

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

Wednesday, 28 September 2005

Re: OUR 05/21 – Review of Market Dominance in the Guernsey Postal Market:  
Proposed Decision

Dear Sir

The following is our response to the document referred to above.

E. A. Carey (Europe) Ltd is not aware of any competitors to GPL for bulk mail services in the Bailiwick (ref. 7.4 Bulk Mail services). This may be because we have entered into an agreement via the Memorandum of Understanding (MOU) set up between bulk mailers, GPL and UK Customs, and it is our understanding that even if there were such competition in this sector, the competitor would not be able to enter into the same agreement due to GPL's position as the VAT pre-payment vehicle into the UK. However, we may be wrong.

We are disappointed that the OUR is still unclear about whether or not excessive profits are being made from the bulk mail sector (ref. 7.4 Bulk Mail services). This must be seen as the key to regulating the bulk mail sector. Bulk mailers in general require clarification of this as it is our belief that GPL would not be able to continue to carry out its core business of collection and delivery were the bulk mailers not subsidising this to a large extent. Personally, I am aware that this may bring into question the Universal Service Obligation (USO) which I believe was set up during the period when Guernsey's Post Office did not have to pay or collect terminal dues, as the service was taken as equal and reciprocal. Further to this it could be pointed out that GPL should use its monopoly as the Bailiwick's delivery network to a greater potential to negotiate with Royal Mail. I am sure it's not quite as simple as that but I do believe that it is worth stating.

We would like to suggest that another potential market area would be the posting of catalogues and other such marketing material involved in generating the sales for some of the bulk mail businesses in the Bailiwick. Although this does not occur at the moment, due to postage prices being too high, it has done in the

past, and it is possibly a route to attract further business for GPL in the future. If this type of material comes under one of the other categories then it is possible that GPL is not dominant in this sector, as the quantity sent out by local companies through outside suppliers would, I think, be far greater than the total postings currently handled by GPL.

The majority of our parcels fall outside the current Reserved Sector and will do so still even after the proposed changes. We do support the OUR having more control to make changes. However, please note that this is a double edged sword for our industry as the Reserved Sector also works against us using competitors who may offer lower prices in the Bailiwick.

I hope that this is informative.

Yours truly,

Garrick Jones  
Director