



Office of Utility Regulation

Amendment to Guernsey Post Ltd's Licence

Statutory Invitation to Comment

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

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Office of Utility Regulation
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Notice of proposal to Modify the Licence of Guernsey Post Limited

In accordance with

- Section 8 of the Post Office (Bailiwick of Guernsey) Law, 2001; and
- Condition 6 of the Licence issued to Guernsey Post Ltd under section 2(1) of the Post Office (Bailiwick of Guernsey) Law, 2001,

the Director General of Utility Regulation hereby gives notice of his intention to modify the Licence issued to Guernsey Post Ltd on 1st October 2001 (as amended) under section 2(1) of the Post Office (Bailiwick of Guernsey) Law, 2001.

Modification of Condition 18

The Director General proposes to delete the existing condition 18 and replace it with the following condition:

18. REGULATED PRICES FOR SERVICES

18.1 Where the Director General has decided, in accordance with Section 5 of the Postal Law, that a licensee has a dominant position in a relevant market, he may determine that the provisions of this Part III apply.

18.2 Where the Licensee intends to introduce:

- (a) new prices for any Licensed Services and/or Universal Services, or prices for new Licensed Services and/or Universal Services to be introduced;*
- (b) any discounts to published prices for Licensed Services and/or Universal Services or for any Users to whom additional services or goods are provided by the Licensee or any of its Associated Companies; or*
- (c) special offers to all or any of its Users for particular categories of Licensed Services and/or Universal Services, it shall submit details of such prices, discounts and/or offers to the Director General and publish the same in a manner that will ensure reasonable publicity for them.*

18.3 The Director General may determine the maximum level of charges the Licensee may apply for Licensed Services and/or Universal Services within a Relevant Market in which the Licensee has been found to be dominant. A determination may;

- (a) provide for the overall limit to apply to such Licensed Services and/or Universal Services or categories of Licensed Services and/or Universal Services or any combination of Licensed Services and/or Universal Services;*
- (b) restrict increases in any such charges or to require reductions in them whether by reference to any formula or otherwise; or*
- (c) provide for different limits to apply in relation to different periods of time falling within the periods to which any determination applies.*

18.4 All published prices, discount schemes and special offers of, or introduced by, the Licensee for Licensed Services and/or Universal Services shall be transparent and non-discriminatory; all discount schemes shall be cost-justified and all special offers shall be objectively justifiable.

18.5 If the Director General, after consulting the Licensee and such other persons as he may determine, is satisfied that any published price, discount scheme or special offer is in breach of any part of this Condition 18, the Director General may, by issuing a direction, require the Licensee to bring the relevant prices, discount schemes or special offers into conformity with this Licence.

Reason for Modification

In October 2004, the OUR amended GPL's licence to clarify the scope of the licence and to empower the Director General to regulate Guernsey Post Ltd's prices through its licence (as distinct to the Regulation Law and/or Postal Law) where it is found to be dominant in relation to a relevant market for Non-Licensed Services.

Subsequent to this, GPL appealed this decision on the grounds that it considered the decision to be ultra vires the powers of the Director General as well as unreasonable and disproportionate. The Director General contested this appeal. This appeal is still before the Utility Appeals Tribunal.

In the intervening period, GPL and the OUR have had discussions on the application of the amended licence condition. These discussions have been extremely constructive and the DG would like to thank GPL's Board and management for their efforts on this issue. Arising from these discussions, the DG has undertaken to further clarify the purpose of the amendment made last year in the interests of providing further certainty with regard to the definition of the markets to be covered by the amended licence.

He therefore proposes to further amend GPL's licence to specify that the scope of services which will be regulated under Condition 18 of GPL's licence is services within the reserved sector and services provided which are within the scope of the Universal Service Obligation ("USO"), as determined by the States of Guernsey. The following extract from the States Resolutions sets out the USO for the postal sector¹:

The States resolved to give the following direction to the Director General in accordance with section 3(1)(c) of the Regulation of Utilities (Bailiwick of Guernsey) Law, 2001:

The following universal postal service shall be provided by at least one licensee throughout the Bailiwick of Guernsey at uniform and affordable prices, except in circumstances or geographical conditions that the Director General of Utility Regulation agrees are exceptional:

- *One collection from access points on six days each week;*

¹ The scope of the USO is published in full in the States Resolutions 2001, pages 78-80 (item no 14)

- *One delivery of letter mail to the home or premises of every natural or legal person in the Bailiwick (or other appropriate installations if agreed by the Director General of Utility Regulation) on six days each week including all working days;*
- *Collections shall be for all postal items up to a weight of 20Kg;*
- *Deliveries on a minimum of five working days shall be for all postal items up to a weight of 20Kg;*
- *Services for registered and insured mail.*

In providing these services, the licensee shall ensure that the density of access points and contact points shall take account of the needs of users.

“access point” shall include any post boxes or other facility provided by the Licensee for the purpose of receiving postal items for onward transmission in connection with the provision of this universal postal service.

The DG believes that this clarification will provide additional certainty for the market, including GPL, while still enabling the DG to perform his duties set out in section 2 of the Regulation of Utilities (Bailiwick of Guernsey) Law, 2001 which include inter alia:

- 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

In accordance with section 8(2)(c) of the Post Office (Bailiwick of Guernsey) Law, 2001, interested parties are invited to submit written representations or objections to the proposal in this notice within 14 days of publication of this notice.

Written representations or objections should be clearly marked “**Representations re proposal to modify the licence of Guernsey Post Ltd**” and be submitted by 12 noon on Wednesday 20th July 2005 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 modify or not to modify the licence.

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