



Office of Utility Regulation

Direction to Guernsey Post Ltd regarding Compliance with Quality of Service Standards

Statutory Invitation to Comment

Notice of Proposal to issue a Direction to Guernsey Post Ltd under Section 31 of the Post Office (Bailiwick of Guernsey) Law, 2001

Document No: OUR 05/01

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1. Introduction

In August 2003 the Director General published Document OUR 04/24R entitled “Guernsey Post Limited: Quality of Service - Notice of Direction to Guernsey Post Limited under condition 14.1 of its Licence to provide Postal services”.

The Direction set out in that document followed previous consultations¹ and publications² on the quality of postal services to, from and within the Bailiwick of Guernsey and formalised the requirement on Guernsey Post Ltd (“GPL”) to comply with certain specific targets that had been previously consulted on and came into effect from 1st October 2003.

At the end of October 2004, GPL submitted its first annual report on Quality of Service (“QoS”) in accordance with condition 14.7 of its postal licence and the aforementioned direction from the OUR. The OUR has reviewed the company’s compliance with the QoS targets set out in document OUR 04/24R and the results of the OUR’s review are set out in this paper.

2. Findings of Breaches of Licence

2.1. *Intra Bailiwick Mail*

GPL’s performance against the delivery targets for Intra Bailiwick mail for the period October 2003 to September 2004 is shown below:

J+n³	Target	Actual
J+3	99.9%	99.7%

GPL is therefore in breach of the Intra Bailiwick J+3 target. The Director General takes the view that this represents a de minimus breach of the licence. The OUR expects GPL to identify and address any issues that impacted upon achieving the actual target to ensure compliance in 2004/05.

2.2. *Jersey to Bailiwick Mail*

GPL’s performance against the delivery targets for Jersey to Bailiwick mail for the period October 2003 to September 2004 is shown below:

J+n⁴	Target	Actual
J+1	60.0%	58.4%

GPL is therefore in breach of the Jersey to Bailiwick J+1 target. The Director General takes the view that this represents a de minimus breach of the licence. The OUR

¹ Document OUR 03/04 Guernsey Post: Quality of Service – Consultation Paper

² Document OUR 03/12 Postal Quality of Service, Report on the Consultation, Decision Notice and Direction

³ (where **J** represents the date of deposit and **n** the number of working days which elapse between that date and delivery to the addressee)

⁴ (where **J** represents the date of deposit and **n** the number of working days which elapse between that date and delivery to the addressee)

expects GPL to identify and address any issues that impacted upon achieving the actual target to ensure compliance in 2004/05.

2.3. Bulk Mail from the Bailiwick to the UK

GPL's performance against the delivery targets for Bulk Mail from the Bailiwick to the UK for the period October 2003 to September 2004 is shown below:

J+n	Target	Actual
J+3	90.0%	80.7%
J+5	99.0%	96.8%

GPL is therefore in breach of the Bulk Mail from the Bailiwick to the UK J+3 and J+5 targets. The Director General takes the view that J+5 performance measure represents a de minimus breach of the licence. The OUR expects GPL to identify and address any issues that impacted upon achieving the actual target to ensure compliance in 2004/05. However the company's performance against the J+3 target is a serious service failure which is addressed in section 3.

2.4. Internal Efficiency Inward 2nd Class mail (Di+0)

GPL's performance against the internal efficiency target for Inward 2nd Class mail (Di+0) for the period October 2003 to September 2004 is shown below:

	Target	Actual
D _i +0 ⁵	92.0%	68.1%

GPL is in breach of the 2nd Class mail (Di+0) efficiency target for this period. Prior to June 2004 GPL measured 2nd class stamped mail and 2nd class Mailsort items as one item. Since June GPL introduced new measurement procedures in order to report more accurately against the different targets for 2nd Class Mail and Mailsort 2. As a result GPL has achieved 100% compliance for the Di+0 target for the last three months of the reporting year. The Director General is of the view therefore that the licence breach was due to the company incorrectly including Mailsort 2 products within the 2nd Class mail figures for October 2003 to May 2004. Consequently the Director General takes the view that Di+0 performance measure represents a de minimus breach of the licence and the OUR expects GPL to achieve the actual target to ensure compliance in 2004/05.

2.5. Internal Efficiency 2nd Class mail (Di+1)

GPL's performance against the internal efficiency target for 2nd Class mail (Di+1) for the period October 2003 to September 2004 is shown below:

	Target	Actual
D _i +1 ⁶	99.9%	99.1%

⁵ Di is the time of receipt at Envoy House and n is the days to clearance to the delivery postman.

GPL is therefore in breach of Internal Efficiency measure for Inward 2nd Class mail (Di+1). The Director General takes the view that this represents a de minimus breach of the licence. The OUR expects GPL to identify and address any issues that impacted upon achieving the actual target to ensure compliance in 2004/05.

2.6. Acknowledgement of Complaints

GPL's performance against the target for acknowledging complaints within two working days for the period October 2003 to September 2004 is shown below:

	Target	Actual
% of Complaints acknowledged within two working days	99.0%	98.7%

GPL is therefore in breach of acknowledgement of complaints target. The Director General takes the view that this represents a de minimus breach of the licence. The OUR expects GPL to identify and address any issues that impacted upon achieving the actual target to ensure compliance in 2004/05.

3. Proposed Direction

In the light of the licence breaches set out above and in accordance with section 31 of the Post Office (Bailiwick of Guernsey) Law, 2001, the Director General proposes to direct Guernsey Post to do the things set out in the following paragraphs by the time specified in those paragraphs, in order to address the licence breach.

Guernsey Post is directed to take such actions as necessary to ensure that the company comes into compliance with targets set out below **by 30th September 2005**:

GPL is required to achieve the following target for Bulk Mailers' mail from the Bailiwick to the UK for period October 2004 to September 2005:

J+n	Target
J+3	92.5%

4. Sanctions

In the event that Guernsey Post does not comply with any Direction issued in accordance with Section 31 of the Post Office (Bailiwick of Guernsey) Law, 2001, the Director General may impose any of the sanctions available under the Law. The sanctions set out in section 31 of the Law are;

- Suspension of licence
- Revocation of licence or
- Imposition of a financial penalty

Before invoking any of these sanctions the Director General must follow the procedure set out in section 32 of the Law.

⁶ D₀ is the latest collection time from any facility and n is the time taken for it to be at Guernsey Airport or harbour ready for transportation to either Jersey or the UK mainland

The Director General reserves the right to invoke any of these sanctions but clearly cannot fetter her discretion or prejudge the final Direction that may be issued until after she has complied with the procedure set out in section 31 of the Law and considered any written representations or objections.

5. Conclusions

In accordance with Section 31(3) of the Post Office (Bailiwick of Guernsey) Law, 2001, the Director General gives notice in this document, of her intention to issue a direction under Section 31(2) of that Law to Guernsey Post.

Guernsey Post and any interested parties may make any written representations or objections in respect of the proposed Direction. Such written representations or objections must be provided by 5pm on 28th January 2005 and should be sent to the following address:

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

In accordance with section 31(4) of the Post Office (Bailiwick of Guernsey) Law, 2001, the Director General shall consider any representations or objections received within the relevant time period before publishing her decision to issue a final Direction. Following the making of any direction, Guernsey Post's compliance will be monitored and the Director General is empowered to invoke the sanctions available in the Law in the event of any failure in compliance.

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