



Media Release – 17th May 2006

OUR sets new Bulk Mail Charges

Guernsey's utilities regulator has published its decision on plans to increase prices for bulk mail. Guernsey Post (GPL) applied for the increase because it is now facing significant extra charges itself from Royal Mail to get the mail delivered in the UK. Following a period of consultation, the Office of Utility Regulation (OUR) has now published its decision to allow prices to increase, but by less than that requested by GPL. The new prices come into effect on 1st August 2006 and vary according to the product and the provider, but are typically between 30% and 70%.

“Over the past few months we have worked closely with GPL and the bulk mail sector to ensure that given the very large increase in costs being set by Royal Mail, a reasonable balance could be struck between GPL's needs, and minimising the impact on the Bulk Mail sector”, says John Curran, Director General of the OUR. “We have very carefully examined GPL's proposals and adjusted them where we think this is appropriate. However given that the Royal Mail charge accounts for almost 75% of the postal costs experienced by Bulk Mailers, we believe the prices now being set are appropriate.”

The new prices will come into effect on 1st August 2006 which will allow additional time for Bulk Mailers to plan for the increases. The OUR will now start work with GPL on its next tariff application, which the OUR expects to receive later this summer.

“We have discussed with GPL the need to address the levels of cross-subsidy between the Bulk Mail sector and the regular postal business” said John Curran. “The Bulk Mail sector has played a big part in maintaining the level of postal service and tariffs enjoyed by other users, but in the light of these increases that situation can't continue. We will be looking to GPL to present proposals which reflect this when they make their next application to change tariffs”.

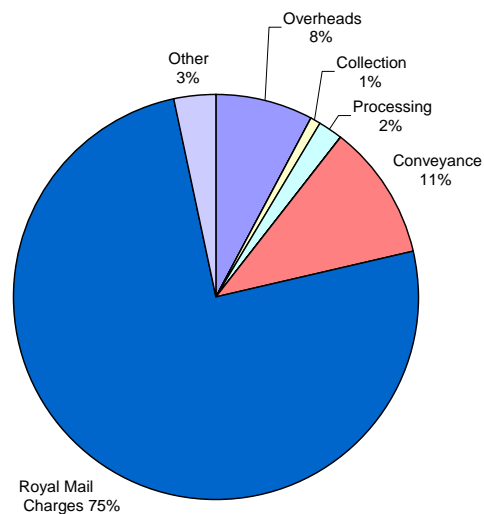
The OUR's proposed decision is available on the OUR's website – www.regutil.gg – or from its office. It's entitled "OUR 06/12: Decision on Guernsey Post's Bulk Mail Tariff Changes".

Information for Editors

- **Bulk Mail Costs**

Royal Mail Charges account for 75% of the total cost associated with Bulk Mail tariffs. The actual conveyance of Bulk Mail to the UK accounts for a further 11%.

Breakdown of GPL's Bulk Mail Costs



- **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 four 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.