



Measures of the Quality of Postal Services in Jersey

Final Notice of a Direction to Jersey Post Limited

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A. Introduction

1. As the Universal Service Provider for postal services in Jersey, Jersey Post Limited (**JP**) has an obligation to deliver postal services that are, amongst other things, rapid, high quality, reliable and affordable.
2. In a competitive market, consumers have a choice of service providers. They can choose the service that best meets their needs at the price they are prepared to pay. Competition therefore encourages companies to offer consumer-focused services in the most cost effective way.
3. Where one provider has a dominant position, a performance regime can serve as a proxy for competition. A performance measurement system, linking quality of service targets and financial incentives, may be needed because the provider could otherwise improve its financial position by reducing its quality of service.
4. The need to ensure that users of postal services receive high quality is one of the JCRA's main objectives in the regulation of postal services in the Island. Despite the reduction in mail volumes seen in recent years, JCRA research undertaken in 2011 shows that customers still place a high value on a postal service which offers high quality.
5. On 26 June 2012, the Jersey Competition Regulatory Authority (**JCRA**), in conjunction with the Guernsey Competition and Regulatory Authority (**GCRA**) (formerly the Office of Utility Regulation), consulted on proposals designed to ensure that the quality of postal services is appropriate and in line with the prices customers pay for their postal products and services.
6. In the consultation, the JCRA proposed targets that were essentially the same targets that were last set for JP¹ and Guernsey Post Ltd (**GPL**).² The proposed targets were expressed in terms of the proportion of mail that should arrive within one, two, or three or more working days from the day it is posted. The posting day is referred to as 'J' day and a target of 'J+1' is a target for the proportion of mail that should be delivered the working day (Monday to Friday) after it has been posted. A target for 'J+3', allows two full working days between the day of posting and the day of delivery.
7. On 21 November 2012, the JCRA issued an Initial Notice (**IN**) of its proposals to direct JP on quality of service. Specifically, the consultation proposed the following targets:

1 JCRA Direction to JP on 7 February 2009

2 OUR Information Notice of January 2007

7.1. JP will monitor the quality of its end-to-end postal services for the following routes:

- Local
- To and from the Bailiwick of Guernsey
- To and from the UK

7.2. For these routes, JP will monitor the service quality of standard mail (1st class from the UK), Special Delivery and ‘Signed For’ Services.

7.3. JP will monitor the quality of its internal operations for standard and bulk mail received from the UK (1st and 2nd class mail, Mailsort, etc.) and for mail from large users received directly in its sorting offices.

7.4. JP will monitor the speed with which it responds to complaints and resolves them. It will also monitor the extent to which mis-deliveries occur in Jersey.

7.5. JP will commission an independent company to carry out surveys of the quality of its end-to-end services except where reliable tracking data is available. It will coordinate its measurement systems with JP to ensure that the data both operators provide is comparable.

7.6. JP will publish, annually or more frequently, a report from the independent company responsible for its quality of service surveys and a report on the quality of the other services mentioned above not covered by the independent company surveys.

7.7. The JCRA expects JP to achieve the following quality targets:

7.7.1. Local mail (standard mail)

J+1	95%
J+3	99%

7.7.2. Standard mail between Jersey and the Bailiwick of Guernsey – either way

J+1	82%
J+3	97%

7.7.3. Standard mail from Jersey to the UK and 1st class mail from the UK to Jersey

J+1	82%
J+3	97%

7.7.4. Internal Target for mail to and from the UK

Mail from UK		Mail to UK	
1st Class mail (D+0)	98%	All mail (E+0)	98%
1st Class mail (D+1)	100%		
2nd Class mail (D+1)	98%		

Where:

D is the time of receipt by JP of mail coming from the UK at its main sorting centre. The target applies to the number of days before clearance to a delivery postman; for instance, D+0 means mail is processed and cleared to a delivery postman on the day of receipt.

E+0 means that all mail collected on day E before the last collection time has to be taken to the airport or the harbour ready for transport to the UK mainland on the same day as when it is collected.

1st Class mail includes Presstream1 and Mailsort1, namely mail sent from the UK to the Channel Islands where the letter originator has paid for the mail to be treated as 1st class post.

2nd Class mail includes Presstream2 and Mailsort2, namely mail sent from the UK to the Channel Islands where the letter originator has paid for the mail to be treated as 2nd class post.

Mail from large users received directly in its sorting offices is treated like 1st Class mail from the UK if it is received before JP starts its sorting process and like 2nd Class mail from the UK if it is received before noon.

8. This document summarises the submissions received by the JCRA in response to the IN, and the JCRA's response to those submissions.

B. Legal and Regulatory Framework

9. Condition 15.1 of Jersey Post's licence allows the JCRA to determine quality of service standards which the Licensee shall achieve and comply with as the JCRA may direct from time to time.

Condition 15.7 of JP's licence states:

“The Licensee shall comply with any Directions issued by the JCRA from time to time regarding any other quality of service indicators and measurement methods for Postal Services and shall, as and when required, supply to the JCRA, in a form specified by the JCRA, the results of its measurements of actual performance against any quality of service indicators and measurements so specified, and the JCRA may publish or require publication of such Information as it considers appropriate.”

10. The Licence therefore allows the JCRA to set a range of quality of service targets.

C. Summary of representations and objections

11. One written representation, from JP, was received to the IN issued on the 21 November 2012. JP stated that 'Signed For' Services should not be specifically included in the Direction. As 'Signed For' Services are conveyed with normal first class traffic and because the volume of such mail is very low, JP argued that the proposed targets did not warrant a separate stream for recording their performance.
12. JP also objected to the JCRA's proposal to monitor inbound mail from large users that is received directly into its sorting office, as it contended that this is mixed with existing streams over which JP has no control, such as consignments from the UK. JP did, however, agree that it was possible to monitor bulk mail directly received in their delivery office from local customers.
13. JP suggested that the JCRA should include Downstream Access ('DSA') products within the quality of service targets, as this will represent a good measure of JP's internal performance.

D. JCRA Assessment of JP's representations

14. The JCRA's assessment of JP's submissions made in response to the IN is outlined below.

15. **‘Signed For’ Services** – The JCRA accepts JP’s submission that these services should not be the subject of a separate target, as these products are part of the first class traffic mail. It is also accepted that the volumes for this product are quite low. However, the JCRA does intend to monitor the quality of this service through complaints reporting.
16. **Monitor mail from large users** – The JCRA accepts JP’s submission that it is not practical to monitor inbound mail from individual customers, as the mail arrives mixed and JP will have no control over consignments arriving together from the UK. However, while bulk mail from the UK will not be monitored, it is proposed that bulk mail received directly in JP’s office continues to be monitored.
17. **Downstream Access** – The JCRA welcomes JP’s suggestion to measure the delivery of inward DSA mail from the UK for delivery in Jersey, as it will assist in measuring JP’s internal performance.
18. The JCRA will also publish annual quality of service targets, and the consultants’ reports, on its website.

E. Conclusion

19. Having considered the above representations made in the response to the IN, and for the reasons explained above, the JCRA has decided that appropriate modifications should be made to the quality of service direction, to help improve the quality of the information that JP’s collects and submits to the JCRA.
20. Under the requirements of Article 24 of the *Postal Services (Jersey) Law 2004*, the JCRA now closes the IN of 21 November 2012. It intends to issue a fresh IN of its proposals to direct JP on quality of service, taking into account JP’s recommendations in relation to ‘Signed For’ Services, bulk mail and Downstream Access.

By order of the JCRA Board

8 March 2013