



Information Note: Licence Fees for Regulated Sectors 2024 – 2026

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Information Note

Sector specific regulation is funded through licence fees paid by licensed operators in each regulated sector. The licence fees are calculated based on the forecast cost of regulating the sectors. While the Jersey Competition Regulatory Authority (**the Authority**) continues to efficiently manage its costs, these have increased in line with a continuing and wider set of regulatory activities and requirements, alongside the impact of inflation, necessitating a commensurate increase in licence fees.

For transparency, this Information Note sets out the:

- Background to licence fees; and
- Future licence fees by sector, namely for Air and Sea Port Operations, Postal Services and Telecommunication Services.

Background to licence fees

The Authority requires all regulated licence holders to pay an annual licence fee in accordance with sector-specific legislation. These fees are intended to cover the Authority's "*costs of establishment, its short-term costs and its long-term costs*" in carrying out its regulatory duties. All direct costs are ring-fenced by sector, cross-subsidisation is not permitted, and common costs are shared between sectors in proportion to time spent by Officers.

In the event the Authority collects licence fees greater than the amount needed to carry out the relevant functions, the Authority may refund the excess to Licensees or hold the funds in reserves. This utilisation of reserves can help meet unexpected events and smooth fee levels through time.

In recent years the Authority has sought to limit fee increases; for example fees were not increased to meet the additional costs that resulted from the reconstitution of the Authority from the previous arrangement as CICRA.¹ Instead, any additional costs have been managed by means of internal efficiencies, and through utilisation of reserves. In addition, the Authority has reduced its reliance on external consultants, building its internal team to help create further cost efficiencies.

However, while the Authority continues to efficiently manage its costs, these have increased to reflect a continuing and wider set of regulatory activities and requirements. Alongside this, there has been the impact of inflation, for example, since the separation from CICRA, the rate of inflation, as measured by the Jersey RPI, has been 23.8%.² These factors necessitate a commensurate increase in licence fees by sector, as set out in the following sections.

¹ Until 30 June 2020, the Authority operated under a joint arrangement with the Guernsey Competition and Regulatory Authority as the Channel Islands Competition and Regulatory Authorities (CICRA)

² Estimated using the 'Inflation Calculator', using June 2020 and June 2023, see:

<https://www.gov.je/StatisticsPerformance/BusinessEconomy/pages/inflation.aspx>

Air and Sea Port Operations fees

Ports of Jersey Limited (**Ports of Jersey**) currently pays a fixed licence fee of £70,000 and is the sole Licensee in this sector. The fee has changed over time, for example in 2020 it was reduced to £90,000 (from £180,000) to help support Ports of Jersey during the COVID-19 pandemic, before returning to £180,000 for 2021. Reflecting the launch of the Regulatory Review of Air and Sea Port Operations in 2023, the fee was set to £70,000 for 2022 and 2023, with the available reserves being utilised to support the review. The review is due to close in 2024 and Table 1 sets out the fees for 2024-2026.

Table 1: Air and Sea Port Operations fees, 2024-2026

	2024	2025	2026
Ports of Jersey	£77,000	£95,000	£100,000

Postal Services fees

There are currently two Licensees in the postal sector, Jersey Post Limited (**Jersey Post**) and Hi-Speed Freight Services (**Hi-Speed**). Jersey Post hold a Class II Licence and is the provider of the Universal Service Obligation. Hi-Speed hold a Class I Licence for limited services to business customers. The Class I Licence fees were reviewed in 2021 and increased from £1,000, to £2,500, from 2022 onwards. Similarly, the Class II Licence fee was last reviewed in 2021 where it was set at £70,000.

The Authority is currently undertaking a Strategic Review of Postal Services, which will see greater regulatory oversight of Jersey Post, and the review will conclude in 2024. Table 2 sets out the fees for 2024-2026.

Table 2: Postal Services fees, 2024-2026

	2024	2025	2026
Postal Services – Class I	£2,500	£2,500	£2,500
Postal Services – Class II	£77,000	£90,000	£95,000

Telecommunications Services fees

There are three types of licences for the telecommunications sector, Class I, Class II and Class III. JT (Jersey) Limited holds a Class III Licence. Clear Mobitel (Jersey) Limited, Home Net Limited, Jersey Airtel Limited, Newtel Limited and Sure (Jersey) Limited hold a Class II Licence. Arqiva Limited, BT Jersey Limited, Gamma Telecom Holdings Limited, Jersey Electricity plc, Nitel Limited and World Mobile Networks Ltd hold a Class I Licence.

The fees for all licence types are based on a percentage of relevant turnover, with *de minimis* fees set for Class I and Class II Licensees. The percentage applied to relevant turnover has not changed since

2014, where it was set at 0.75%. The *de minimis* was last reviewed in 2022 and increased from £500 to £1,000 for Class I from 2023 onwards, with Class II also increased to £1,000 in 2023, and increasing to £10,000 in 2027.

The stable level of fees has been possible, due to both efficiencies and the deployment of reserves held by the Authority. In particular, the reserves have been utilised to support the costs of the Authority in this sector and, as a result, have been reducing year on year. This, alongside operational cost increases has led to a requirement to increase the percentage of relevant turnover, with a stepped increase over time to 1.2%.³ Table 3 sets out the fees for 2024-26.

Table 3: Telecommunications Services fees, 2024-2026

	2024	2025	2026
Percentage of relevant turnover	1.0% of relevant turnover	1.10% of relevant turnover	1.20% of relevant turnover
OR			
Class I <i>de minimis</i> *	£1,000	£1,000	£1,000
Class II <i>de minimis</i> *	£2,500	£5,000	£7,500

* This is where, having applied the charging percentage to a Licensee’s relevant turnover, the resultant annual licence fee would be less than the specified *de minimis* in a given year.

³ The Authority notes this percentage is consistent with the Guernsey Competition and Regulatory Authority, who have applied 1.20% of relevant turnover since 2019.