



Office of Utility Regulation

Media Release

Regulator consults on Guernsey's Mobile Telephony Licensing Regime

Regina Finn, Director General of Utility Regulation, today (17th December 2001) published a consultation paper on the future regulatory regime for the mobile telephony sector in Guernsey.

“This is an important step in the development of Guernsey’s telecoms market”, said Regina Finn, “and provides a chance for potential new mobile operators to have their say in relation to the regulatory regime”.

“This paper asks some key questions about how the market in Guernsey might develop and how the regulatory regime can be framed in a way to facilitate the introduction of competition, which in turn can deliver benefits to mobile telephony customers in Guernsey. The paper sets out the potential to license two operators to provide 3G networks in Guernsey and also a second operator to provide a second 2G network in the Bailiwick.”

Guernsey’s continued economic success relies on ensuring that the infrastructure on the islands – including the communications infrastructure – keeps pace with that of our near neighbours and competitors. In mobile telecommunications Guernsey has the opportunity to catch up with and perhaps even “leapfrog” developments in other jurisdictions if the right framework is in place to facilitate rapid market entry and strong competition.

“I encourage anyone interested in the development of Guernsey’s mobile telephony market, and in particular any parties who might be considering entering the market, to read this paper and respond to the questions set out”, said the Regulator. “Their input can help inform the framework for mobile telephony in Guernsey for the future.”

The Director General intends to start the process of licensing new network operators by the middle of 2002 so that new entrants can be issued licences by 1st April 2003 in line with the liberalisation timetable for mobile telephony.

The consultation document is available on the OUR website – www.regutil.gg – or from the OUR office at Suite B1&B2, Hirzel Court, St Peter Port, Guernsey GY1 2NH, Tel 01481 711120.

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For further information contact the Office of Utility Regulation on 01481 711120

Additional Information for Editors

Guernsey Market

The Guernsey economy includes a sophisticated international financial business sector, for which telecommunications (fixed and mobile) forms an increasingly critical part of the infrastructure and trading environment, as well as an affluent residential customer base¹ and an active tourist industry. Combined with a committed strategy to encourage and support e-business, Guernsey's communications requirements are like to continue to grow in both quantity and sophistication. Opening the market up for competition will be a key contributor to ensuring that these requirements are met through innovative and cost-effective operation of telecommunications facilities in the Bailiwick.

Drivers for Review

The drivers of the Director General's review of Guernsey's mobile telecommunications sector include:

- The planned liberalisation of the mobile telecommunications market from 1st April 2003 and the need to foster competition within the market in order to maximise the benefits to consumers in terms of prices, innovation and quality of service;
- The need to have a fair and impartial way of deciding who should be allowed to use the frequency spectrum in Guernsey, thus ensuring a level playing field between new entrants and the existing incumbent;
- The need to maximise the efficient use of frequency spectrum in Guernsey as this is a finite and valuable resource in the building of Guernsey's telecommunications sector; and
- A desire to ensure that Guernsey keeps pace with international developments in the use of the frequency spectrum for telecommunications services.

¹ GDP per capita is STG£21,370; Source 2001 Economic and Statistics Review, available from States of Guernsey website www.gov.gg

Benefits of Competition

Given the importance of mobile telecommunications to the continuing success of Bailiwick's economy and the fact that the introduction of competition has proven internationally to be a successful means in increasing choice and quality as well as improving value for money in telecommunications, the Director General intends to create a regulatory framework which will facilitate the introduction of competition in Guernsey's mobile market.

The introduction of competition in general delivers a series of direct and indirect benefits to consumers and the economy alike. The absolute and relative size of such benefits will depend on the specific market conditions and the regulatory framework under which competition is introduced. For example the Nordic countries were amongst the first to introduce competition in mobile markets in Europe and of the OECD area countries that is where penetration is highest² and correspondingly the cost of consumer mobile charges (non business users) are the lowest³.

Mobile Spectrum

The paper proposes spectrum packaging that would permit access by two separate operators to spectrum packages in the 3G spectrum range that are similar to those awarded to UK 3G licensees. This amount of spectrum should be sufficient to build and operate 3G networks providing coverage throughout Guernsey.

A package of 2G spectrum is also available that should be sufficient to enable a new operator to build and operate a 2G network in the 1800MHz range.

This presents an opportunity for operators to gain access to 2G and 3G spectrum in Guernsey which is strategically located within Europe.

² According to the OECD Communication Outlook 2001 the number of cellular mobile subscribers per 100 inhabitants in 1999 is highest in Finland, Iceland, Norway and Sweden – see figure 4.3, page 71

³ See figure 7.12, page 185 of the OECD Communications Outlook 2001.

Development of Regulatory Regime

In order to foster a competitive environment in Guernsey the regulatory regime will have to address the need for a level playing field between GT and any new entrants to the market. Issues to be considered will include first mover advantage, access to spectrum and numbers, access to land, licence conditions, fees and any other areas where the advantages of the existing operator could cause market distortions.

The paper follows on from OUR's report on the Consultation Paper on "Telecommunications in Guernsey Licensing Framework for a Competitive Market", and will be the first of a series of consultations specifically relating to the mobile telephony sector. The Regulator is inviting comments from all interested parties to help in formulating final licence conditions and decisions in each sector.