

**WRITTEN QUESTION TO THE MINISTER FOR ECONOMIC DEVELOPMENT
BY DEPUTY G.P. SOUTHERN OF ST. HELIER
ANSWER TO BE TABLED ON TUESDAY 16th JUNE 2015**

Question

Will the Minister outline for members the changes to tariff structures introduced by JT over the last 2 years which have significantly increased the costs of calling Jersey landline and mobile numbers from the U.K. (and possibly Europe)? What impact does the Minister consider that such increased charges might have on the competitive position of businesses in Jersey, if any, and what measures does he propose to mitigate this position?

Answer

The Minister understands that this question refers to termination rates. These are the charges that one telecommunications operator charges to another for terminating calls on its network. They make up a part of the retail charges that customers end up paying for their services. It is important to note that the issues relating to termination rates are common to all local telecoms operators, not just to JT. However, with respect to this initial part of Deputy Southern's question; JT has informed officers that its termination rates for mobile and fixed lines have not changed in the last two years.

The Minister is aware that some UK operators have increased, or propose to increase, the retail cost of calls to the Channel Islands and/or remove Channel Island numbers from customer prepaid bundles and that it may be, at least in part, related to the higher level of termination rates in the Channel Islands.

The Channel Islands Competition and Regulator Authorities (CICRA) and Ofcom (the UK's communications regulator) are concerned about the level of termination rates and the potential impact on business and consumers.

With regards to mobile termination rates CICRA has already initiated work to address the issue. In May 2015 CICRA issued a consultation on mobile termination rates. In its consultation paper CICRA comments that *'the evidence to justify such large differences [between rates in the UK and the Channel Islands] does not appear strong'*.

Ofcom is requiring UK operators to reduce their mobile termination rates from 0.845 pence per minute to 0.507 pence per minute by 1 April 2017. CICRA has informed officers that the current equivalent rate in the Channel Islands, charged by all operators, is 4.11 pence per minute. This has been in place since September 2014 when CICRA reduced the rates in Jersey and at the same time aligned the rates charged across the Channel Islands. CICRA in its consultation is proposing that the mobile termination rate in the Channel Islands is reduced from 4.11 pence per minute to bring the rate much closer to that charged in the UK.

The issue of the level of mobile termination rates is a matter under review by regulators in many European countries. There has been significant progress in reducing mobile termination rates in recent years within the EU. Based on the views of the European Commission CICRA anticipates that the mobile termination rates will reduce further in the future.

CICRA's consultation on mobile termination rates closes on 5pm on Wednesday 19 June 2015. CICRA would welcome responses from all interested parties and the Minister would encourage people to input to this consultation.

Once CICRA has considered the consultation responses received it will undertake the required statutory process in order to arrive at a decision on mobile termination rates to be applied in the future.

CICRA will undertake an equivalent process in respect of fixed interconnection rates later this year.