



Regulator Proposes to issue Direction to Cable & Wireless Guernsey

The Regulator today (24th July 2003) published Notice of a Proposal to issue a Direction to Cable and Wireless Guernsey Ltd under Section 27 of the Telecommunications (Bailiwick of Guernsey) Law, 2001.

“C&W Guernsey has been found to be in breach of a number of conditions in its telecommunications licences”, said Director General of OUR, Regina Finn. “In particular the company has still not provided the OUR with a final set of the company’s separated accounts for 2001. The Notice published today describes the importance of separated accounts in a newly liberalising telecommunications market and sets out the actions that the OUR is proposing to direct C&W Guernsey to take. Those actions include the submission of 2001 separated accounts by the end of August 2003 and the publication of 2002/2003 separated accounts in October 2003.”

“Accounting separation has a proven track record and is a common tool used to address regulators’ concerns about possible abuses of dominant positions and market power”, said Regina Finn. “The separated accounts split the operator’s activities into specific businesses and clearly show the overall financial activity within and between those businesses. This information is essential to underpin a wide range of regulatory duties, including monitoring performance against price controls for retail and wholesale services, informing future price controls, enabling decisions on interconnection and access rates and assisting in identifying the existence or absence of certain anti-competitive behaviour such as unfair cross subsidisation and undue discrimination.”

The separated businesses that Cable & Wireless Guernsey is required to identify were set out in guidelines on separated accounts which were published by OUR in March 2002 and include; the core network business, the local access network business, the retail business, the mobile business and other activities.

“C&W Guernsey has failed to meet the requirements of its Licence, the guidelines published by OUR or its own suggested submission dates for the provision of this information”, said Regina Finn. “The absence of separated accounts in the format specified in the published Guidelines creates considerable difficulties in enforcing the regulatory regime as well as leaving new entrants in a position of uncertainty as to whether C&W Guernsey is behaving in an appropriate manner and not seeking to undermine, prevent or distort competition.”

The proposed Direction has been published for comment in accordance with the legislation. Any written representations on, or objections to the proposal can be submitted to the OUR during the statutory comment period up to 31st July 2003. Following consideration of any such representations or objections the OUR will publish a decision on the proposal. Failure to comply with a Direction issued in accordance with section 27 of the Law may result in sanctions which may include suspension or revocation of the licence or the imposition of financial penalties.

Document OUR 03/18; “Cable and Wireless Guernsey Separated Accounts; Notice of Proposal to issue a Direction to Cable and Wireless Guernsey Ltd under Section 27 of the Telecommunications (Bailiwick of Guernsey) Law, 2001” is available from the OUR website at www.regutil.gg or by calling the office on 711120.

**ENDS/
24th July 2003**

For further information call the Office of Utility Regulation on 711120

Notes to Editors

Separated, or Regulatory, Accounts are prepared in order to provide financial information about regulated businesses for use by the regulator, the industry, consumers and other stakeholders. They provide information that is more focused than that contained in statutory accounts as they relate to the regulated businesses or activities, whereas statutory accounts relate to the regulated company as a whole and are more focused on the requirements of investors only.

Document **OUR 02/12** “Accounting Separation - Regulatory Accounting Guidelines to Guernsey Telecoms”, is available from the OUR website. This document sets out the rationale for separated accounts and the principles, format, timetable and procedures that C&W Guernsey should follow in preparing their separated accounts. The document is available on the OUR website at www.regutil.gg

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