



Sure (Guernsey) Limited:

Price Control 2014 for exchange lines, calls and on-island (wholesale) and off-island (retail) leased lines

Final Decision

Document No: CICRA 14/08

18 February 2014

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1. Introduction

The previous price control for Sure (Guernsey) Limited (formerly Cable and Wireless Guernsey Limited) (**Sure**) expired on 31 December 2013. This price control covers retail fixed line services for calls and exchange line rental, and leased lines.

In this Final Decision, the Guernsey Competition and Regulatory Authority (**GCRA**) allows Sure to increase its charges for its fixed line retail services by no more than the rate of inflation (as expressed by the Guernsey Retail Prices Index). The price control for on- and off-island leased lines will be extended with no increase, until it is replaced following the outcome of the GCRA's ongoing Business Connectivity Market Review. Sure will continue to be allowed to rebalance tariffs within and between the calls and exchange line baskets, and separately, within each of the on- and off-island tariff baskets, which means that individual prices may increase by more or less than this figure, provided that the overall basket of charges remains within that limit.

2. Structure of the Final Decision

The document is structured as follows:

- Section 3: Sets out key legal and regulatory references relevant to this draft decision;
- Section 4: Responses to Draft Decision; and
- Section 5: Final Decision.

3. Legal requirements and Licensing framework

3.1 Legal Requirements

Section 5(1) of The Telecommunications (Bailiwick of Guernsey) Law, 2001 (***the Telecoms Law***) provides that the GCRA may include in licences such conditions as it considers necessary to carry out its functions. The Telecoms Law specifically provides that such conditions can include (but are not limited to):

- conditions intended to prevent and control anti-competitive behaviour¹; and
- conditions regulating the price premiums and discounts that may be charged or (as the case may be) allowed by a licensee which has a dominant position in a relevant market².

3.2 Licensing Framework

In accordance with these provisions in the Telecoms Law, the Fixed Telecommunications Licence awarded to Sure includes the following condition³:

“[The GCRA] may determine the maximum level of charges the Licensee may apply for Licensed Telecommunications Services within a Relevant Market in which the Licensee has been found to be dominant. A determination may:

- a) provide for the overall limit to apply to such Licensed Telecommunications Services or categories of Licensed Telecommunications Services or any combination of Licensed Telecommunications Services;*
- b) restrict increases in any such charges or to require reductions in them whether by reference to any formula or otherwise; or*
- c) provide for different limits to apply in relation to different periods of time falling within the periods to which the determination applies.”*

This condition allows the GCRA to regulate the prices that Sure charges for its telecommunications services in a way and for a time that it deems appropriate, where Sure has a dominant position in the relevant market.

¹ Section 5(1)(c) of the Telecoms Law.

² Section 5(1)(f) of the Telecoms Law.

³ Condition 31.2.

4. Responses to Draft Decision

We received a single response (by telephone) from a customer who expressed concern at the price increases. As a pensioner on a fixed income, who relied on the telephone service, the customer was concerned at the impact that the price increase and moving from per second to per minute billing would have on their bills and the affordability of the service.

The GCRA recognises the concern that some groups of customers and some individual customers, particularly those on fixed incomes or low incomes, may be more affected by price increase than others. However, Sure's proposed increase is in line with inflation and follows a long period when prices have fallen in real terms as a result of the GCRA's overall price freeze.

If the high price of calls is a particular issue for customers there are some steps that they can take to mitigate their impact. They could consider switching their calls to another provider. JT offers a service, "JT YourCall"⁴, making use of a dialler box (or a prefix code) which offers reduced rates on a range of calls compared to Sure's standard tariff. They could also consider whether one of the tariffs which include calls⁵ would be suitable. Sure's "Home One" and "Home Two" include unlimited local calls for a fixed price, the latter also includes discounts on other calls. Also, Airtel-Vodafone offer a "Home Phone without the wires" service with a landline number provided over a mobile network⁶. This would enable customers to avoid a fixed line rental but requires a mobile signal and incurs set up costs and or a monthly rental. Even so, for some customers it would be likely to offer a cheaper alternative to Sure's fixed line service for those worried about increasing call charges.

On balance, the GCRA concludes that the proposed increase is reasonable, it follows a long period during which call charges and overall telecoms costs have fallen in real terms and that it should allow Sure to increase prices in line with the proposals set out in the draft decision.

⁴ Details of JT's YourCall plan can be found on JT's website at:

<http://www.itglobal.com/Guernsey/Personal/Landline/Coreline/Coreline/>

⁵ Details of Sure's call offers can be found at:

<http://shop.sure.com/guernsey/home-phone/sure/phone-line>

⁶ Airtel-Vodafone home phone: <http://www.airtel-vodafone.com/275-Home-Phone.php>; with PAYG and pay monthly options.

5. Final Decision

The GCRA determines as follows:

- (i) The Price Control for retail exchange lines, calls and related services (the services previously defined as baskets 1, 2 and 3 in Sure's 2008 price control), is that Sure (Guernsey) Limited may increase its overall charges by no more than the change in the relevant retail price index.
- (ii) The relevant retail price index will be RPI for the year to September 2013, as published by the States of Guernsey.
- (iii) The existing Price Control for on-island wholesale and off-island retail leased lines should be extended, until either replaced following CICRA's Business Connectivity Market Review or 31 December 2014, whichever is sooner.

This price control will remain in place until further notice, and will be subject to review in line with the conditions set out in Sure's Telecommunications Licence.

The specifics of individual price changes are for Sure to determine. Sure may rebalance or adjust individual charges within this basket of services provided that it remains within the price cap which limits the overall increase in prices to no more than the change in RPI.

Prices remain subject to the normal requirements of the Telecoms Law; the Competition (Guernsey) Ordinance, 2012 and Sure's telecommunications licence, in ensuring that charges are cost-justified where required and avoid discrimination. This safeguards, for example, against Sure offering services to its own retail arm on favourable terms or setting retail and wholesale prices which unfairly prevent competitors from entering the market or competing against Sure.

Basket	Description	Price control 2013	2014 Final Decision
1	Exchange line rental		
2	Local Calls	Frozen	+ RPI
3	Other Charges	(0%)	(2.7%)
4	On island Wholesale leased lines	Frozen* (0%)	Frozen* (0%)
5	Off island Retail leased lines	Frozen* (0%)	Frozen* (0%)

Note that while the overall level of charges for baskets 4 and 5 are frozen, Sure is permitted to rebalance individual prices within the basket.