



NEWS RELEASE

7 September, 2016

CICRA requires JT to reduce costs of retail voice call services

The Channel Islands Competition and Regulatory Authorities (CICRA) has issued JT with a final price control notice directing a reduction in the prices it charges in Jersey for voice call services over fixed lines over the next three years.

The basket of charges levied by JT for these services will be reduced by the Retail Price Index (RPI) minus 6.5% for year one, RPI minus 6.5% for year two and RPI minus 0% for year three.

Services covered by the control include calls using fixed line phones, exchange lines and a range of services related to having a fixed line phone service. The price control does not cover residential or business broadband or leased line services or PrimeTalk.

As JT has significant market power (SMP) in Jersey, with more than 80% market share, there is a need for regulatory oversight of JT's prices; without controls JT could raise prices or maintain them at higher levels than justified without regard to customers or its competitors.

CICRA chief executive, Michael Byrne, said: "This concern reduces when there is more effective competition to JT that delivers greater choice for consumers."

CICRA, working with Frontier Economics in the review, found that the average price level paid by customers for these services in Jersey was 13% higher than could be justified.

“The control is set on what is called a “price basket” approach - avoiding the more intrusive “bottom-up”, cost-based, product-by-product approach which would have placed an unnecessary regulatory burden on JT,” Mr Byrne said.

“It allows JT a greater degree of flexibility in its pricing across retail fixed line services should effective competition develop further,” he said.

The price control will start on 1 January next year and will remain in place for the three-year period unless replaced or removed following a CICRA review.

ENDS

NOTES TO EDITORS:

All enquiries should be directed in writing to CICRA chief executive, Michael Byrne, in Guernsey at the Guernsey Competition and Regulatory Authority, Suites B1 & B2, Hirzel Court, St Peter Port, Guernsey GY1 2NH or in Jersey at the Jersey Competition Regulatory Authority, 2nd Floor, Salisbury House, 1 - 9 Union Street, St Helier, Jersey JE2 3RF. Alternatively email info@cicra.gg.

In line with CICRA's consultation policy, it intends to make responses to the consultation available on the CICRA website. Any material that is confidential should be put in a separate annex and clearly marked as such so that it may be kept confidential. CICRA regrets that it is not in a position to respond individually to the responses to this consultation.

About CICRA:

The Channel Islands Competition and Regulatory Authorities or 'CICRA' is the name given to the Jersey Competition Regulatory Authority (JCRA) and the Guernsey Competition and Regulatory Authority (GCRA) (formerly the Office of Utility Regulation). The JCRA was established under the Competition Regulatory Authority (Jersey) Law, 2001, and the GCRA was established under The Guernsey Competition and Regulatory Authority Ordinance, 2012. In Jersey, the telecoms and postal sectors are regulated by the JCRA, which is also responsible for administering and enforcing the Competition (Jersey) Law 2005. In Guernsey the telecoms, postal and electricity sectors are regulated by the GCRA, which is also responsible for the administration and enforcement of the Guernsey competition law since it came into force on 1 August 2012.

By working together and sharing resources and expertise between the islands, CICRA strives to ensure that consumers in all the Channel Islands receive best value, choice and access to high quality services.