

**WRITTEN QUESTION TO THE MINISTER FOR ECONOMIC DEVELOPMENT
BY DEPUTY G.C.L. BAUDAINS OF ST. CLEMENT
ANSWER TO BE TABLED ON TUESDAY 17th JUNE 2014**

Question

Does the Minister consider that moving Jersey Telecom customers to a higher tariff compulsorily, whether or not they need or want it, amounts to a price increase (in the order of 28 per cent) and, if so, could he advise whether the Regulator is looking into this matter and, if not, why not?

Answer

On 6th June JT formally notified the JCRA of changes to its retail broadband products. The changes mean that customers who are currently on JT's 2 Mb/s product at £17.99 would be migrated to the new standard product of up to 20Mb/s on copper or up to 50Mb/s on fibre at the higher price of £22.99 per month. For these customers this does represent a price increase of approximately 28 per cent.

JT has offered existing customers on the 2Mb/s service a promotion to fix their monthly rental to £17.99 a month for the next 18 months. However, the regulator has advised customers to carefully consider the implications of signing up to this offer as, after the eighteen month period, the price will automatically revert to £22.99 per month.

It should be noted that while some customers will experience an increase in price, other customers could see a material reduction in the price they pay or a significant increase in the maximum broadband speeds they receive. Therefore, customers should consider the options available to them from JT and from alternative providers and make an informed decision on that basis.

My Department is committed to protecting the interests of Jersey users of telecommunications services. I believe it is important that there is a suitable entry level broadband product so that digital services are accessible and affordable to all.

Broadband pricing is a matter for the regulator which is an independent body that helps ensure consumers receive choice and access to high quality services. The JCRA is currently investigating a series of practices by JT which the regulator believes might damage competition in the broadband market leading to reduced choice and value for money for consumers in the longer term.

In announcing this investigation the JCRA cited the 2Mb/s broadband product as the most urgent area of concern.

The JCRA is likely to require further evidence before it can presume that JT's behaviour contravenes either regulatory law or competition law. The JCRA is obliged to go through the appropriate process for carrying out its functions as required by law.