



Office of Utility Regulation

Media Release
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New Controls Proposed for C&W Guernsey's Prices

The OUR is proposing that the prices charged by C&W Guernsey for a range of services should continue to be controlled until 2008. The new price control, which is currently being consulted upon, will come into effect on 1st October 2005 and will cover services such as local and national calls, exchange line rental and leased lines.

“C&W Guernsey is and will remain the dominant provider of telecoms services to most Islanders for some time to come and it is important that some constraint remains in place to protect consumers” said John Curran, Director General of the OUR. “The proposed price control, if adopted, should see prices for key services either fall or be restricted in the levels by which they may increase during the price control period. In the absence of effective competition in the provision of these services a price control of this nature is very important.”

The OUR's proposals provide for price controls on a range of services including local, national and international calls, leased lines and exchange line rental. In addition it is proposed to clarify the reporting arrangements on C&W Guernsey, making it easier for the company to demonstrate that it is complying with the new price control.

“It is important in setting the price control level that a balance is struck between protecting consumers with respect to the prices charged for services while still encouraging on-going investment in telecoms infrastructure in the Bailiwick” said John Curran. “The proposed price control I believe strikes this balance so that consumers will continue to receive high quality, reliable and innovative services at efficient prices. Overall this proposed price control should result in a positive outcome for telecom users”.

The OUR is also proposing that broadband and mobile retail services remain outside the price control for the duration of this price control, although it is proposing to look separately at the markets for both services.

“The mobile and broadband markets have particular characteristics which we believe warrant them remaining outside the scope of this price control” said John Curran. “However while competition in both markets is increasing, there are certain issues in these markets that require further consideration and we will shortly be commencing work in these areas”.

The OUR document “OUR 05/12: Review of Cable & Wireless Guernsey Price Control; Draft Decision” is available from the OUR’s website – www.regutil.gg – or from its Office. The period for comment runs until 1st July 2005.

**ENDS/
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Information for Editors

About the Price Control

The price controls being proposed will focus on four key baskets of services. Each basket has a separate control (an “X” figure) which determines, for that basket as a whole, how much prices may change annually. The four proposed baskets and the “X” for those baskets are:

- Main Basket: RPI + 0%
- Leased Lines: RPI – 23%
- Exchange Line Rental: RPI + 10%
- Local Calls: RPI – 18%

This means that, for example, that the price of the basket of Leased Line services will fall by RPI – 23% year on year for the duration of the price control and that Exchange Line Rental basket price can only increase by a maximum of RPI + 10% each year until 2008. However within each basket, C&W Guernsey will have freedom to adjust the prices for individual services so long as the overall basket price is in compliance with the price control.

The details of the individual services contained within each basket are set out in OUR 05/12.

About the OUR

The Office of Utility Regulation was established in 2001 to regulate the three utilities of post, telecommunications and electricity in the Bailiwick of Guernsey. The Office is headed up by Director General, John Curran and has three staff.

The role of the OUR is to protect the interests of Guernsey consumers and the economy. It does this by ensuring that customers receive the best in price, choice and quality services in the three regulated sectors, while at the same time ensuring that those sectors are vibrant and robust so that they can positively contribute to and underpin a successful Guernsey economy.

The OUR licenses and regulates telecommunications operators, Guernsey Electricity Ltd and Guernsey Post Ltd. Wherever possible, the OUR promotes the introduction of competition by ensuring that there is fair play and a level playing field between the operators. Where competition is not yet effective or where it is not feasible, the OUR regulates prices and quality of services to end customers.

More information is available from the OUR website www.regutil.gg, or by contacting the Office of Utility Regulation on 01481 711120.