



Office of Utility Regulation

Media Release – Embargo 6.00am 2nd April 2007

C&WG Failing New Entrants

A report published by the OUR into C&W Guernsey's wholesale business highlights significant failings in the way in which the company deals with its other operators. The review, which was prompted by several disputes between C&WG and other operators last year, looked at all aspects of the business. The report identified a number of areas where C&W Guernsey is not meeting its obligations to other telecoms providers.

“We have conducted an independent assessment of this critical area for the development of competition in telecoms. The results are highly disappointing. The review found several contributing factors to an environment within C&WG which, whether by design or intent, disadvantages other telecom operators,” said John Curran, the Director General of the OUR. “The review has highlighted the need for substantial structural changes at C&WG. The incumbent operator has had several years to adapt to a competitive environment where other telecom operators are treated as customers. The results of this review suggest it has been reluctant to change and has failed to develop a sufficiently commercial culture in the organization”

Among the findings of the report is that:

- C&WG's wholesale customer receive a significantly poorer response from C&WG's wholesale arm than its retail customers;
- Wholesale customers' information can be readily and easily accessed by retail staff;
- The incentive structures, through bonus packages and penalties for failing to meet delivery targets, significantly favoured C&WG's retail business;
- There exists a large degree of distrust between C&WG and OLOs and that Wave Telecom is also a victim of what the report refers to as the 'Jersey Factor'..

The report sets out a number of recommendations to address the issues identified and the OUR is now seeking the views of operators on these measures.

“This is a very disappointing report. The option to roll-back the scope of regulation is directly related to assurances there are safeguards in place to ensure competitors to C&WG’s own retail arm are treated fairly, and the level of service offered to them is appropriate. Clearly this doesn’t exist at this time,” said John Curran. “Based on the results of this review, the OUR would need to see substantial and immediate changes to C&WG’s performance before such roll-back can take place.”

The OUR issued its consultation today and will take account of responses to this before issuing a draft decision which is anticipated in June 2008.

ENDS

Information for the Editor

- **About the OUR**

The Office of Utility Regulation was established in 2001 to regulate the three utilities of post, telecommunications and electricity in the Bailiwick of Guernsey. The Office is headed up by Director General, John Curran and has three staff.

The role of the OUR is to protect the interests of Guernsey consumers and the economy. It does this by ensuring that customers receive the best in price, choice and quality services in the three regulated sectors, while at the same time ensuring that those sectors are vibrant and robust so that they can positively contribute to and underpin a successful Guernsey economy.

The OUR licenses and regulates telecommunications operators, Guernsey Electricity Ltd and Guernsey Post Ltd. Wherever possible, the OUR promotes the introduction of competition by ensuring that there is fair play and a level playing field between the operators. Where competition is not yet effective or where it is not feasible, the OUR regulates prices and quality of services to end customers. More information is available from the OUR website www.regutil.gg, or by contacting the Office of Utility Regulation on 01481 711120.