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To: Info

Subject: Comments on 2006 Postal Pricing Review: Process and Timetable -
Consultation Paper

OUR Postal review process

Q1 The multi stage consultation process appears to provide interested parties with sufficient opportunity to engage fully in the OUR's review.

Q2 The Consultation process seems to be as complete as possible.

Q3. It is our opinion that there are indeed other issues that need to be addressed in the price control process.

1. There appears to be little attention being paid to the control of costs within Guernsey Post Ltd, this is a business that has spent ?10,000,000 on a state of the art facility, and over ?2,000,000 on the latest automated sorting equipment, yet has increased it's personnel by a factor of more than 20% in the past 18 months. Turning a profit of ?1,700,000 into a loss of ?800,000.

Bench marking with Jersey Post and the Isle of Man Post Office should take place to compare efficiency. Using measurements such as number of mail items handled per employee, and tariff comparisons would help to broaden the scope of the consultation. Both of these administrations are encountering the same challenges with Royal Mail as Guernsey Post Ltd, however Isle of Man Post Office posted a modest profit in 2003, and Jersey Post posted a healthy ?4,600,000 profit in the same period.

2. The shareholder representatives are part of the machinery of Government, and as such do not appear to be representative of the Guernsey public or acting in a critical role as a true shareholder would. We feel that this should be addressed as part of the Consultation process.

Kind regards,

Marc Winn

Director

Healthy Direct