



TELECOMS (CHANNEL ISLANDS)

STRATEGIC OBJECTIVES & 2019 WORK PROGRAMME

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STRATEGIC OBJECTIVES

The overarching aim of the Channel Islands Competition and Regulatory Authorities (CICRA)¹ is to **make markets work**. The telecommunications sector is seen to deliver against this aim in Jersey and Guernsey when customers and wider society have trust and confidence that services represent value for money, while benefitting from choice and innovation. Delivering this relies on everyone in the sector working together, listening to customers and tackling long-term challenges. As the economic regulator in the telecommunications sector the tools available to Authority to support its aims are **through the introduction and protection of effective competition where appropriate and through regulation where competition is insufficient to protect consumer interests**.

The Authority will look to achieve its aims through the following objectives:

- To maintain well-regulated Channel Islands telecoms markets
- To promote retail competition (through consumer protection and wholesale services)
- To develop an optimal regulatory framework supporting 5G deployment
- To co-ordinate spectrum and number allocation

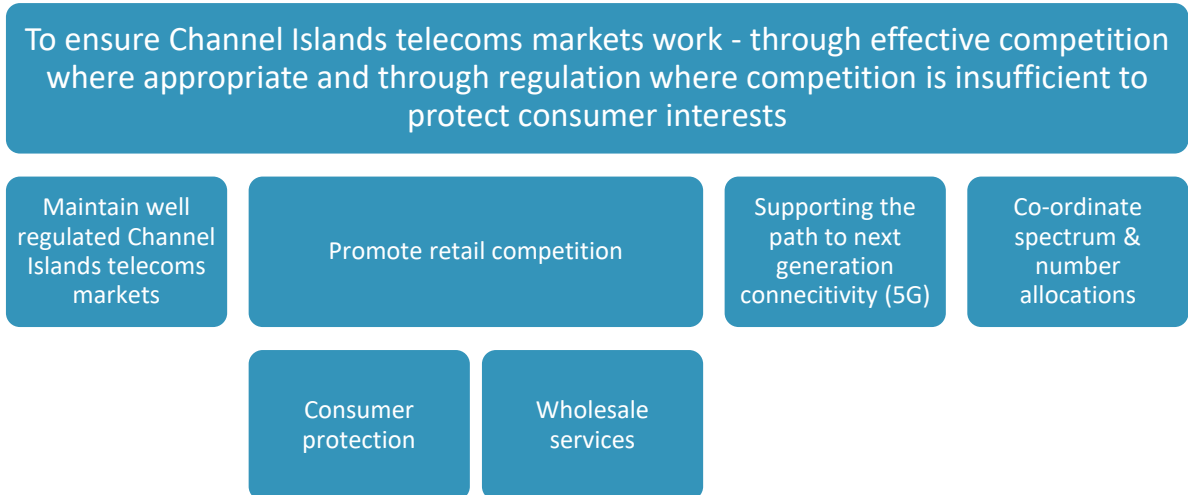
The success of this will be measured by the effectiveness of regulation of the sector, including Ofcom support for the Authority's recommendations on the allocation of spectrum and number ranges. It will be measured through the availability and take up of different types of broadband services (in both Islands), by the introduction of a clear framework for next generation connectivity, and fair, reasonable and non-discriminatory wholesale solutions to support the economies of the Channel Islands. Information to make informed decisions will also be available to consumers.

The Authority's annual work programme for 2019 is set out below.

¹The Jersey Competition Regulatory Authority (JCRA) and Guernsey Competition and Regulatory Authority (GCRA) co-ordinate their activities in the Channel Islands. For the purposes of this document, the JCRA and GCRA are together referred to as the Authority, and all references to the Authority should therefore be read as references to each of the JCRA and GCRA unless the context otherwise requires.



Work Programme 2019



The Authority is making changes to the way it regulates to ensure that it fully plays its part and can tackle the major challenges facing the sector: advances in wireless technology, the ever growing demand and importance of broadband, supporting efficient investment in infrastructure and connectivity, and ensuring affordability, resilience and security of service.

The Authority will be undertaking an appropriate pragmatic engagement process supporting its statutory and legal obligations with all stakeholders to ensure it achieves the best possible outcome from the work programmes in both Islands.

The Telecommunications (Jersey) Law 2002 empowers the JCRA to licence operators with respect to telecommunications in Jersey. The duties of the JCRA under this law are listed at Annex A². Likewise, the Telecommunications (Bailiwick of Guernsey) Law 2001 provides that the GCRA may grant licences for operators in those Islands. The duties of the GCRA are contained in the Regulation of Utilities (Bailiwick of Guernsey) Law 2001 and listed at Annex B³. As in most developed jurisdictions, they are institutions which are independent of government.

In developing these objectives, the Authority has also taken into account the policy objectives of both governments, namely:

- A Telecoms Strategy for Jersey – Prepared for the Government of Jersey by Oxera – January 2018

² See Article 7, Telecommunications (Jersey) Law 2002. The duties of the JCRA with respect to telecommunications are attached at Annex A.

³ See Part II, Regulation of Utilities (Bailiwick of Guernsey) Law 2001. The duties of the GCRA are attached at Annex B.



- Telecoms Strategy Action Plan – published by the States of Jersey
- The Future of Telecoms – Committee for Economic Development, Guernsey – June 2018

The Authority recognises that there are circumstances where the outcomes sought may not align with the commercial interests of all businesses. As far as possible, it will operate on the basis of an appropriate principled pragmatic approach. The Authority will seek to enable and encourage fair behaviour by businesses for the economic benefit of Jersey and Guernsey consumers. However where stakeholders fail to demonstrate or behave in a way consistent with these aspiration, where necessary it will use its powers in order to fulfil the duties it has been given in law through enforcement action or other forms of intervention.

1. MAINTAIN WELL-REGULATED CHANNEL ISLANDS TELECOMMUNICATIONS MARKETS

Competition is the best mechanism to protect the interests of consumers. It encourages enterprise and efficiency as well as creating a wider choice for consumers which helps reduce prices and improve quality. Where competition is insufficient to protect consumer interests, regulation may be required. To this end, the proper regulation of the telecommunications sector in the Channel Islands is vital not just for the telecoms industry, but also for the economy as a whole.

Where possible the Authority will take a pan-Channel Islands approach, aligned to the UK/EU where appropriate. This aims to provide **a recognisable and established framework for existing and new operators to work within.**

In the event of market failure, the Authority will take regulatory action if necessary

The 2019 work programme includes:

(i) Mobile Termination Rates

During 2019, The Authority will consider whether any further changes are required to existing or the introduction of new remedies for the mobile termination market due to local and external factors.
Q2/3 2019

(ii) Publication of Information

During 2019, The Authority will continue to consult stakeholders ahead of releasing the annual work programme and publication of strategic objectives. The Authority will also continue to collect and publish appropriate telecoms data to support evidence based regulation and the development of the sector.



We will continue to ensure that meaningful information is available to consumers on operator performance, and also to monitor standards and commitments made to help with the imbalance in negotiating position between consumers and their telecoms providers over Q2/3 2019

2. SUPPORTING RETAIL COMPETITION

The promotion of retail competition (not network competition) is the most effective way to deliver the benefits of next generation connectivity to consumers and businesses. The Authority will support this in two ways:

(a) Consumer Protection

Consumer satisfaction is a vital gauge of the quality of market outcomes and whether markets are working well. Whilst the Channel Islands are less likely to achieve as great a degree of competition and choice as such larger economies, local providers should be able to achieve comparable consumer satisfaction levels as arguably their smaller scale should be an advantage over providers in larger jurisdictions.

The Authority's research continues to show that the widest gap in customer perception between the Channel Islands and the UK is for broadband services. As more consumers rely on these services and data demand increases, this is an area of concern.

(iii) Engagement

The Authority will continue to engage with consumer bodies, and encourage operators to work with their customers to understand their complaints, and intervene only where appropriate and necessary.

(b) Wholesale services to support new products and innovation

The Authority aims to ensure that there is an appropriate set of regulatory obligations in place for wholesale broadband (and leased line) network provision that comprehensively supports retail service providers' ability to innovate and bring new differentiated retail products and services to Channel Islands markets. It aims to ensure that the provision of wholesale network infrastructure services is achieved in sustainable and equitable conditions.

An efficient wholesale charging structure is also a prerequisite to allow downstream providers to innovate and drive consumer demand. This needs to be balanced with the need to ensure that wholesale network providers have the incentive to invest in order to maintain a sustainable business and protect national assets. It is vital to small economies such as those in the Channel Islands that investment is efficient and effective.

(iv) Support government policy

The Authority will provide appropriate incentives to ensure transparency of the wholesale roadmaps of the incumbent operators that are in line with government policy (e.g. superfast broadband to



residential properties in Guernsey within 3 years) and in line with expectations of wholesale customers in both Islands.

In Guernsey, The Authority will develop the regulations to enable government to provide direct support where the wholesale business case is uneconomic, and the telecommunications companies have made all reasonable steps to meet government targets. We anticipate this work will continue to through 2019 (Q4 2019).

(v) Capacity

During 2019, The Authority will focus resources on ensuring that access to ‘capacity’, whether broadband or leased lines, is not exclusively determined by the incumbent’s commercial priorities at the expense of consumer interests.

(vi) Structural / Behavioural Constraints

The Authority will also address any structural or behavioural constraints in wholesale service provision that inhibits innovation by downstream service providers, ensuring switching costs are not a barrier to retail competition.

(vii) Wholesale Products

As appropriate, incumbent operators may be directed to offer wholesale products to allow for differentiated retail services

(viii) Charging Structure

In 2019, The Authority will review wholesale charging for broadband services by network operators to ensure that charges are set at sustainable and equitable levels, including consideration of reporting requirements and other regulatory tools to enforce this requirement.

(ix) Wholesale Service Standards

The Authority will ensure wholesale service quality standards support the demands of wholesale customers, and are aligned with consumer interests

3. SUPPORTING THE PATH TO NEXT GENERATION CONNECTIVITY (5G)

The Channel Islands need a legal and regulatory framework which will facilitate the development of next generation connectivity (5G). This new technology will not just enhance mobile broadband services, it will also support the internet-of-things (IoT) as well as more reliable, highly responsive wireless developments. The developments that feature in other jurisdictions include driverless cars and smarter production processes and the question whether these or other developments might apply to the Channel Islands will be considered under this initiative.



This new technology will require investment in infrastructure in order to achieve benefits in a timely way. The availability and pricing of backhaul services⁴ are also key to the success of 5G. Consideration may also need to be given to facilitate greater sharing and co-operation between operators. These developments and work streams will be significantly influenced by government policy.

(x) Regulatory Framework

During 2019, The Authority will develop the regulatory and licensing framework required to deliver 5G in line with government policy objectives. It will work with government and the telecoms companies to incentivise the development of the most effective network sharing architecture over Q3/4 2019

(xi) Backhaul

Ensuring the availability of the correct backhaul products for mobile sites for all mobile operators to support government policy. This will also support 2(b) for current operators who wish to offer alternative retail solutions. Q3/4 2019

4. CO-ORDINATING SPECTRUM AND NUMBER MANAGEMENT WITH OFCOM

During 2019, The Authority will continue to manage and monitor the efficient use of spectrum and number allocation. It will continue to maintain a close working relationship with Ofcom to ensure that The Authority's strategic aims are taken into account in spectrum and number allocation. A process for operators to acquire 5G innovation/trial spectrum and licenses has been agreed with Ofcom. The Authority will continue to work with Ofcom to support development of 5G in the Channel Islands.

(xii) Spectrum and Number Allocations

The Authority is seeking the implementation of clearer written working processes with Ofcom and anticipate formalising this in Q1 2019. The licensing of spectrum in the Channel Islands, as in the UK, is carried out by Ofcom by virtue of powers given to it by the Wireless Telegraphy Act 2006 and the Communications Act 2003. Certain parts of this legislation have been extended to the Channel Islands. The Authority makes recommendations for spectrum licensing to Ofcom. Ofcom then judges the recommendation against its own statutory duties before granting a spectrum licence.

With regard to numbering, the Channel Islands are currently members of the UK National Telephone Numbering Plan (NTNP). Ofcom number allocations are dependent on a local telecoms licence being in place.

⁴ From the end user through the network to the centre



(xiii) 5G Spectrum

The Authority will work with Ofcom to ensure the efficient allocation of spectrum to support the developments in the Channel Islands in line with the new licence framework. Q4 2019

5. TIMELINES

We have provided an indication of timelines for some activities within this document, the nature of our work may span several months and outcome timescales will vary as discussions, negotiations and our statutory process progress. We will provide more detailed timelines for key stakeholders as these activities mature.

END



ANNEX A

Telecommunications (Jersey) Law 2002

DUTIES

7 Duties of Minister and Authority

- (1) The Minister and the Authority shall each have a primary duty to perform his, her or its functions under this Law in such manner as each considers is best calculated to ensure that (so far as in his, her or its view is reasonably practicable) such telecommunication services are provided, both within Jersey and between Jersey and the rest of the world, as satisfy all current and prospective demands for them, wherever arising.
- (2) In so far as it is consistent with paragraph (1) to do so, the Minister and the Authority shall each –
 - (a) perform his, her or its functions under this Law in such manner as each considers is best calculated to protect and further the short-term and long-term interests of users within Jersey of telecommunication services and apparatus, and perform them, wherever each considers it appropriate, by promoting competition among persons engaged in commercial activities connected with telecommunications in Jersey;
 - (b) perform his, her or its functions under this Law in such manner as each considers is best calculated to promote efficiency, economy and effectiveness in commercial activities connected with telecommunications in Jersey;
 - (c) perform his, her or its functions under this Law in such manner as each considers is best calculated to further the economic interests of Jersey;
 - (d) perform his, her or its functions under this Law in such manner as each considers is best calculated to impose a minimum of restriction on persons engaged in commercial activities connected with telecommunications in Jersey;
 - (e) in performing his, her or its functions under this Law, have regard to the need to ensure that persons engaged in commercial activities connected with telecommunications in Jersey have sufficient financial and other resources to conduct those activities; and
 - (f) in performing his, her or its functions under this Law, have regard to any special needs of persons who are disabled or have limited financial resources or have particular needs.



- (3) The Minister and the Authority shall, in considering whether the services referred to in paragraph (1) satisfy the demands referred to in paragraph (1), have regard to –
- (a) whether the services are accessible to and affordable by the maximum number of business and domestic users;
 - (b) whether there is innovation in the services and their provision;
 - (c) whether the services are of high quality and are reliable;
 - (d) whether users are able to express their views about the provision of the services; and
 - (e) any objectives that the States prescribe by Regulations, including, but not limited to –
 - (i) the provision of a universal service, a social service or any form of cross-subsidized service, and
 - (ii) the provision of certain services at uniform tariffs or at tariffs that are cross-subsidized by other tariffs.



ANNEX B

The Regulation of Utilities (Bailiwick of Guernsey) Law, 2001

PART II

GENERAL DUTIES OF THE STATES AND THE DIRECTOR GENERAL

General duties.

2. In exercising their respective functions and powers, the States and the Director General shall each have a duty to promote (and, where they conflict, to balance) the following objectives -
- (a) to protect the interests of consumers and other users in the Bailiwick in respect of the prices charged for, and the quality, service levels, permanence and variety of, utility services;
 - (b) to secure, so far as practicable, the provision of utility services that satisfy all reasonable demands for such services within the Bailiwick, whether those services are supplied from, within or to the Bailiwick;
 - (c) to ensure that utility activities are carried out in such a way as best to serve and contribute to the economic and social development and well-being of the Bailiwick;
 - (d) to introduce, maintain and promote effective and sustainable competition in the provision of utility services in the Bailiwick, subject to any special or exclusive rights awarded to a licensee by the Director General pursuant to States' Directions;
 - (e) to improve the quality and coverage of utility services and to facilitate the availability of new utility services within the Bailiwick; and
 - (f) to lessen, where practicable, any adverse impact of utility activities on the environment;

and, in performing the duty imposed by this section, the States and the Director General shall have equal regard to the interests of the residents of all islands of the Bailiwick.