

WORK PLAN 2025



GUERNSEY COMPETITION
& REGULATORY AUTHORITY

ABOUT THIS DOCUMENT

Provided in accordance with agreement with the States of Guernsey acting through Commerce and Employment Department for the services provided by the Guernsey Competition & Regulatory Authority.

Further information about our work is available on our website www.gcra.gg.

CONTENTS

Chief Executive's Foreword	4
About the GCRA	5
Legal Framework	6
Purpose & Principles	7
Competition	8
Telecommunications	9-10
Electricity	11
Accountability	11-12

FOREWORD

Well-functioning markets are a key goal of a market economy such as Guernsey's whose success benefits all aspects of modern life.

The Guernsey Competition and Regulatory Authority (GCRA) is Guernsey's independent body for overseeing competition law and in prescribed sectors we are the utility regulator. While we are politically independent, as a 'creature of statute' we are ultimately accountable to the States Assembly in Guernsey and our functions and legal duties are set out in legislation passed by the States that guide the direction of our work.

We are responsible for administering competition law and our role as the utility regulator is primarily in the telecoms sector. As the utility regulator of the electricity and postal sectors we have a limited role.

This is largely administrative in the electricity sector, following a regulation in 2021, which passed the setting of electricity tariffs to the States Trading Supervisory Board. On proportionality grounds, we maintain only a watching brief over the postal sector.

This proposed 2025 plan outlines the priorities the Authority proposes for next year.

The outcomes we aim to achieve are intended to provide significant long-term benefits for Guernsey, while making the most effective and efficient use of our resources.



Michael Byrne
CHIEF EXECUTIVE, GCRA



About the GCRA

Competition and Utility Regulation

Consumers

Consumer interests are safeguarded through regulatory protections that might not otherwise be in place; measures to protect vulnerable telecom users' ability to make emergency calls during power failures and regular testing of emission levels from mobile masts are examples of how we carry out this role.

As well as these types of safeguards, regulation can be an effective way of ensuring a fair share of the benefit of markets is passed to end customers and not retained by more powerful commercial interests.

Ensuring businesses compete fairly is also a sound way of ensuring value for money for households, as it keeps the cost of living lower.

This is even more important for those with lower household budgets, since less well-off people tend to be most affected by price rises or markets operating unfairly.



Businesses

Businesses competing on an even playing field supports the vitality that comes from healthy competition between firms to find new ways of matching people's wants and needs. Protecting fair competition particularly helps startups and smaller businesses who tend to be most exposed when there is unfair competition.



Guernsey

Whole sectors of the economy can become more productive through effective competition, both within Guernsey and between Guernsey and the rest of the world. This generates wealth that supports the things our community cares about and is a conduit for entrepreneurial spirit, talent, and capabilities, with the rewards that come from that.

Government is also a significant customer in many sectors, where access to competitive tenders and the ability to deliver government services economically helps ensure taxpayers get value for money.



Legal Framework

The Guernsey Competition and Regulatory Authority (GCRA) is established under key legislative frameworks, including the Competition (Guernsey) Ordinance, 2012, the Post Office (Bailiwick of Guernsey) Law, 2001, and the Telecommunications (Bailiwick of Guernsey) Law, 2001. These laws define the Authority's scope, independence, and functions within Guernsey's regulatory landscape.

The GCRA operates independently of the States of Guernsey, regulating its own proceedings to ensure apolitical objectivity and impartiality in its decision-making. With respect to the Competition Law, the Authority's main functions include:

Merger Control

Evaluating mergers and acquisitions to prevent a substantial lessening of competition in local markets. The GCRA may block transactions or impose remedies where competition risks are identified.

Market Investigations

Addressing anti-competitive practices by investigating breaches of the Competition Ordinance and taking measures to stop and deter such behaviours.

Market Studies

Analysing sectors where competition is not functioning effectively and offering recommendations to stakeholders, including government and businesses, to foster markets that work better.

Advisory Role

We encourage government to be mindful of the benefits of competition so that policies factor those in and do not unintentionally create obstacles or make it harder for businesses that are better at serving customers, to succeed.

With respect to regulation, the GCRA is the economic regulator for the telecommunications sector. This regulatory role involves establishing a licencing framework that ensures organisations operate within defined standards. This framework protects fair competition and promotes competition where it meaningfully contributes to consumer interests.

Purpose & Principles

Prioritising what we do

Some of the Authority's work is non-discretionary and must be carried out regardless of wider developments, for example, merger control or statutory investigations.

We are mindful of three aspects when we make decisions to commit significant resources to issues arising; these are:

- ✓ **whether a matter does fall within our legal remit,**
- ✓ **even when we may have legal powers, can we realistically effect a positive change, and**
- ✓ **will our involvement be worth the cost in terms of our resources, regulatory burden, weighed against the short and longer term benefits of intervening.**

Our purpose and principles

Our Purpose

Our overarching aim is to ensure that markets work well for consumers, consumers being a general term embracing a range of end users including households, businesses, charities, NGOs, and Government.

The Authority's work on competition and economic regulation impacts everyone in Guernsey – consumers, businesses and the wider economy, where we look to advance principles that businesses compete fairly and consumers are empowered, confident and able to exercise informed choice.

In making markets work for the benefit of everyone in Guernsey, the Authority plays a part in helping shape and sustain the Island's economic future.

Principles

We abide by the principles of openness, integrity, and accountability—standards which are widely recognised as applicable to public service, and to the conduct of all involved in public life.

Competition



The ability to carry out our competition responsibilities often depends on the quality and evidence available, and in most instances, we rely on parties to provide this.

It tends to be largely responsive in nature and therefore difficult to predict in advance.

When we do use these powers, we are mindful that the key purpose of our role is to promote the reputation of the jurisdiction as one where rule of fair competition is applied. This contributes to Guernsey people having trust in their markets that provide them with goods and services, it includes our citizens, households, businesses, government, and potential businesses that might locate here in future.

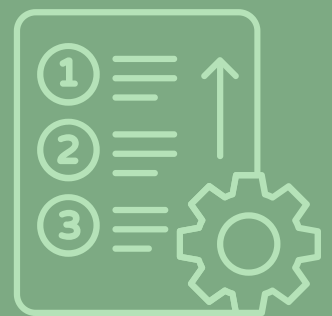
There are also powers available to us to look at markets, particularly questions like why some markets are not working as well as they should. Our legal ability to do so depends on a decision of the Committee for Economic Development as we cannot by law do so independently both for legal and for funding reasons.

A third area of our work under competition law is to consider complaints and review notified mergers and acquisitions.

The law requires that we consider all complaints brought to us, though we obviously will only look more closely at an issue if the initial evidence suggests there is merit in doing so. Parties to mergers or acquisitions are required by law to notify the Authority to receive clearance for their transaction when certain thresholds are met. If there is low risk that it will substantially lessen competition in Guernsey these transactions are generally approved in a matter of weeks. Where there is such a risk the transaction may proceed subject to conditions, or the parties may choose to abandon the transaction.

2025 Deliverables

- ✓ Individual competition investigations vary considerably in their complexity and time taken looking into them. Deliverables are therefore focussed on processes and fairness and transparency to all parties concerned.
- ✓ The deliverables of any market reviews initiated by the Committee for Economic Development are determined on a case-by-case basis.
- ✓ We set ourselves administrative targets for processing merger and acquisition transaction.



Telecommunications

Review broadband and private circuits retail markets with a view to ensuring end user are well-served

In early 2024 we substantially reduced the cost of a major component of the cost of broadband to end users. By the end of 2024 initial indications are that end users are not seeing a fair share of the benefits of that regulatory decision being passed onto them. The situation in the private circuit market seems to be similar.

This raises questions as to whether retail markets are functioning as might be expected in a robust competitive marketplace



In the absence of what we would have expected to see, we want to examine what the market conditions are at the retail end of the supply chain. If necessary, we may need to be a 'proxy for effective competition', if this is weak, for example by setting the prices that end users pay to ensure they are getting a fair share of the benefit of cost reductions upstream.

Modernise the telecoms regulatory framework

The current regulatory licensing regime has been modified piecemeal over the past two decades in response to developments. But it is increasingly the case that a more fundamental overhaul is due, as market conditions have dramatically altered in the past twenty years.

The licence framework is a key means by which we deliver on our duties, so it is critical to any modernisation. We are currently in the process of changing our licences so that they are technology neutral in line with proposed policy on spectrum.

At the same time, we are removing the more obvious redundancies in the licence framework. In 2025 we propose to move to the next phase of modernisation so that we have a licence regime that is a better match for the developed needs of a small island jurisdiction such as ours.

Develop Telecoms reporting

Our ability to prioritise and use our powers appropriately depends on a good understanding of how the telecoms market is developing.

Over the recent past we have relied on high level reporting such as our annual telecommunication statistics report and we have favoured a light touch approach to obliging financial reporting systems.

It is apparent from our last price control investigations that there is a risk that the incumbent telco has gone further than had been anticipated when we loosened our regulatory oversight in this area, to the point where it would appear its financial reporting systems are not sufficiently accountable to justify the prices it charges customers. The extent to which the prices it charged for broadband and private circuits that were in excess of justifiable costs underlines that concern.

We propose to revisit the standard of regulatory reporting to ensure the obligations set out in licence conditions are adhered to going forward.

Telecommunications

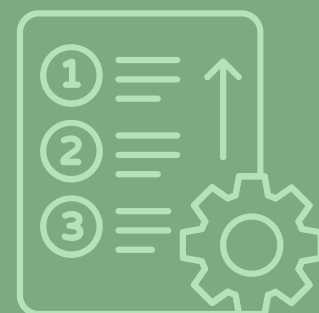
Respond to complaints, alleged market failures & general licence enforcement compliance

In telecoms, as with our competition law function, there may be disputes and complaints about the conduct of our licensees. We have a duty to consider all such complaints, though we obviously will only look more closely at an issue if the initial evidence suggests there is merit in doing so. We have implemented several price controls over the past couple of years, and we regularly check that these are being complied with.



2025 Deliverables

- ✓ We aim to have concluded an assessment of whether the retail broadband and private circuit markets are passing on a fair share of the benefits of our upstream price controls. If we consider this has been insufficient, we will form a view about why that is the case and take whatever action is needed to remedy the position.
- ✓ We will assess feasible demand for greater control of upstream inputs by customers and/or intermediaries to support a more innovative jurisdiction in the telecoms space. Where there is feasible demand, we will implement the necessary regulatory measures using the powers available to us.
- ✓ We intend to have a revised licensing framework that is forward thinking and adaptive to the demands of the current and future needs of this jurisdiction.
- ✓ We will have identified the necessary reporting systems that needs to be in place and set a timeline for when that should be in operation.
- ✓ Next generation mobile services will be made available by evaluating the business case presented to us for additional spectrum and where it aligns with States policy make the necessary recommendations to Ofcom for awarding spectrum.
- ✓ Investigation into telecom complaints vary considerably in their complexity and time in looking into them. Deliverables are therefore more about abiding by processes and rules around fairness to all parties concerned.



Electricity

Support the implementation of States energy policy

We will continue to advise and participate in the achievement of this policy within the scope and remit of our current powers.

Accountability

The GCRA was created with the powers through laws debated and passed by the States of Guernsey. Those laws place specific legal duties on the GCRA and set the scope of its role, the policy objectives the States wishes to pursue, and any legal processes needed to achieve those aims.

The law also makes provision for any of its decisions to be appealed, so it is additionally held to account by the Royal Court of Guernsey.

The GCRA is independent of, but accountable to the States of Guernsey. There is an agreement with the Committee for Economic Development (EDC) in a signed Memorandum that establishes the nature of the relationship between a body that is politically independent and the States of Guernsey. This includes a requirement for the GCRA to report every six months to the Committee on progress against its work programme and how its grant funding has been spent.

The law provides for the States, through that Committee, to give written guidance to the GCRA on matters relating to corporate governance and allows the States to give the GCRA directions of a strategic or general nature. It's up to the GCRA to exercise its functions in a manner consistent with those directions. It must also take account of government policy when it makes its decisions, and the States has set in law principles of regulation the GCRA is required to follow.

Each year the GCRA consults with the Committee on the matters it intends to prioritise and gives reasons for why it is doing so. The GCRA also consults every three years on its strategic direction from which its annual work plan is developed. All of this is to ensure transparency and accountability.

The GCRA was set up as, and remains, an independent body to ensure that parties that deal with it can be assured of the absence of political short-termism and avoid conflicts of interest influencing its decisions.

Regulatory independence generally means that any regulator has an arms-length relationship with its licensees, consumers, private interests, and political authorities. This is quite normal everywhere else and indeed is essential for the GCRA to carry out its role. It means it has organisational autonomy with safeguards and is critical for an evidence-based impartial assessment so that anyone who brings a matter before it can be assured of equal and impartial treatment, with outcomes determined on their facts.

Organisational autonomy and an arms-length relationship with the political authorities are generally accomplished through earmarked funding, fixed and staggered terms of appointment with restrictions on removal from office without cause, statutory or constitutional authority, and court reviews of decisions rather than ministry reviews. All of which are present in the Guernsey system.

Accountability and independence can co-exist if the proper checks and balances are put in place. In the case of the GCRA, these checks and balances were enshrined in the Laws by which it was established, and Islanders, businesses and politicians should take comfort in that position.

Accountability

Consistent with our principles of accountability and transparency, I am writing to ask for your feedback, thoughts and suggestions on the proposed areas of priority for 2025 set out above. I look forward to hearing your views. Please set those out by either writing to the address below, marked 'GCRA Proposed 2025 Business Plan' and/or email info@gcra.gg. Alternatively, members of my team and I would be happy to discuss views you may have.



Michael Byrne
CHIEF EXECUTIVE, GCRA

Contact us

Suite 4,
1st Floor,
La Plaiderie Chambers,
La Plaiderie,
St Peter Port,
Guernsey, GY1 1WG

Telephone: +44 (0) 1481 711120

Email: info@gcra.gg

Website: www.gcra.gg



GUERNSEY COMPETITION
& REGULATORY AUTHORITY