

OZANNES

Advocates & Notaries Public PO Box 186 1 Le Marchant Street St. Peter Port Guernsey GY1 4HP Channel Islands

Telephone +44 (0)1481 723466 Fax +44 (0)1481 727935 advocates@ozannes.com www.ozannes.com

Direct Line: +44 (0) 1481 731479 Direct Fax: +44 (0) 1481 710487 Direct E-mail: christopher.edwards@ozannes.com

Your Ref:

Our Ref: RGS/CHE/AMM/G1511005/1023734.1

20 July 2005

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

Dear Mr Curran

Notice of Proposal to Modify the Licence issued to Guernsey Post Ltd under Section 2(1) of the Post Office (Bailiwick of Guernsey) Law, 2001 ("the Post Law") - Document No. OUR 05/15

I refer to the above. Please note that I act for Guernsey Post Limited and have been asked to make the following submissions in response to the invitation to comment.

The notification states that it has proposed to delete the existing condition 18 to the Licence issued by my client on 1 October 2001, and replace it with an amended condition 18. The effect of the amendment is to modify the coverage of condition 18 to Licensed Services and/or Universal Services.

My client supports that proposal.

I note that the term "Licensed Services" is defined under condition 1 of my client's Licence to mean postal services, the provision of which is prohibited unless authorised under section 1 of the Post Law. Conversely, "Non Licensed Services" means postal services, the provision of which are permitted without a licence under Section 1(1) of the Post Law.

"Postal Services" is not defined within my client's Licence, though it is defined at section 45 of the Post Law is to mean "the service of conveying postal packets from place to another, the incidental services of receiving, collecting and delivering such packets and any other services which relate to such services".

Section 1(1) of the Post Law prohibits the provision of postal services in the Bailiwick except under the authority of, and in accordance with, the conditions of a licence granted by the Director General.

Section 1 (2) of the Post Law provides for a number of exceptions, which are not regarded as contraventions of Section 1 (1). Most materially Section 2(2) provides an exception for the provision of Postal Services which are not Reserved Services.

"Reserved Services" means Postal Services designated by the Director General under Section 9(1).

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The Post Office Reserved Postal Services Order, 2001, which came into operation on 1 October 2001, defines Reserved Postal Services as "Postal Services provided in consideration of a payment of less than £1.35".

Universal Services means a Universal Postal Service, the scope of which is specified by States direction.

I note that the States have issued a direction to the Director General as to the scope of a Universal Postal Service in accordance with Section 3(1) of the Regulation of Utilities (Bailiwick of Guernsey) Law, 2001.

The effect of the proposal would be to modify the coverage of condition 18 to the more appropriate categories of Licensed Services and Universal Services.

Section 2 of the Regulatory Utilities (Bailiwick of Guernsey) Law 2001 sets out those objectives which it is the duty of the Director General to promote. Further, Section 4(2) of that Law provide that the Director General shall exercise his functions and powers with fairness, impartiality and independence, and in a manner that is timely, transparent and objectively consistent with States directions, the provision of the law and any relevant sector law.

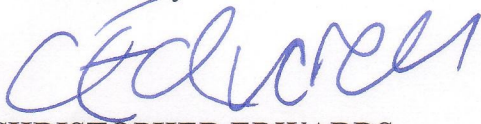
My client regards the proposal to amend condition 18 as fair, transparent and objective.

Further, my client regards the proposal as ensuring that utility activities are carried out in a way so as to best serve and contribute to the economic and social development of the Bailiwick, and to promote effective and sustainable competition in the provisions of utility services in the Bailiwick.

In my letter of 7 October 2004 I referred to unfairness which, in my client's view, resulted from the extension of condition 18 to all non licensed services. The modification proposed remedies that unfairness. It ensures that my client is treated in a fair and impartial manner and will ensure that my client is able to compete on a proper basis, in those markets outside of Licensed Services and Universal Services, and ensures my client is not treated in a discriminatory or unfair manner.

I trust that I have clearly stated my client's position. If you have any further questions, would you please address them either in writing or in person.

Yours sincerely



CHRISTOPHER EDWARDS
Advocate