



Office of Utility Regulation

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BROADBAND MARKET SHOWS STEADY GROWTH

The latest market data report from the Office of Utility Regulation (“OUR”) shows the take up of broadband services in Guernsey is continuing. All internet market segments increased during the first half of 2009, with internet revenues increasing above 21% from the second half of 2008 to the first half of 2009. The report, which covers the six month period between January and June 2009, is compiled from information submitted by the regulated telecoms companies.

The main findings of the shows that:

- Turnover in the Guernsey telecoms market grew by 7% in the year to June 2009 with annual turnover for the year to June 2009 for all operators of £78m;
- The fixed telecoms market had a drop in both the number of called minutes (down 6%) and in revenue (down 4%).
- This trend is consistent with increased competition from mobiles and services such as Skype exerting some pressure on charges and with consumers changing how they make calls, particularly for international calls;
- While revenue in the mobile market dropped by 5%, mobile traffic increased by 4%, which would suggest competition is having an impact on prices in the mobile market. Airtel and Wave continue to gain market share from Sure and in the first half of 2009 each operator’s market share was, respectively, 7%, 19% and 74%;
- Consumers are using their mobiles more as the average spend on mobile services per customer grew 6% between the second half of 2008 and first half of 2009;
- There were 22,600 internet customers at the end of June 2009, a 2% increase from the end of 2008. Total internet penetration (broadband and dial-up) stands at 35%.

“The report shows the continuing growth of broadband, which is important given its contribution to business and education. Also the continuing growth of mobile and evidence of greater substitution of mobile and internet for ordinary voice calls shows that consumers are being more alive to the options they now have to save on the telecoms bills thanks to competition,” said Michael Byrne, Director of Regulation at the OUR. “Looking forward, it is important that opportunities to further enhance competition are taken, such as looking at how we get faster broadband speeds, and greater choice for fixed line customers. It also indicates that the time may be right to look at how the mobile market in particular is regulated and that is a focus for the OUR for this year. We want to make sure that our approach to regulation, which has clearly had benefits for telecoms users, continues to be right going forward.”

Full details of the Telecommunications Market Report are set out in the OUR Information Notice (OUR 10/03), at www.regutil.gg.

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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.