



Regulator publishes findings in Postal Investigation

The Regulator today (Monday 3rd March 2003) published a report on the OUR investigation into postal services in Guernsey. The report;

- finds that Guernsey Post Ltd (GPL) has breached certain conditions in its licence;
- sets out a number of directions to the company that the Regulator proposes to issue to remedy the breaches; and
- states that if the company fails to remedy the licence breaches, the Regulator will consider revoking the GPL licence and inviting tenders to compete for the licence to provide Guernsey's postal service.

“Over the past month, the OUR has carried out an intensive investigation into the delivery of postal services in Guernsey”, said Regina Finn, Director General of OUR, “and this report summarises the findings of that investigation. I would like to thank GPL for its full and frank co-operation. This has helped us complete a very detailed investigation in a short period of time and identify a number of crucial steps that are now needed if Guernsey is to have a postal service that compares with the best in Europe”.

While the investigation was prompted by the service failure over Christmas 2002, it has been broadened out to consider other issues such as the delivery of the universal postal service and GPL's customer complaint handling and information systems.

The directions that the Regulator proposes to issue to the company are grouped into three categories.

1. Preventive and Remedial Actions

The first set of directions are detailed operational requirements on the company to develop and implement a range of systems and procedures to ensure more rigorous decision making in the future, including a requirement for risk analyses, contingency planning and implementation of operational systems and records.

There are also a number of directions relating to the company's mechanisms for handling customer complaints and how it provides information to customers, and these require the company to track and measure complaints in detail. The company will also have to change how it initially responds to customers, by ensuring that they are able to contact a member of staff when they call GPL.

2. Universal Service

The second set of directions relate to the provision of the universal postal service, where the Regulator has found that GPL has not been providing delivery to all addresses in the Bailiwick on six days a week as it is required to do. The Direction sets targets for remedying this by 1st June 2003.

3. Redress to Customers

Finally, given the effect of the postal delays at Christmas on all users, the Regulator proposes to require GPL to provide a reduced price Christmas postal service for 2003 which would allow customers to send local Christmas cards for a price of 10p.

“This is a comprehensive report and includes directions to the company at a very detailed level”, said Regina Finn. “It provides an opportunity for GPL to develop and provide a postal service that meets Guernsey's, needs socially and economically, and I hope that the company and its workforce grasp that opportunity, so that GPL can continue to be an integral part of the fabric of Guernsey.”

However, the Regulator warned that failure on the part of the company could lead to the revocation of its licence and the offering of a licence to run Guernsey's postal service to another operator. “The regulatory regime is designed to ensure certain services are efficiently provided to Guernsey people”, said Regina Finn, “and the directions to the company are designed to achieve that.”

“If GPL is not able to deliver the level of service required by its licence, States Directions and the Law, the OUR will have to give serious consideration to revoking the company’s licence and seeking an alternative operator to provide the Guernsey postal service. This is not a step we would take lightly, but the people of Guernsey are entitled to the high quality service that the States of Guernsey has specified in its policy on postal services. If GPL cannot provide that, then alternatives must be explored”.

Under the law, the company and other interested parties may submit written representations or objections to the proposed directions by 5pm on 10th March 2003.

Copies of the Report (OUR 03/06: Postal Services in Guernsey, Report on Findings of OUR Investigation and Notice of Proposal to issue Directions to Guernsey Post Ltd under Section 31 of the Post Office (Bailiwick of Guernsey) Law, 2001) are available from the OUR website on www.regutil.gg or by calling the Office on 01481 711120.

**ENDS/
3rd March 2003**

Regina Finn, Director General, will be available for interview at 11am on 3rd March 2003 in the OGH. For further information call the Office of Utility Regulation on 711120

Notes to Editors:

This document by the Director General of Utility Regulation (“the Director General”) reports on an investigation into a number of postal service failures experienced by customers of Guernsey Post Limited (“GPL”). The Director General has concluded that GPL has breached a number of its licence conditions including failure to:

- operate and provide the postal services to a satisfactory standard in accordance with condition 14;
- ensure the accuracy and reliability of information in relation to services in accordance with condition 15; and
- meet the requirement to deliver post to each of the addresses in the Bailiwick on six days each week in accordance with condition 12 and the requirement to deliver a universal postal service as set out by the States of Guernsey in September 2001.

The investigation concludes that these breaches have occurred primarily due to a range of systemic shortcomings throughout the company which were thrown into sharp relief when the move to the new post office headquarters and the simultaneous mechanisation of the postal sorting operation happened in December 2002.

Following the procedures set out in the Law, the report sets out a number of directions that the Director General proposes to issue to GPL in the light of these licence breaches. The directions fall into three broad groups; preventative and remedial measures, universal postal service targets and redress to customers. The implementation of the measures set out in the document must be carried out by the company having regard to the need to ensure the efficient provision, in terms of least cost, of the universal service.

Given the seriousness of these failures and the potential impact on Guernsey’s economic reputation of any repeat failure, the report also sets out the possible next steps and sanctions that might be imposed by the Director General if the actions and Directions in this report are not complied with or if GPL fails to remedy the deficiencies. In considering these actions the Director General’s primary objective is to ensure a viable sustainable and cost efficient postal service for Guernsey that meets the States’ policy set out in States Directions and the legislation.

In the event that the Director General concludes that GPL is unable to provide the universal service she may consider revoking the GPL licence, and the exclusive right to provide reserved services.

In order to ensure States policy is met it would then be necessary to license an alternative operator to provide the universal service and grant the appropriate exclusive rights to that operator to provide reserved services. This could be done by inviting interested parties from all jurisdictions to submit tenders to provide the Guernsey postal service. Tenderers could be invited to demonstrate their capability of delivering the universal postal service at the most efficient cost, as well identifying any other positive commitments or services they might provide. These could be evaluated with a view to identifying the tenderer that offered the greatest benefit to Guernsey and any commitments could be incorporated into the new licence along with appropriate performance guarantees, compensation payments or other measures where any commitments are not met. GPL could be permitted to tender along with other interested parties.