



CICRA media release

17 December 2015

CICRA to set price controls for Channel Island landline services

The Channel Islands Competition and Regulatory Authorities (CICRA) has issued an initial notice in Jersey and a draft decision in Guernsey setting price controls on landline telephone services for the next three years.

In Jersey the regulator has proposed the implementation of a three-year price control to reduce JT's landline prices while in Guernsey it has proposed to freeze Sure's average price levels.

CICRA chief executive Michael Byrne explained that price controls were a tool used where there were concerns that prices would rise without the constraint and options that healthy competition would otherwise provide.

In Jersey the proposed price control will have the effect of reducing the overall prices charged for landline services including call charges, exchange line rentals and a range of related fees associated with having a fixed-line phone service.

For 2016 and 2017 JT will be subject to a Retail Price Index (RPI) -7% (minus seven percent) each year meaning that overall prices should fall substantially in real terms. In 2018 JT will be subject to an RPI – 0% (inflation minus zero percent) control and overall prices would not increase in real terms in the third year.

Sure in Guernsey will be subject to a freeze on prices at 2015 prices plus RPI for the next three years which will have the effect of fixing, in real terms - after taking inflation into account.

As part of the consultation process, conducted in conjunction with Frontier Economics, the prices JT and Sure currently charges for fixed-line service were benchmarked against similar jurisdictions to assess whether both operators prices were justified.

The benchmarking found that JT's retail prices were, in particular, on average, higher than those charged by Sure in Guernsey where prices were generally in line with comparators.

Mr Byrne said: "CICRA can rely on price comparisons in imposing a price control of this nature. While the costs associated with landline services in Guernsey and Jersey are similar there is no compelling evidence to explain why Jersey consumers are paying significantly more than those in Guernsey.

"JT in Jersey will be subject to a more stringent price control that will have the effect of reducing overall prices in Jersey to a similar level to those seen in Guernsey over the next two years."

CICRA keeps markets under review; in the event that competition, introduced from 1 June 2015, negates the need to continue with price regulation CICRA will consider the removal of the control.

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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.