



Office of Utility Regulation

Media Release

Measures to Increase Competition in Telecoms to be Considered Further

The Office of Utility Regulation has today stated that it proposes to consider further measures to help increase competition to C&W Guernsey in the fixed telephony market.

Commenting on the publication of a report on the review of the current Cable & Wireless Guernsey (“C&W”) Reference Offer for Interconnection & Access (the “RO”), John Curran, Regulatory Manager with OUR said “Guernsey is fortunate to be able to learn from the lessons of other countries where a number of different measures have been looked at for enhancing competition in telecoms, some with more success than others. We hope to gain from that experience by concentrating our focus on those initiatives – such as Carrier Preselection and Wholesale Line Rental – which offer most potential in offering real choice to customers of the incumbent telecoms operator should they wish to change to an alternative provider.”

The report follows a public consultation looking at the current Reference Offer from C&W Guernsey which is the document that sets out the basic terms and conditions on which telecoms licensees in Guernsey can use the existing Bailiwick-wide telecommunications network of C&W to provide telecoms services to end customers. The RO includes service levels, ordering and installation times and the charges that licensees must pay to C&W for the use of the network.

“Ensuring that the RO arrangements continue to meet the needs of the market is of paramount importance and formal reviews such as this provide interested parties with a chance to engage in this process” John Curran said. The report details a number of changes C&W Guernsey will be required to make to the existing RO before it is republished in January 2004 and outlines the further work the OUR will be undertaking to consider the introduction of other services.

Work on reviewing the charges applied by C&W for interconnection and access services in the RO is currently underway and the OUR intends to communicate with affected parties on this in the near future.

ENDS/

11th November 2003

The OUR Document “C&W Guernsey Reference Offer for Interconnection and Access – Report on the Consultation and Decision Notice” is available on the OUR website (www.regutil.gg) (Document OUR 03/32).

The Reference Offer is published on the C&W Guernsey website at http://www.cw.com/guernsey/service_providers/reference_offer/

Notes for Editors

In common with telecommunications markets worldwide, Guernsey has a history of development of one single ubiquitous telecommunications network by a monopoly operator that was, until recently, owned by the government. With the opening up of the Guernsey telecommunications market to competition, the owner of that network (C&W) clearly has a distinct advantage over any other player. Experience shows that for competition to develop, that advantage must be balanced by allowing new entrants to access the network and services of the incumbent operator so that they can reach telecoms customers with their services.

New entrants purchase what is known as “interconnection and access services” from the owner of the incumbent network and use these to reach end customers. Interconnection and access remain crucial in all telecoms networks, long after the market has been opened up to competition, because of the cost and overhead of building entirely new parallel networks to end users is not always the most feasible and economic way of reaching those customers.

A Reference Offer sets out the incumbent operator’s terms and conditions on which it sells access and interconnection services to new entrants. Those new entrants pay for these services and the rate they are charged must, by law, be based on the true and efficient costs of running and providing the network. Individual operators can then choose the services and products they require to build their services and negotiate a specific agreement with C&W on those issues. New entrants may build some self-owned network or add other value added elements to the services they then provide to customers.

The existence of the RO gives new entrants and operators a starting point from which to negotiate. In a market where C&W is by far the strongest player, this is an essential tool for new players and experience demonstrates that competition will not develop effectively without a strongly regulated RO in place.