



# CICRA DRAFT TELECOMS REGULATORY STRATEGY

Draft

Document No : CICRA 16/51

November 2016

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## INTRODUCTION

Feedback from this document will be used to guide the choices CICRA make over the next few years. Its work programme for 2017 will, in particular, be informed by positions reached in considering many of the points raised in this document.

The Channel Islands Competition and Regulatory Authority (CICRA) is the economic regulator of the telecoms sector in the Channel Islands.

### The strategic aims of CICRA in regulating the telecom sectors are to :

- Ensure telecoms markets work in the best interests of consumers through effective competition where appropriate, and,
- Regulate where competition is not sufficient to adequately protect consumer interests.

*Figure 1: The strategic aims of CICRA*

At the risk of stating the obvious, the landscape for future telecoms in the islands is changing beyond recognition. As the telecoms regulator, CICRA is charged with setting the context for achieving a sound and healthy telecoms sector in the future.

The policy direction set by the States in both Jersey and Guernsey is, of course, key to guiding what developments the islands should steer towards and which should be avoided.

In terms of technology, use of portable devices already goes well beyond voice, web and messaging. The amount and type of spectrum capacity to come is well beyond anything seen previously. With it will come new services; what we now receive through fixed wire networks could be matched by what is available over the airwaves. The implications of that are profound.

The islands must therefore be reasonably prepared, versatile and adaptable enough to take advantage of the developments if we are to avoid a defensive and reactive response to each change in isolation.

At a high level this means developing robust plans based on informed judgment and not indefinitely delayed by a need for certainty - where options are evaluated by weighing benefits against the costs of change rather than wait for costless options.

Separate network technologies (each supporting single or limited telecoms services) are collapsing into single networks covering the breadth of all our telecoms services. These services may, in essence, become one technology product with distinctions driven by the 'app' we press, not the technology, network or device we use. CICRA also needs to take into account the implications for scale of investment and life cycles of products. How we do that will affect the prices consumers pay and the choices they have.

For CICRA, and the telecom providers, some of the questions that need to be asked are : beyond download and upload speeds and latency, what will the next level of demand be? What do technology developments imply for the type of competition that will thrive or wither in small island economies and what are the right short and longer term measures that need to be in place to provide the right incentives?

Given the strong concentration of market share by the incumbents in each island and the extent of their vertical integration, a significant question is whether there is an even greater need to sever conflicts in upstream control and retail provision by telecoms operators and is this area too important to rely on just regulation to address conflicts of incentive?

Many of the above scenarios or considerations go beyond the next few years. What is crucial is that all stakeholders communicate positively and regularly with each other in weighing up the various alternative paths and the appropriate regulatory strategy over the next few years as well as into the longer term time horizon. To support this desire for communication and how we embrace these burgeoning technologies, CICRA is publishing this draft telecoms strategy and we welcome input from all. As stated above, feedback from this document will be used to guide the choices CICRA make over the next few years. Its work programme for 2017 will in particular be informed by positions reached in considering many of the points raised in this document. The remainder of this document provides a basis for that ongoing conversation.

Beyond the next few years, changes in the telecoms landscape will require longer term planning, including policy positions that will inform the regulatory context over that more extensive time horizon. At the same time as seeking to be guided in setting its shorter term work programme and what it might look to achieve over the next few years, which is the focus of this document, CICRA is therefore also issuing a series of blogs, media articles and carrying out engagement with policy makers and other stakeholders to consider medium to longer term issues.

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## Backward Look - Market Context for Channel Islands

This is a forward-looking review, seeking to understand future challenges to achieving good consumer outcomes. However, it is helpful to first consider how consumer outcomes have evolved. This section sets out, at the high-level, the outcomes we have seen in recent years and some potential future trends along with associated policy challenges.

### Access Competition

CICRA looks to promote fair competition where this advances consumer interests. The telecoms markets are generally better at meeting consumer demands where competition is effective. CICRA has specific regulatory powers that place a duty on it to promote competition in this sector where consumers will benefit.

In the Channel Islands, what is generally referred to as, ‘*wholesale fixed line access services*’, enable competitors that do not control networks to provide services that would otherwise only be provided by the telecoms network owner and its retail arms in their respective market.

To support competition, CICRA can direct a licensed business to make these services available to other operators on a wholesale basis. Wholesale line rental (‘WLR’) is a fixed line access service introduced in the Channel Islands in June 2015. However, the Channel Islands have an extremely limited range of these access services compared to other jurisdictions. Whilst the scale of the market is undoubtedly a factor, the absence of a wider range of options of fixed line access services that allow competitors to better innovate and compete for customers, also plays a role in the sustained high market shares held by the dominant operators in both markets.

### Consumer outcomes over recent years have been broadly positive

Jersey	Guernsey
<b>Landline services</b>	
Customer satisfaction is improving; the results for May 2016 exceed the average of those achieved in the previous periods. Higher satisfaction ratings have been achieved by Sure (87%) (which began offering exchange line services from June 2015) compared with JT (55%).	Customer satisfaction is consistent with that achieved in previous periods. JT (63%) was rated slightly ahead of Sure (59%).
<b>Mobile services</b>	
Satisfaction continues to improve with the results for all operators in the latest survey exceeding the averages achieved in previous periods.  Ratings were JT 58%, Sure 82% and Airtel 80%.	Satisfaction is broadly consistent between operators. However, while JT’s and Sure’s performance is continuing to improve, Airtel’s performance shows sign of decline.  Ratings were JT 72%, Sure 66% and Airtel 69%.
<b>Mobile broadband</b>	
Customer satisfaction with the newer suppliers, Sure (75%) and Airtel (67%), is higher than that of the ‘incumbent’ JT (48%).  Customers rate their experience of mobile broadband less favourably than their experience of their mobile telephone more generally.	In Guernsey customer satisfaction with the new suppliers, JT (69%) and Airtel (72%), is higher than that of the ‘incumbent’, Sure (53%).  Customers rate their experience of their ‘mobile’ broadband services as more satisfactory than customers rate their experience of ‘fixed’ broadband.
<b>Broadband</b>	
There remains a high proportion of customers who do not consider their broadband experience to be positive.  Ratings were JT 44%, Sure 81% and Newtel 45%.	There remains a high proportion of customers who do not consider their broadband experience to be positive.  Ratings were JT 56% and Sure 43%.

Figure 2: Jersey and Guernsey customer satisfaction

Customers in both islands share similar views on what is important when choosing a new telecoms provider. In both cases reliable service, competitive prices and good customer services, with a fast and easy changeover when changing provider, made up approximately two thirds of the services consumers wanted when they were considering a change.

Much of the satisfaction is as a result of competitive prices, improving networks and extended availability. However, some overarching concerns remain.

### Despite good overall outcomes, consumer needs and the markets are changing, giving rise to new concerns

Communications services continue to become increasingly embedded into the lives of consumers. This leads to expectations of widespread availability and greater expectations around quality of service. Whilst broadband coverage with higher speeds is increasing there are some differences in how fixed broadband services are provided by the incumbent operators across Jersey and Guernsey and how these approaches will support and adapt to future requirements.

All mobile service providers are in the process of completing their roll-out of 4G. The cost of having essentially duplicated mobile network infrastructure in such small economies has raised questions of whether there is greater scope for network sharing that could realise greater economies of scale.

There are also continued concerns about the quality of customer service delivered by the incumbent in each island. While overall satisfaction with communications services is relatively good, satisfaction levels for the quality of customer service are lower across the sector.

There is also evidence that the actual broadband speeds customers receive are variable and proportions of the population do not reliably receive levels that are good enough given the headline speeds advertised. The extent to which there is significant variation in broadband quality between users raises social and economic questions around equitable access to technology.

### An increasing industry focus on retention and bundling may further increase the importance of work to reduce barriers to switching

To take advantage of competitive markets, consumers need to be equipped and encouraged to shop around to obtain the best deal. Customers have a limited choice for switching providers. However, barriers to switching remain.

The retail bundling of services creates a new set of challenges which have consumer benefits but may also contribute to a dampening competition. Bundling may make it hard for consumers to choose between increasingly complex offerings and to complete a switch. For example, whether there are different switching processes for each service in a bundle, and/or when contracts for services in the bundle have different end dates.

It remains important that CICRA considers how to ensure the effectiveness of switching procedures for consumers in light of the growth of complex bundles by operators.

## Forward Look - Market Trends

In this section we set out the key trends that we have seen in the communication sector over recent years, and the potential trends we may see developed in the near future. This allows us to identify potential future regulatory challenges. However, the nature of digital communication services and how consumers adapt to these services is such that not all developments or the speed of their impact can be accurately forecasted. The following analysis is built upon CICRA's knowledge of the markets in Jersey and Guernsey as well as taking into account other markets such as the UK where Ofcom has recently completed its telecoms market strategic review.

## The consumer experience

Digital communication services have become increasingly important to consumers and businesses alike. Services and devices have become more sophisticated as well as the demands of residential and business consumers. Some of the key trends we expect to see continue into the future include:

- **Increasing demand in quality of residential broadband.** Consumer demand for bandwidth and higher quality connections has increased dramatically over recent years. Increased usage and the growth in simultaneous use of multiple connected devices in the home continue to drive greater levels of demand by households.
- **Greater demand from the business market.** The increase in the adoption of services, such as cloud-based services, drives demand for higher bandwidth with the increased requirement for resilient connectivity both off and on island. The growth of the Internet of Things (IoT) will further drive demand for capacity and reliable networks.
- **Increasing demand for mobility.** Both consumers and businesses are demanding greater mobility, both inside the home and on the move again both off and on island. This has been driven by the growth in powerful mobile devices<sup>1</sup>.
- **Bundling.** Consumers are increasingly purchasing multiple communication services products under a single contract through bundling. This increases convenience for the consumer by providing a one-stop shop, single bill, single supplier relationship.
- **Niche groups.** The proliferation of new services has led to increasingly diverse consumer needs and tastes, defined as much by attitudes to communication services as by actual adoption. This was highlighted by recent research from Ofcom on customer segmentation. This includes businesses, particularly SMEs, whose communication needs vary enormously and depend on factors including business size, type, sector, and location. However, we also believe there will continue to be a group of consumers that do not engage in these communication services (14% of adults in the UK are non-users of the Internet for example).

## Digital communication provider strategies are changing

Operator strategies have evolved over the past decade in response to changing technologies and consumer demand. The value chain in telecoms has also changed substantially.

The key trends in provider strategies into the future are likely to include:

- **Bundling services and products.** This trend looks set to continue as the industry makes multi-play bundles a core offering and it can also reduce provisioning and marketing costs while enabling other benefits from innovation. Take-up of triple play bundles in the Channel Islands is possible due to the fact that the dominant operators in both Jersey and Guernsey have fixed and mobile networks and have been actively marketed to customers. The introduction of WLR supported this ability of entrants to widen their offer in this way and future access products will further support this choice.
- **Wholesale deals and new network deployment have both led to market entry.** Market entry in many countries is based on the new entrant purchasing wholesale services from a network owner/operator. This has led to increased competition and consumer choice. This benefit is multiplied where the purchaser of wholesale services has a choice of network provider. In the Channel Islands, however, wholesale access is at a very early stage and though we have started to see benefits, to date the introduction of wholesale access has not led to an entrant who is not already operating in the Channel Islands.

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<sup>1</sup> For example Smartphone and tablet take-up in the UK is 66% and 54% respectively.

- **Consolidation.** In neighbouring markets to the Channel Islands, consolidation to build scale has been a key theme particularly in the residential broadband market. In mobile, there has been some consolidation of operators, and additionally of the underlying networks. In addition, as operators have grown in scale, they have increasingly moved into each other's traditional core market. The Channel Island markets are already highly concentrated and the only recent merger in this sector was the proposed merger of JT and Airtel which was subsequently abandoned.
- **Over-the-top ('OTT') versus vertical integration.** Value is shifting away from connectivity, and towards services themselves. OTT providers are competing with traditional providers for revenues, whilst also driving data demand trends. As "conventional" services are increasingly delivered "over-the-top", consumer expectations are likely to remain high, particularly for video based services. In this environment, ISPs will increasingly look to manage IP networks, with some services "managed" and others offered on a "best effort" basis. Improving network qualities and bandwidth will support the delivery of both types of model. This raises strategic questions for network operators who will have to decide whether to focus on the efficient provision of connectivity or compete with OTT in the provision of services. It has been said that an 'incumbent' operator that is struggling to compete with OTT service providers has the wrong business model and needs to reconsider its business model going forward.
- **Cloud computing.** Industry will continue to develop and deploy new approaches to the delivery of content and services. Many of these initiatives revolve around computing developments in distributed hosting and processing. This is often referred to as cloud computing or cloud services. This trend is characterised by an increasing amount of storage or processing capacity moving away from the edge of networks towards the core.

### Network evolution is gathering pace

Over the past decade, we have seen network capabilities for both fixed and mobile services evolve considerably. As well as evolution of new technologies, some technologies may be retired over the coming years, although the roadmap for retiring old technologies is less clear. Key trends include:

- **Increasing use of Internet Protocol (IP) networks.** A key driver of convergence is the increased use of IP for distributing voice, data and video services. Previously, networks were typically designed to support a particular service. Consumers have embraced services delivered over IP, for example, with voice and video. Mass-market voice over LTE for mobile services is expected to begin in the UK over the summer of 2016.
- **Network capability improvements.** Network operators are continually seeking initiatives to improve the capability of the networks in order to meet future demand. In mobile, research is underway on future 5G networks which could be deployed after 2020. There is also interest in software defined networks (SDNs), which offer greater flexibility to accommodate changes in traffic demand and type.
- **New network architectures are utilising fibre.** There is a trade-off between the pace of moving from copper to fibre networks, the extent to which such a changeover goes to the street cabinet or all the way to customer premises, and the investment cost of making these transitions from traditional copper networks to fibre networks. The ultimate aim is to support increasing broadband speeds. Because fibre networks are capable of higher speeds which are not limited by the customer's location in comparison to copper networks, it is generally accepted that the conversion of networks from copper to fibre is the ultimate end goal for network providers. In the Channel Islands we have a contrast in approaches. The incumbent in Jersey is more than half way through its wholesale conversion programme of providing a fibre to the customer premises network for broadband customers (customers who use their connection for a voice only connection will for the near future remain on the existing copper network). The incumbent network operator in Guernsey has taken the



approach of providing increasing broadband speeds through a more incremental approach. It is doing this by moving the fibre network closer to the customer premises (the street cabinet) but not to the customer home, while at the same time incrementally converting from copper to fibre where constraints are identified rather than through a wholesale network transformation from copper to fibre to the customer premises as in Jersey.

- **Potential for greater network sharing.** Mobile network operators in many countries are examining improved methods for spectrum and infrastructure sharing in order to offer higher capacity to consumers whilst minimising network building operation costs.
- **Switch off of the public switched telephony network (PSTN).** In the UK BT has indicated that it is seeking to retire its PSTN. The retirement of PSTN services will require the migration of telephony users onto broadband networks. Specific migration plans will also be required for certain services, ie, potentially life critical such as healthcare and alarms which have characteristics that are difficult, in their existing forms, to be provided over a non-copper network. In addition, further policy consideration might be required as to whether a universal service obligation is required.
- **Copper access network switch off.** PSTN switch off and the move to IP delivered services may allow the closure of some parts of the current copper access network. Current deployment of fibre to the cabinet (FTTC) networks means some copper must remain; copper connections between the Cabinet and exchange might be considered for closure, with implications for exchange based broadband services.
- **Other legacy service closures.** Operators in the Channel Islands have already signalled the removal of the ISDN services that are currently provided over the copper networks. These services will be replaced by SIP services over the IP based networks.

#### [Our regulatory strategy must take account of these and other trends](#)

Digital communications services continue to be fast moving, characterised by new products, services and business models, and underpinned by continuing investment by providers. Consumers expectations and demands from the services continue to grow. In order to remain relevant, and to deliver on CICRA's primary duties, a long-term regulatory strategy must take account of these trends.

# Key Strategic Priorities

## General Context

### States Policy

Societies are not only about markets and consumers. States policy is needed to ensure the interests of citizens are taken into account. CICRA can support the delivery of that policy by the decisions that it takes. Policy direction guides strategic planning and decision making and so sets direction and boundaries for action. The role of policy makers is therefore critical and profound in its implications for the future landscape of the telecoms sector in the Channel Islands. In developing a regulatory strategy to inform its priorities over the next three years CICRA must make certain assumptions. However, it should be made clear that there is no attempt to determine policy, which is properly a matter for government. Development of such policies are, we understand, already in progress.

### Availability of services

In general, consumers in the Channel Islands have seen investment in broadband network and services. However, there is an increasing contrast in how those services are supplied in Jersey and Guernsey.

### Competition in fixed network provision

The value chain for fixed telecoms is made up of a number of wholesale inputs (such as core networks, backhaul and local access networks) which are combined to provide a retail service to customers. The nature and scale of investment at each level of this supply chain are quite different in terms of economies of scale and scope.

In the Channel Islands markets, JT and Sure remain the only operators to own and operate substantive fixed access infrastructure.

### Competition in mobile telecoms

The market structure in mobile telecoms is mainly based on competition between vertically integrated operators who own end-to-end infrastructure (Mobile Network Operators ('MNO')).

Access to spectrum has been used as a means of promoting competition between the mobile operators. Each of the Channel Islands MNOs currently owns its own core network. There are no Mobile Virtual Network Operators ('MVNO') established in the Channel Islands.

Investment in 3G and 4G networks have resulted in relatively high mobile broadband coverage and a choice of service provider. However, scale of investment and the implications of shorter technology life cycles has implications for return on investment.

### CICRA's role in the market

Given the above assessment, it is CICRA's view that it has a key role to play in supporting the following aims:

- Robust infrastructures that enable high-speed connectivity for households and businesses;
- Provision of services that are affordable and set at competitive prices;
- Fit for purpose regulations that support policies to:
  - protect the interests of citizens,
  - protect further investments, and,
  - creative business model to target the development of the digital economy.
- Foster competition and a sustainable ICT environment to support a digital economy;
- Elimination of barriers to competition in network services through:
  - Open standards,
  - Interoperability,

- Technology neutrality, and,
- Efficient spectrum planning and policy.

The above aims provide a framework for developing CICRA’s strategic priorities. It also assists in defining an implementation plan to address current challenges and inform its immediate work programme.

In this strategy document, CICRA sets out four specific strategy priorities that frame the overall focus for CICRA over the coming years and underpins the specific work programmes to be developed each year. The strategy recognises CICRA needs to prioritise its work based on its own resources and the capacity of the industry to implement what is needed.

The figure below sets out these strategic priorities. The next section discusses these priorities in more detail.

<p><b>Enhance the competitive environment</b></p>	<p><i>An enhanced competitive environment is a means to improved efficiency and innovation in the market</i></p> <p>Where it is needed CICRA will apply measures to enhance the sustainability and effectiveness of the competitive environment for telecommunications in the Channel Islands</p>
<p><b>Improve the clarity and predictability of the regulatory framework</b></p>	<p><i>CICRA will provide greater clarity to industry on how it will apply the regulatory framework in practice.</i></p> <p>This will involve the continuation of the practice of increasing the transparency and consistency of CICRA’s decision-making process supported by a longer term strategic outlook.</p>
<p><b>Safeguard the interests of end users</b></p>	<p><i>CICRA will safeguard consumer interests by improving the quality of information to enable them to make informed choices whilst ensuring that service providers meet appropriate levels of quality of service (QoS) where their incentives may not deliver these without regulatory intervention.</i></p>
<p><b>Support the Channel Islands in the transition to a digital economy</b></p>	<p><i>CICRA will work with all stakeholders in the development of regulations that are ‘fit for purpose’ as the market continues to evolve.</i></p> <p>CICRA will work closely with the States of Jersey and the States of Guernsey in supporting policies to deliver the digital economies for both jurisdictions sought by policy makers.</p>

Figure 3: Key Strategic Priorities

## (A) Enhance the competitive environment

Establishing an effective and sustainable competitive environment is a key priority. CICRA is committed to ensuring that the Channel Islands foster a regulatory environment that encourages growth and investment. The CICRA regulatory framework will be designed to stimulate investment and lower market barriers as a means to improved efficiency and innovation in the fixed, mobile and broadband markets.

CICRA recognises there is the limited potential for investment in new network build in jurisdictions as small as the Channel Islands. Therefore, increased availability of wholesale based services is being currently considered as a more appropriate means of ensuring competition is available rather than encouraging duplicate build in fixed networks.

The actions under this strategic priority are summarised below.

### Enhance the Channel Islands competitive environment

An enhanced competitive environment is a means to improved efficiency and innovation in the market.

CICRA will address this through the following actions:

- Introduce a robust wholesale access product portfolio;
- Assess whether different models of competition are viable for the Channel Islands, and,
- Reduce the barriers that customers face in switching service providers.

*Figure 4: Enhance the competitive environment*

CICRA has a developed legal framework that constitutes the basis for creating a competitive telecommunications market in the economy. CICRA has already developed policies and implemented guidelines designed to help create an open telecommunications sector in the Channel Islands. The competition created by market liberalisation has yielded benefits to consumers and businesses in the Channel Islands through lower prices and greater range of service offerings.

However, further benefits can be achieved through regulatory measures designed to enhance the competitive environment. In general, competition increases efficiency and drives prices towards cost. Enhancing the competitive environment across the full range of telecommunication services should drive investment and innovation in the market. It should also promote improvements in the quality of service provision to the benefit of end-users.

Developing a regulatory framework enabling sustainable competition in the market is a key strategic priority. A range of actions will be undertaken by CICRA over the next three years to achieve this objective.

### Introduce a robust wholesale access product portfolio

Customers are already benefiting from the introduction of WLR in June 2015. CICRA will continue to work with stakeholders in the development and implementation of wholesale products to encourage and support competition.

Whilst the first route to wholesale product should be competing operators approaching the network operator and requesting a wholesale product, CICRA is also aware that the structure of the market and the players in the Channel Islands market could restrict the appetite to implement new and innovative wholesale products. CICRA will ensure that it signals to the wider market (ie, potential new entrants) that the incumbent operators are required to respond in a responsible manner to any

request for a wholesale product on fair and reasonable terms and that it stands ready to enforce that when required.

### Assess whether different models of competition are viable for the Channel Islands

There are a number of types of competition that are possible between communications providers. These range from end-to-end competition, access based competition to resale competition.

**Full end-to-end competition:** companies can build (or buy) and operate their own end-to-end network. This can take two forms:

- Vertically integrated providers (JT and Sure) that compete using end-to-end networks across all stages of the value chain.
- Alternatively, providers may use some combination of their own infrastructure and another providers' infrastructure (ie, from JT or Sure) purchased on a commercial basis.

**Access based competition:** Where we find significant market power we can require the dominant firm to provide access through the use of regulated remedies. This can support two models of competition:

- *Infrastructure competition based on passive access* – in this case, competitors rely on the access to physical network infrastructure. Providers need to invest in network elements which results in some degree of infrastructure competition; the extent of this varies with the remedy. In some cases, for example, duct access; this can result in infrastructure competition over all elements but the civil infrastructure.
- *Competition based on active wholesale products* – active remedies combine active electronic equipment and physical infrastructure which is wholesaled by the incumbents to third parties.

**Resale competition:** providers can compete as service providers: offering marketing, billing, pricing and some service design, but using another operator to provide the underlying network infrastructure.

We face two key questions in defining a longer term strategy to promote competition in fixed access services:

- Should we focus more on promoting more sustainable full end-to-end competition, given its effect on incentives for dynamic efficiency, investment and quality of service?
- Where this may not be possible or desirable, should access based regulation focus on passive remedies to deliver greater infrastructure competition, active remedies or a mix of the two?

**End-to-end competition in mobile is an important contributor to a range of good outcomes for consumers.**

Customers in the Channel Islands have benefited from end-to-end competition in mobile services. Where end-to-end competition is sustainable it should be maintained.

A number of issues of consolidation, a number of other potential mobile competition issues could emerge in future, for example:

- Whether access to mobile masts becomes an increasing competitive concern?
- Whether all players can access sufficient spectrum to maintain effective end-to-end competition?
- Whether incentives exist for mobile wholesale markets (MVNO access) as well as vertically integrated ones in the face of investment costs and shorter technology life cycles?
- How CICRA should consider options for network sharing, including options on spectrum policy.

### Reduce the barriers that customers face in switching service providers

Mobile customers have, since December 2008, been able to make use of Mobile Number Portability (MNP). This has increased competition, in terms of pricing, quality of experience and innovation in the mobile market and customers have made use of the benefits provided by being able to switch between mobile service providers.

CICRA considers that customers would benefit from the introduction of Fixed Number Portability (FNP). The introduction of FNP will allow customers to move between fixed service providers, therefore increasing price and quality of service competition between the operators.

### (B) Improve the clarity and predictability of the regulatory framework

CICRA recognises that current operators and potential new entrants to the market require clarity and predictability of the regulatory framework. Decision making by CICRA needs to be transparent and consistent.

Recently CICRA has made a number of decisions on the back of investigations which have sought to also give guidance to operators on how it will consider issues in future. However, given the need for progress in this area, CICRA will implement a number of initiatives to improve the clarity and predictability of the regulatory framework.

A summary of the actions under this strategic priority is summarised in the figure below.

#### Improve the clarity and predictability of the regulatory framework

CICRA will provide greater clarity to industry on how it will apply the regulatory framework in practice.

CICRA will take the following actions:

- Develop and publish guidelines on retail and wholesale price regulation;
- Review wholesale arrangements to ensure that competitors are able more productively to engage with network operators to obtain new or existing wholesale access products, and,
- Review existing dispute resolution procedures to support operators requesting wholesale services,

*Figure 5: Improve the clarity and predictability of the regulatory framework*

#### Develop and publish guidelines on retail and wholesale price regulation

CICRA is currently consulting on or planning to consult on a number of retail and wholesale pricing matters. In addition, CICRA has recently issued directions relating to anti-competitive pricing.

CICRA will, over the period of this strategy, review all pricing matters and ensure that clear and consistent pricing guidelines are published. This will provide transparency and clarity to consumers, existing market players and potential market entrants.

#### Review wholesale arrangements to ensure that competitors are able more productively to engage with network operators to obtain new or existing wholesale access products

It is the responsibility of the operators seeking wholesale access products to drive the process of requesting the required products. CICRA will however review and ensure that a sufficiently transparent and robust process is in place that allows a party to request wholesale products and services that it justifiably requires.

CICRA believes that the most accurate requirements for products and services will be driven by the operator and it should not be CICRA's role to design and drive the implementation of wholesale

products. However, absent of the processes and procedures to effectively support this CICRA will continue to drive the requirements for wholesale access products.

### Review existing dispute resolution procedures to support operators requesting wholesale services

CICRA will ensure that there is a dispute resolution process in place to support operators in the case that their justified request for wholesale access products are not being responded to or delivered in an agreed quality to an agreed timescale.

### (C) Safeguard the interests of the end users

CICRA considers that safeguarding interests of consumers is a key strategic priority. A summary of the actions under the strategic priority is shown in the figure below.

#### Safeguard the interests of consumers

CICRA will safeguard consumer interests by improving the quality of information available to enable consumers to make informed choices by requiring operators to provide comprehensive and transparent information on their offers, appropriate levels of customer service and service quality.

CICRA will address this through the following actions:

- Reviewing Quality of Service (QoS) and requirement for regulatory obligations, and,
- Provide consumers with transparent and comprehensive information to make informed choices,

Figure 6: Safeguard the interests of consumers

### Review of the Quality of Service (QoS) and the requirements for a regulatory framework

Building on its recent broadband market services report CICRA will continue to monitor services that are sold and provided to consumers. Where issues are established CICRA will provide advice to consumers and provide regulation to service providers to ensure that end users receive the services they expect at a quality they require.

### Provide consumers with transparent and comprehensive information to make informed choices

Both on its own initiative and also by working closely with other interested parties (ie, consumer organisations) CICRA will ensure that consumers are fully informed as to information required to make informed choices on products and services as well as choice of provider.

Not all aspects of consumer protection are covered by CICRA. For example, the UK Advertising Standards Authority (ASA) is responsible for issues relating to claims and statements made in advertisements by operators. CICRA will ensure, through clearly provided information on its website, that consumers are aware of these aspects.

### (D) Support the Channel Islands in the transition to a connected digital economy

it is essential for the development of the digital economy in the Channel Islands that the related and required regulatory framework and technical standards are 'fit for purpose' and comply with leading global practice.

As technologies change, this creates new challenges for the design and implementation of the appropriate regulatory framework and standards. In many countries, new services and modes of delivery have been developed that are often unforeseen by existing regulation and also can change the market structure and level and type of competition. Regulators, therefore, need to consider the impact of this on the regulatory regime and whether revisions and updates to the framework are required.

Globally, as technology has impacted the telecoms market there has been a shift from a regulatory focus on network regulation, dealing with interconnection and access to networks, to end to end approach. For example, Voice over IP (VoIP) players, such as Skype, have become increasingly successful in the market in delivering voice and data services. In addition, the advent of smart phones and 'mobile apps' such as WhatsApp and Viber are having a major impact on the way people communicate with each other. In this new world, usage is the driver. Therefore the key regulatory concerns relate to issues such as quality of service, interconnectivity and end-user experience.

CICRA recognises that regulation must reflect changing technology and market developments. CICRA intends to adapt to these in terms of the scope regular to practices within the jurisdiction of CICRA, while maintaining a technology neutral approach and ensuring that the framework is 'future proof'.

One of CICRA's strategic priorities is to support the Channel Islands in the transition to a connected digital economy. This will be done through the development of standards within CICRA's jurisdiction and policies/regulations that supports and prepares the industry for the future. A summary of the actions under the strategic aim is shown in the figure below.

#### Support the Channel Islands in the transition to a connected digital economy

CICRA will assist industry in the development of regulation and policies that will support the Channel Islands in the transition to a connected digital economy.

CICRA will address this through the following actions:

- Developing the required policies and regulatory frameworks, and,
- Satisfy itself that cyber security and safety issues are appropriately addressed in collaboration with relevant bodies

*Figure 7: Support the Channel Islands in the transition to a connected digital economy*

#### Developing the required policies and regulatory frameworks

CICRA will assess whether additional regulatory measures are required to support the Channel Islands in the transition to a connected Digital economy. Therefore, CICRA will consider future needs in the Channel Islands in relation to international connectivity and intends to optimise the telecoms regulatory framework in the Channel Islands to foster connectivity to a large range of services with excellent quality of service at affordable rates.

It will be important for the Channel Islands to improve international connectivity both to enhance the QoS and to support the entry of new service providers. It will be essential to improve significantly the access, availability and cost of international connectivity for new entrants when entering the Channel Islands's market. CICRA will review the functioning of international capacity, and identify any necessary remedies, in order to address any identified international bandwidth issues in the Channel Islands.

#### Satisfy itself that cyber security and safety issues are appropriately addressed

Where required, and in collaboration with relevant bodies CICRA will also ensure that cyber security and safety issues are appropriately addressed in order to meet the challenging security requirements of the Digital Economy.



## Next Steps

The delivery of these strategic aims will depend on a range of factors, including sufficient resources within CICRA, the capacity of industry to implement reforms proposed within the timeline, the close and constructive collaboration of stakeholders and support as required from the governments of Jersey and Guernsey.

CICRA is publishing this draft telecoms strategy and we welcome input from all. As stated in the introduction, feedback from this document will be used to guide the choices CICRA make over the next few years. Its work programme for 2017 will in particular be informed by positions reached in considering many of the points raised in this document.

*End/*

Draft