



Office of Utility Regulation

Amendment to the reserved area of postal services

Statutory Invitation to Comment

Notice of Proposed Decision to Modify the Reserved Area in which Guernsey Post Ltd has the exclusive right to provide postal services, under Section 9 of the Post Office (Bailiwick of Guernsey) Law, 2001

Document No: OUR10/10

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Office of Utility Regulation
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Notice of proposal to Modify the Reserved Area in which Guernsey Post Ltd has the exclusive right to provide postal services

In accordance with Section 9 of the Post Office (Bailiwick of Guernsey) Law, 2001 (the “Post Office Law”), the Director General of Utility Regulation hereby gives notice of his intention to modify the Reserved Area in which Guernsey Post Ltd has the exclusive right to provide postal services under section 9 of the Post Office Law.

Modification of Reserved Area

The Director General proposes to modify the Reserved Area as follows:

The Director General will set as reserved services all items which are not postal packets and which are provided for a consideration of less than £1.35. Such services may only be provided by Guernsey Post Ltd. All other services are non-reserved services (including all packets) and are therefore open to competition. For the purposes of the reserved services definition, a postal packet is an item:

- *with a length over 353 mm, or*
- *a width over 250 mm, or*
- *a thickness over 25 mm, or*
- *a weight over 750 g.*

Reason for Modification

In December 2009 the OUR issued a decision document (ref OUR 09/21) relating to various matters concerning Guernsey Post Ltd. One of the decisions contained in that document related to the reserved area. The reserved area is the area over which Guernsey Post Ltd enjoys the exclusive right to provide certain postal services. The decision which the Director General reached in relation to the current reserved area was that this should be reduced from its existing £1.35 level to £1.00 and that packets should be excluded from the reserved area.

In order to give effect to this decision, the Director General was required to issue an Order under Section 9 of the Post Office Law. Before such an Order could be issued, in January 2010 Guernsey Post Ltd commenced appeal proceedings in the Royal Court in respect of the reserved area decision. Guernsey Post Ltd sought to argue that the decision should be set aside on the basis that it was affected by errors of fact and law, procedural irregularity and other material irregularities. The Director General contested this appeal, which is ongoing in the Royal Court. Pending the conclusion of the appeal proceedings, the Director General undertook that he would not implement the reserved area decision by issuing an Order under section 9 of the Post Office Law.

As part of the appeal proceedings, both Guernsey Post Ltd and the Director General have provided further information to each other regarding the issues which arise in relation to the reserved area decision. In addition, and with the benefit of the further

information provided, the parties have recently engaged in discussions in relation to the issues. These discussions have been extremely constructive and the Director General would like to thank Guernsey Post Limited's Acting Chief Executive Officer, Board and management for their efforts on this issue.

Arising from the information which has been provided and the discussions which have taken place, the Director General proposes to amend the reserved area decision published in the December 2009 decision document. The proposed revised decision will replace the December 2009 decision. Therefore, should a revised decision be made in accordance with the terms of this proposal, the December 2009 decision will be withdrawn. The Director General proposes to revise the reserved area on the basis set out above, namely to exclude packets from the reserved area but to retain the price point for all other services at £1.35. Guernsey Post Ltd supports this proposal.

The DG believes that this proposed decision will balance the interests of consumers and other postal users in the Bailiwick of Guernsey, with those of Guernsey Post Ltd. In particular, the Director General considers that the exclusion of packets will offer considerable benefits to the bulk mailers who operate in Guernsey but will also permit Guernsey Post Ltd to maintain Guernsey's universal postal service. The Director General also considers that the proposed decision has the benefit of providing certainty for the postal market in early course, while still enabling the DG to perform his duties under the Regulation of Utilities (Bailiwick of Guernsey) Law, 2001. These duties include protecting the interests of consumers and other users in the Bailiwick in respect of the prices charged for utility services and ensuring that utility activities are carried out in such a way as best to serve and contribute to the economic and social well-being of the Bailiwick.

Representations or Objections

The Director General would welcome comments on this proposal. Interested parties are invited to submit written representations or objections to the proposed decision set out in this notice.

Written representations or objections should be clearly marked "**Representations re proposal to modify the reserved area -Guernsey Post Ltd**" and be submitted by 12 noon on Friday 3 September 2010 to:

The Office of Utility Regulation
Suites B1&B2
Hirzel Court
St Peter Port
Guernsey
GY1 2NH

Following consideration of any representations or objections the Director General will publish notice of his decision to amend or not to amend the reserved area as proposed.

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