

In compliance with agreement between
the Guernsey Competition & Regulatory
Authority and the Committee for
Economic Development

Report on Workplan 2022 – 2024



GUERNSEY
COMPETITION &
REGULATORY
AUTHORITY

Achievements

The best outcomes are supported when businesses understand and operate according to the rules of fairness, consumers have good quality information to make decisions, consumers are empowered to exercise the choices available to them and regulatory infrastructure is dependable and efficient.

Merger and acquisition

Markets can work against the interests of consumers when competitors merge or acquire one another. In these circumstances there is a risk that the most effective way consumers can ensure value for money for the goods or services they buy is weakened, as the commercial power of businesses they buy from increases. The GCRA therefore looks at transactions in case they pose those risks to consumers and can block them or otherwise require concerns to be addressed. In 2022, the GCRA considered four mergers and cleared all four. The average clearance days for mergers considered by the GCRA in 2022 was 13 days.

Satellite broadband

A potentially significant enhancement to value and choice in broadband was achieved when Starlink Internet Services Limited, one of the leading global satellite operators, was granted a licence by the GCRA to provide satellite services in Guernsey. Take-up is relatively low at this early stage compared to other broadband technologies; we understand those who receive the service are receiving very high speeds and satisfaction with the service is high.



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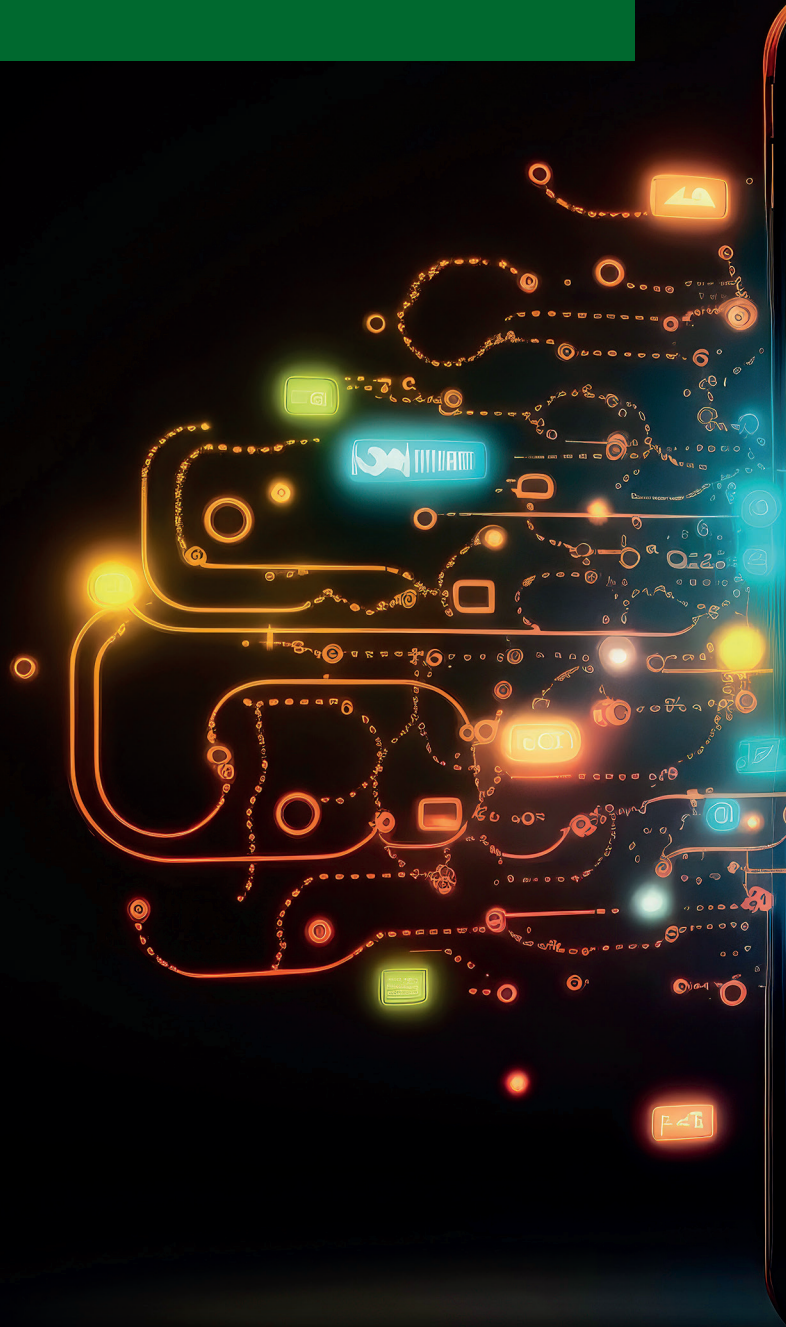
Achievements

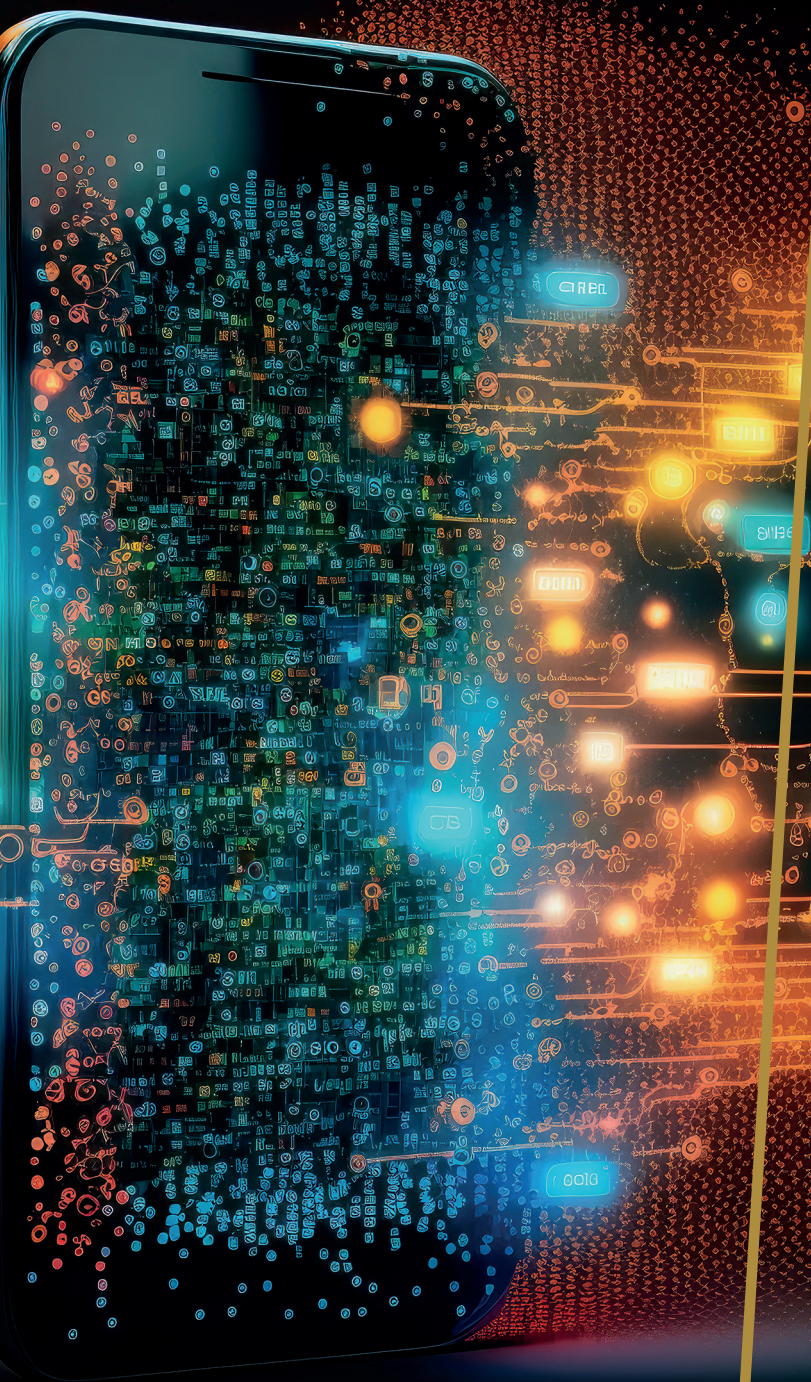
Mobile termination rates

Mobile networks in Guernsey make a charge for receiving calls from other networks and it is a significant proportion of the overall cost of calls. The charges made by Guernsey operators were found to be considerably higher than elsewhere and a regulatory decision was made to bring these down to more reasonable levels using a glide-path.

By the middle of 2022 the charges by the three Guernsey mobile operators for terminating calls to their mobile networks had been reduced to less than a fifth of their 2020 levels. This concluded the final stage of a phased price reduction with these charges now comparable to those of other jurisdictions.

This is also expected to bring other benefits to Guernsey users. It will make it more likely that UK operators will return Guernsey number ranges - which had been progressively omitted from UK subscriptions - to the call packages of UK customers. Sky Mobile has already returned Guernsey mobile numbers to its UK call packages and the GCRA, in conjunction with Ofcom, continues to work with other UK providers to encourage them to follow the same route as Sky.





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Achievements

Keeping the operation of markets and regulated companies under review to identify and address new forms of detriment and issues for potential action, and thereby to promote trust in markets

The GCRA believes that trust in markets is supported when: the rules are applied equally and impartially, consumer perception of value and choice is positive, and the regulatory framework is transparent, proportionate, and adaptable.

Competition law investigation in medical sector

This investigation concluded in 2021 with a finding of a contravention under the competition law and a financial penalty. The case has been appealed to the Royal Court and judgement is awaited. We expect judgement to be issued in the first quarter of 2023.

Since reaching its decision, the GCRA in 2022 received enquiries from businesses in a number of sectors about the enforceability of post-term non-compete clauses in Guernsey and we have evidence that some firms are abandoning these restrictions as a consequence of the Guernsey Competition and Regulatory Authority decision. The GCRA will keep this area under review in 2023, in particular once the judgement is issued.

Competition law investigation in mobile market

This investigation concluded in 2021 with a finding of a contravention under the competition law with a financial penalty being issued in July 2022. The contravention decision was appealed to the Royal Court and the appeal was heard in November 2023. The appeal against the financial penalty was stayed, pending the outcome the appeal against the contravention decision.



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Achievements

Publication of information to support market monitoring

In July 2022 the Authority published its annual key telecommunications statistics covering the prior year showing investment in the telecom sector and providing market intelligence on developments in this key sector underpinning the Guernsey economy. This is carried out as a pan Channel Island initiative together with the JCRA.





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Achievements

Supporting development and delivery of government policy, in particular, in the sectors subject to economic regulation, to achieve the best outcome for Guernsey consumers

Leased line wholesale price control

Leased lines are the essential building blocks for businesses, providing secure, dedicated data transmission connectivity between fixed locations in Guernsey. Enabling competitor access to key inputs to grow their own customer base and offerings is supported by ensuring the charges made by the dominant network provider are reasonable.

A “retail minus” wholesale price control has been in place since 2015.

In 2022, because of concerns that higher speed leased line prices in Guernsey were significantly higher than in comparable jurisdictions, the GCRA carried out a market assessment and concluded that a new price control had to be considered. Initially wholesale high speed leased line prices were then reduced voluntarily in some cases by up to 52% and in the second half of 2022, the GCRA carried out a more detailed review of the cost of the dominant provider’s cost to provide these services. Evidence indicates that despite this drop in certain prices, the charges overall for these key business inputs remain high by most measures and this work will conclude in 2023.



Broadband Quality of Service

Given consumers' increasing reliance on broadband for home and business use, it is essential that our broadband services in Guernsey are reliable and perform well. However, it can be difficult for Guernsey consumers to obtain information about the quality of the broadband services on offer to properly compare the price/ quality trade-off when choosing a package or provider. So, in 2022, the GCRA launched a businesses and consumer consultation to ask whether there was an unmet need for a more transparent, comparable way to achieve this and what might be the most useful means to that end.

Our initial assessment is that the cost of a dedicated comparison tool appears prohibitive given the size of the customer base and consideration is now being given to alternative ways to support customers.



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Achievements

Broadband wholesale in Guernsey

The provision of wholesale fixed access broadband is essentially 'white-label' where Sure as the vertically integrated incumbent decides on a suite of retail products it considers meets consumer needs. Any competitor is limited to the same suite of retail products for which it pays Sure a wholesale price. In other jurisdictions, with the availability of more extensive network access products (such as bitstream), the ability of the entrants to control the product template gives greater options for allowing entrants to provide a different set of core products to the incumbent given its greater control of upstream infrastructure.

In Guernsey, competition and differentiation is not possible in the provision of the core products and differentiation tends also to occur in supporting retail services (billing, customer contact services etc.) and in undercutting the incumbent's retail price.

To assess how well this market is working for consumers and whether regulatory intervention is required, the GCRA commenced a review of wholesale broadband in July 2022 and has consulted with Sure and the other licensed operators throughout 2022. The GCRA is now considering whether it should impose regulatory remedies in this market and will continue this work in 2023.



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Achievements

Protecting the interests of consumers who have no direct way of making their voices heard.

Vulnerable customer protections required during fibre rollout

During 2022, the GCRA issued a final decision to change the fixed telecommunications licences of operators in Guernsey so that as those operators replace copper lines with fibre to the customers, vulnerable consumers were still able to make emergency calls in the event of a power failure. Those licence obligations and the guidelines the GCRA developed are now applied by Sure during its fibre installation rollout.



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