



Office of Utility Regulation

**Reserved Postal Services in Guernsey
Order under Section 9(1) of the Post Office
(Bailiwick of Guernsey) Law, 2001**

Information Document

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Office of Utility Regulation
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Order made under Section 9(1) of the Post Office (Bailiwick of Guernsey) Law, 2001 in relation to Reserved Postal Services

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1. Summary

This document describes the background to an Order that the Director General will make on 1st October 2001 in accordance with section 9(1) of the Post Office (Bailiwick of Guernsey) Law, 2001 (“the Postal Law”) designating certain postal services as reserved postal services.

The effect of the Order is to reserve the right to provide certain postal services to the first licensee in the postal sector in Guernsey which will be Guernsey Post Limited in accordance with States Directions agreed by the States of Guernsey at its meeting in September 2001. This is designed to ensure that the universal postal services in the Bailiwick of Guernsey can be met.

The Director General expects to carry out more in-depth analysis of the postal market in Guernsey with a view to determining whether this designation should be amended in the future.

2. Background

2.1. *Legislative Background*

The Post Office Law defines postal services as “the service consisting of conveying postal packets from one place to another, the incidental services of receiving, collecting and delivering such packets and any other service which relates to such services”¹

It is an offence to provide these services without a licence from the Director General², unless the services fall into one of the exempted categories described in the Law³. All postal services that are not designated as reserved postal services may be provided without holding a licence⁴.

The Director General may designate what services are defined as “reserved postal services”⁵, but may only do so for two reasons:

- If she considers it is necessary to ensure the provision of the universal postal service in the Bailiwick⁶, or
- If it is necessary to comply with States Directions⁷

¹ Section 45 of the Post Office (Bailiwick of Guernsey) Law, 2001

² Section 1(1) of the Post Office (Bailiwick of Guernsey) Law, 2001

³ Section 1(2) of the Post Office (Bailiwick of Guernsey) Law, 2001

⁴ Section 1(2)(a) of the Post Office (Bailiwick of Guernsey) Law, 2001

⁵ Section 9(1) of the Post Office (Bailiwick of Guernsey) Law, 2001

⁶ Section 9(2)(a) of the Post Office (Bailiwick of Guernsey) Law, 2001

⁷ Section 9(2)(b) of the Post Office (Bailiwick of Guernsey) Law, 2001

Having designated services as reserved postal services, any licence that the Director General issues for the provision of such services may be exclusive in nature.⁸

2.2. International Practice

Throughout the European Union including the UK, postal markets are gradually being opened up to competition to bring the benefits of competitive service provision to consumers generally. The means of doing this is either to licence more postal operators or to reduce the services reserved to one single operator in the postal market.

This opening of the market is balanced with the need to ensure a high quality affordable universal postal service is delivered, and this aim is generally achieved by designating one operator as the universal postal service operator and reserving to that operator the right to provide certain services.

The approach to defining reserved services that has been adopted in other jurisdictions is to use a value or weight measure to define them. For example in the UK, the services that would correlate to reserved services are letter post which costs £1 or less to the consumer⁹, or letter post which weighs less than 350 grams¹⁰.

European Union legislation provides that reserved services may include domestic correspondence, whether by accelerated delivery or not, the price of which is less than five times the public tariff for an item for correspondence in the first weight step of the fastest standard category, where such category exists, provided that they weigh less than 350 grams¹¹.

European Union member states are currently debating whether to lower this limit so as to bring more competition into the postal market in Europe.

3. The Guernsey Reserved Postal Services

The States has approved the text of the Postal Law which provides the same framework for postal services in Guernsey as that in the EU generally, and at its meeting in September it approved the commencement of that Law and the agreed to issue certain States Directions to the Director General. Those Directions deal with the scope of the Universal Service Obligation and direct that the reserved postal services be defined so as to ensure that the USO is met.

⁸ Section 2(3) of the Post Office (Bailiwick of Guernsey) Law, 2001

⁹ Section 7(1)(a) of the Postal Act, 2001

¹⁰ Section 7(1)(b) of the Postal Act, 2001

¹¹ DIRECTIVE 97/67/C OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 15 December 1997 on common rules for the development of the internal market of Community postal services and the improvement of quality of service

In anticipation of those Directions the Director General has considered what information is currently available on the Guernsey postal market as well as international practice and now that the Directions are confirmed, she intends to make an Order defining reserved postal services in Guernsey as those services provided for a consideration of less than £1.35. The Director General believes this may be necessary to ensure that the universal postal service obligation that is set out in the States Directions is met. However the Director General intends to carry out a more detailed analysis and investigation of the Guernsey Postal market, particularly as more information becomes available, and will keep this level under review.

3.1. Price Limit

This price limit has been arrived at by multiplying the standard tariff for letters to the UK (27p) by five, along the lines of the EU approach. The use of the standard UK tariff reflects the fact that a significant amount of the Bailiwick's mail is to and from the UK. The Director General considers this is a prudent level at which to set the price limit.

3.2. Weight Limit

The Director General does not intend to include a weight limit in the designation of reserved services until further consideration can be given to the profile of Bailiwick postal services, particularly those services that are provided on the basis of volume rather than weight (e.g. flower boxes).

4. Conclusion

The draft Order sets the reserved sector in the Bailiwick of Guernsey at all postal services provided for a consideration of £1.35 or less. The Director General will be reviewing this order in the light of more in-depth analysis of the Guernsey Postal market and may amend the order if she considers that appropriate.

The final text of the Order will be posted on the OUR website when it has been signed.

/ENDS

DRAFT

GUERNSEY STATUTORY INSTRUMENT
2001 NO. _____.

The Post Office (Reserved Postal Services) Order, 2001

Made

1st October, 2001

Coming into operation

1st October, 2001

THE DIRECTOR GENERAL, in exercise of the powers conferred upon her by section 9 of the Post Office (Bailiwick of Guernsey) Law, 2001¹² and all other powers enabling her in that behalf, hereby orders:-

Designation of reserved postal services.

1. Postal services provided in consideration of a payment of less than £1.35 made by, or on behalf of, the person to whom those services are provided are designated as reserved postal services.

Interpretation.

2. (1) Words and expressions in this Order shall, unless the context requires otherwise, have the same meaning as in the Post Office (Bailiwick of Guernsey) Law, 2001, as the same may from time to time be amended.

(2) The Interpretation (Guernsey) Law, 1948¹³ shall apply to the interpretation of this Order.

¹² Order in Council No. ** of 2001.

¹³ Ordres en Conseil Vol. XIII, p. 355.

Citation and commencement.

3. This Order may be cited as the Post Office (Reserved Postal Services) Order, 2001 and shall come into force on the 1st October, 2001.

Dated this 1st day of October, 2001.

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R. FINN
Director General of
Utilities Regulation.

EXPLANATORY NOTE.

(This note is not part of the Order)

This Order designates as reserved postal services, those postal services that are provided for a consideration of less than £1.35. Under the Post Office (Bailiwick of Guernsey) Law, 2001 postal services which are not reserved postal services may lawfully be provided without a licence from the Director General of Utilities Regulation.
