Channel Islands Competition Regulatory Authority,
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Response by Jersey Airtel Limited and Guernsey Airtel Ltd to CICRA

"2018/9 Draft Decision on the Review of Mobile Termination Rates (MTRs) in Jersey and Guernsey"

Jersey Airtel Ltd and Guernsey Airtel Ltd (collectively referred to here as "Airtel") are submitting a joint response to two separate CICRA documents titled '2018/9 Review of Mobile Termination Rates in Jersey – Draft Decision' and '2018/9 Review of Mobile Termination Rates in Guernsey – Draft Decision'.

Airtel continues to be of the opinion, that there is no market need for review of MTRs in Channel Islands.

Channel Islands consumers and businesses already derive benefits in the way of
- three best in class networks,
- over 97% 4G+ coverage,
- unlimited calls to C.I. & UK offered by Airtel for as low as £7.49 per month, and
- low roaming rates (despite MNOs' weak bargaining power due to low traffic volumes)

Further, CICRA has continuously failed to give any empirical evidence of the benefit, either to Channel Islands consumers or economy in general, which it has repeatedly claimed will be borne by the proposed changes. However, Airtel has provided evidence of all costs and revenue it incurs/derives from MTR. This allows the Authority a clear view of the losses a challenger telco like Airtel will incur due to the proposed lowering of MTRs.

It is further submitted that the adoption of LRIC model/ benchmarking citing other European Countries is not relevant in the instant case as the factors concerning these islands are different from other countries. Being small islands, the benefits of magnitude of scale is not relevant in case of the islands where the geography is small and provision of different services require full additional investments rather than any incremental ones.

In this reference, it is evident that the review of MTR even if it is done should be on Fully Allocated Cost (FAC) basis wherein the operator is compensated entirely for the cost of the call in its network rather than the incremental costs.

CICRAs proposed lowering of termination charges which is already below-cost will have the following adverse effects:

[Confidential]------------------

[redacted]

In respect of International calls, CICRA has mentioned that the originating operator be offered the same call termination charges and other conveyance elements are not part of the same. In this regard, it is submitted that the termination rates for international calls should not be regulated. Any mandated international termination charges limit the domestic operator's capability to negotiate better rates for international calls originating from the islands. In case of a regulated international termination rate, while the calls from outside the islands will be terminated at a cheaper rate, the island customers will be required to shell out greater amount while calling to that destinations. Hence, Island customers will subsidise the calling costs for international originating operators.

It is therefore recommended that the international terminations rates be left for mutual negotiations with the originating operator.

Above said, Airtel welcomes the glide path approach as proposed by the Authority. However, it is Airtel's proposal that the glide path be modified as below and applicable to local mobile terminating traffic between MNOs in the Channel Islands:

Effective Date	Maximum Mobile Termination Rate (ppm) proposed by Authority	Maximum Mobile Termination Rate (ppm) proposed by Airtel
Current MTR	4.11	4.11
1 January 2020	3.11	3.11
1 January 2021	1.11	2.11
1 April 2022	0.7	1.11
1 April 2023	0.7	0.7

Should you have any questions in this respect please don't hesitate in contacting the undersigned.

Yours sincerely

Lisa Moyse
Head-Roaming & Regulatory Affairs