



Office of Utility Regulation

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Guernsey Post and OUR end Appeal

Following discussions between Guernsey Post and the Office of Utility Regulation, an agreement has been reached which it is hoped will end the litigation over increased competition in the Reserved Area.

Guernsey Post and the OUR have recently engaged in discussions in relation to the issues associated with the appeal. These discussions have been extremely constructive and the parties have been able to reach an agreement in principle regarding how the Reserved Area might change, which will now be progressed through a consultation exercise. To this end, a consultation document has been issued by the OUR today, setting out a proposal for a revised Reserved Area which would see all packet mail being open to competition and Guernsey Post having exclusive rights to supply all other postal items including items categorised as letters and large letters of less than £1.35 in value.

Both the OUR and Guernsey Post have welcomed the agreement, noting that it demonstrates a constructive and progressive approach on both sides. John Curran, Director General of the OUR, said:

“Our objective is to ensure that Guernsey’s postal market is as efficient and competitive as it needs to be to support the wider economy and to provide the important social service that all postal customers value. An important aspect of that objective is protecting the universal service which Guernsey Post has the

responsibility of delivering. We believe that the agreed proposal represents a way forward which meets these objectives and as such is one to be welcomed.

We are grateful to Guernsey Post's Chief Executive Officer, Board and management for the constructive approach which it has taken during our recent discussions on this issue and which have helped bring about this resolution. We are optimistic that the constructive approach which both sides have adopted will continue and be consolidated in relation to future regulatory matters."

Welcoming the agreement Boley Smillie, Chief Executive of Guernsey Post said.

"We are pleased to have reached agreement with the OUR, the result of which is in the best interests of our customers and Guernsey Post. We believe that this resolution maintains the Reserved Area at a level that should be sufficient for Guernsey Post to continue to sustain the universal postal service. It also allows us to move forward as a business and concentrate our efforts on delivering a quality, cost efficient service.

Guernsey Post accepts that it is important for Guernsey's economy that customers have access to competitive pricing. Whilst I believe that Guernsey Post can retain significant business in a competitive market, we are keen to ensure that any competition is fair and regulated.

Guernsey Post's business faces similar challenges to all postal providers. I am confident that my colleagues, our trade unions, and the Board are all fully focused on those challenges which include ensuring a sustainable universal service."

As regards the ongoing appeal, this will be stayed to allow the OUR to consult on the terms of the proposal for a revised reserved area. Subject to the outcome of the consultation, the proposal will take effect soon after this consultation is complete. The OUR is also proceeding with its work on licensing arrangements for new postal operators as a matter of priority.

As regards future competition measures, both parties have confirmed their hope that the constructive dialogue which has taken place recently will continue into the future.

In this regard, Guernsey Post has confirmed that it supports a move towards full liberalisation of the bulk mail market, provided adequate measures are in place to protect the universal service which Guernsey Post is required to maintain. The OUR has welcomed this statement, noting that any move to full liberalisation in the bulk mail market would be prefaced by a full consultation exercise in which consideration will be given to all relevant factors. The factors to be considered will include measures such as licensing of competitors, greater pricing flexibility for Guernsey Post in a competitive market and provision for a compensation fund to support the universal service obligation, should that be required.

The OUR and Guernsey Post have also agreed to fully support the work of the Commerce & Employment Department in reviewing the scope of the universal service obligation and expect to meet with the Department in the near future to progress this work.

Further details of the proposed amendment to the Reserved Area are included in OUR 10/10 which is available on the OUR website www.regutil.gg or by calling the OUR office on 711120.

Information for the Editor

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.