cross-subsidisation is not permitted, and common costs are shared between sectors. An analysis of expenditure is shown in Figure 2 overleaf.

For 2023, our income will come from four key streams:

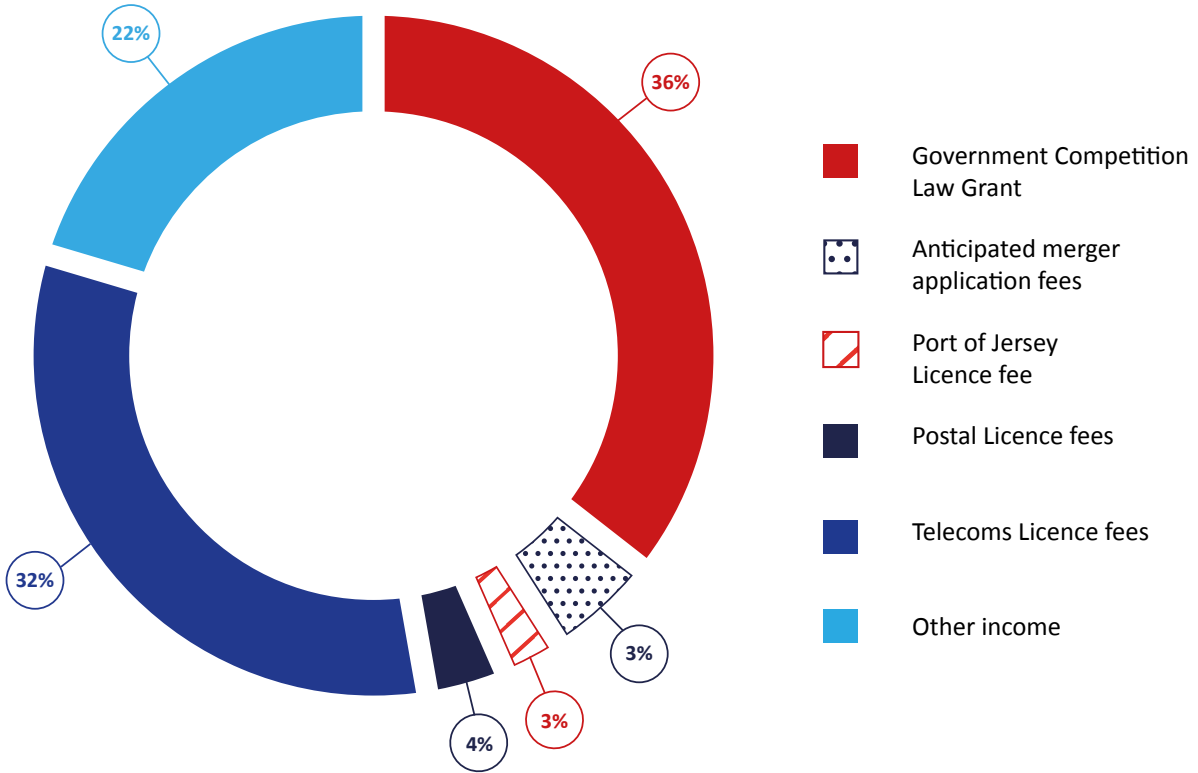
- 1 An annual Competition grant of £747,000, which contributes 36% to the 2023 budget. This funding is received from Government to support the Authority's rolling programme of market studies, upholding Competition Law and advising on Competition Law changes.<sup>2</sup>
  - 2 Projected merger and acquisition application fees of £67,500, which contributes 3% to the 2023 budget. (Note, these fees will be increased from 1 January 2023 to ensure that the fees cover the costs of conducting merger assessments.)<sup>3</sup>
  - 3 Licence fees from regulated sectors, including:
    - A licence fee of £70,000 for Ports, which contributes 3% to the 2023 budget. Note the current reserves will be utilised to fund the regulatory framework review;
    - Licence fees of £72,500 from Postal licensees, which contributes 4% of the 2023 budget. Note the current reserves will be utilised, alongside a separate payment recognised under "other income", for the strategic review of postal services; and
    - Licence fees of £650,000 from Telecoms licensees, which contributes 32% of the 2023 budget. The methodology for calculating the telecoms licence fee, based on percentage turnover, is consistent with 2022, however there will be a review during 2023 regarding the percentage applied for future licence fees. This is to ensure the cost of telecommunications regulation is appropriately met, especially following expected utilisation of current reserves by the end of 2023.
- Note, across the regulated sectors, any unused income may be reimbursed to licensees.
- 4 The "other income" recognised in 2023 reflects projects for which specific funding has been provided and matches the budgeted costs to be incurred. This work includes telecoms security framework funding from Government, separate payments from licensees to support the strategic review of postal services, and 5G spectrum award tender fees. Together these contribute 22% of the total budgeted income for 2023 (£460,000).

<sup>2</sup>This is split between £577,000 of base grant plus £170,000 of additional funding. This additional funding is in the Government Plan for 2020 to 2023 and has been requested in order to support the Authority's rolling programme of market studies, upholding Competition Law and advising on competition law changes.

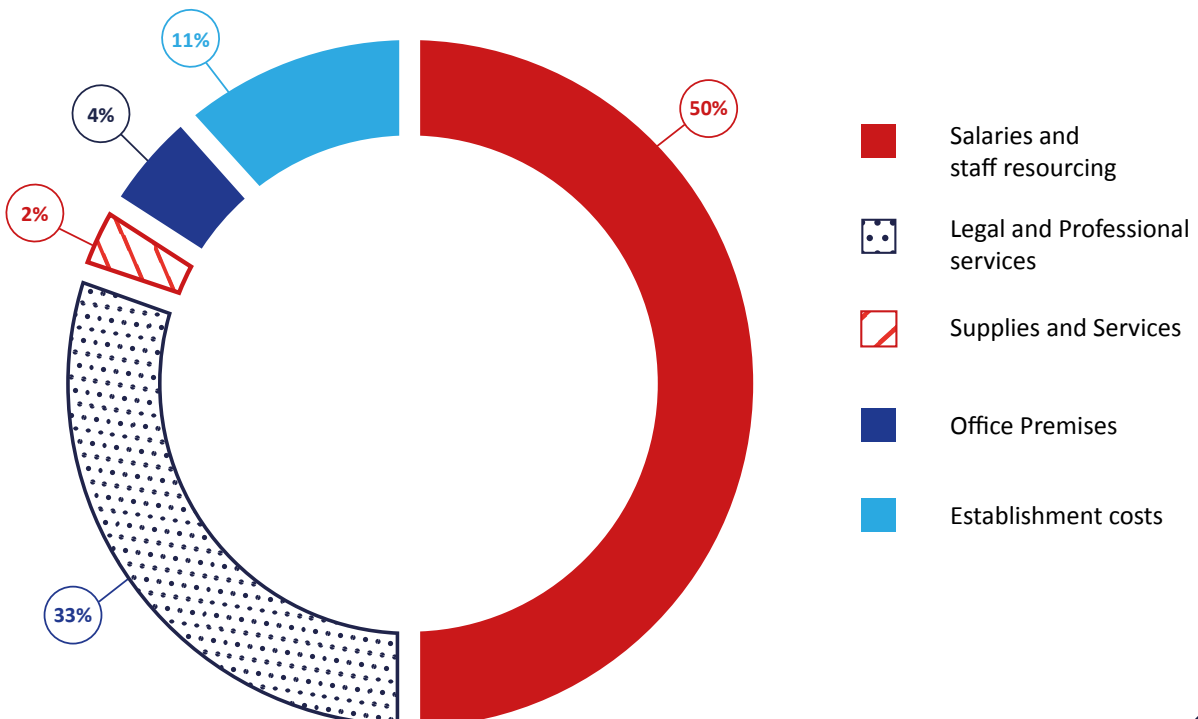
<sup>3</sup>See: [www.jcra.je/legal-frameworks/guidelines/guideline-8-information-note-2023-merger-application-fees/](http://www.jcra.je/legal-frameworks/guidelines/guideline-8-information-note-2023-merger-application-fees/)

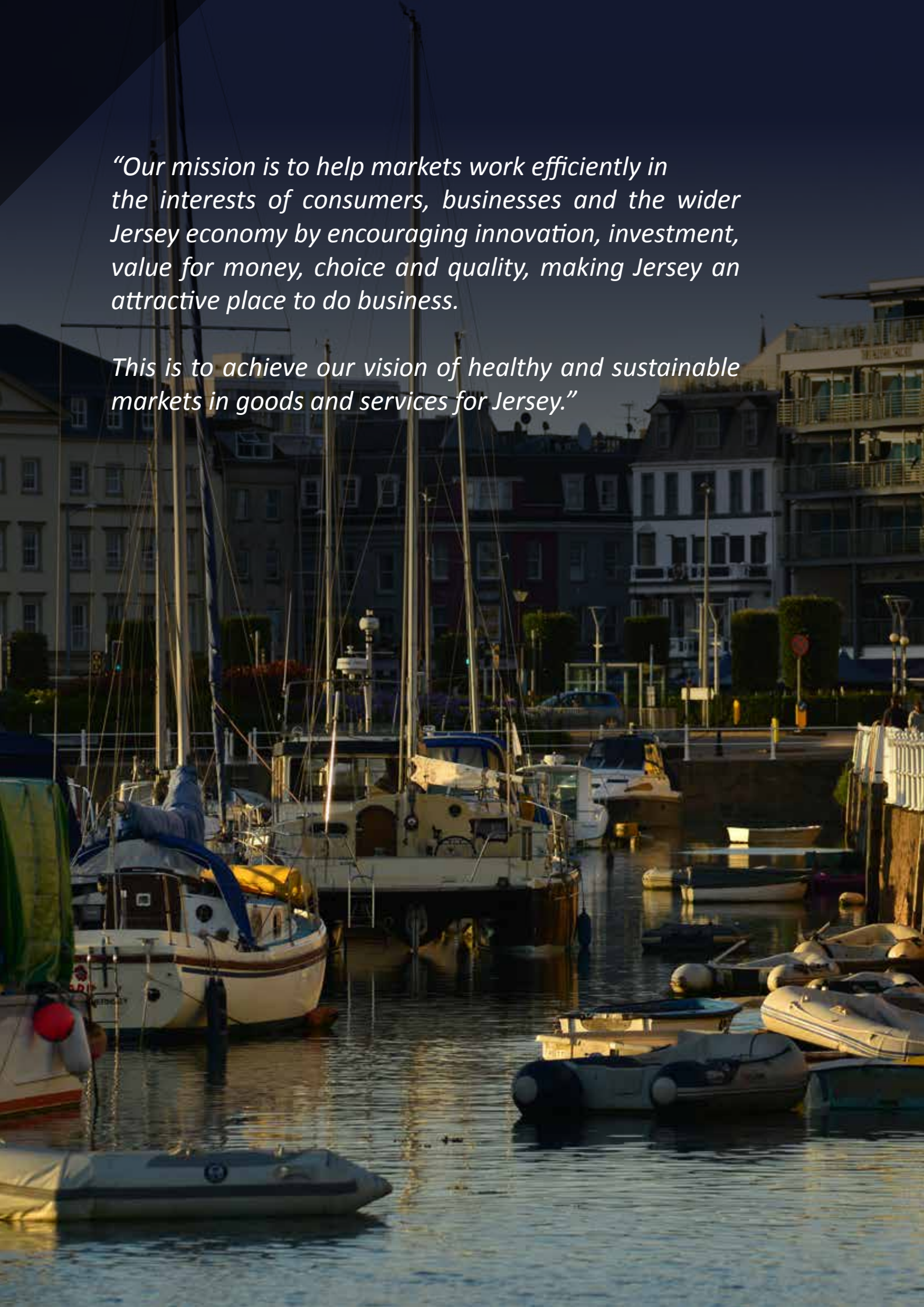


**Figure 1: 2023 forecast income**



**Figure 2: 2023 forecast expenditure**



A harbor scene at dusk. Several sailboats are docked in the water, with their masts and rigging visible. The water is calm, reflecting the light. In the background, there are multi-story buildings, some with balconies. The sky is dark, and the overall atmosphere is serene.

*“Our mission is to help markets work efficiently in the interests of consumers, businesses and the wider Jersey economy by encouraging innovation, investment, value for money, choice and quality, making Jersey an attractive place to do business.*

*This is to achieve our vision of healthy and sustainable markets in goods and services for Jersey.”*





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