



Office of Utility Regulation

Media Release 28th April 2006

OUR completes its consultation on Guernsey's Postal services

Guernsey's utilities regulator is to recommend that no change be made to the number of post offices provided by Guernsey Post (GPL). The recommendation comes as part of a review of the service levels provided to Islanders by GPL, to look for ways to reduce costs. GPL's service levels, known as its Universal Service Obligation (USO), were set out in 2001 by the States. The Office of Utility Regulation (OUR) has just concluded a consultation exercise and its report will now be considered by the Commerce and Employment Department.

This review of the USO was prompted by the increase in delivery costs to the UK when Royal Mail established new commercial arrangements between itself and Guernsey Post. The result has been that deliveries to the UK now make up 43% of the company's total postal costs and net payments have risen from £950,000 in 2001 when the USO was agreed, to £4.23m in 2005.

"The responses to the consultation suggested that generally people would be happy to pay more for the convenience of local post offices", says the OUR's Director of Policy, Jon Buckland. "The retail network actually loses Guernsey Post around £150,000 a year, but plays a number of important social roles, such as the use by the use by Housing Department's tenants, which aren't related to the postal service. The cost of providing those socially desirable functions might be met by the States, by an increase in charges for the actual services, or through an increase in postal prices and these options will now need to be considered".

To reduce costs the OUR is recommending that the number of postal deliveries be reduced from 6 to 5 daily deliveries per week. This will help offset the increased cost of delivering mail to the UK and beyond, whilst maintaining a quality of service that the majority of customers say they will find acceptable. The OUR is recommending that the number of postal collections remain at six per week.

The OUR is also proposing some minor extensions to the USO, and that it should be open to periodic review by the States at least once every five years.

Jon Buckland continued, “The postal market is going through a period of change at the moment, both locally and internationally. This review is a response to those changes which are having a massive effect on the way that Guernsey Post operates, and we must make sure we balance the needs of the community with the new demands being made on the Post Office. We are particularly pleased with the response from the public who have helped inform the review and shape its final recommendations. I would like to thank everyone who took the time to offer their views.”

-Ends-

About the OUR:

The Office of Utility Regulation was established in 2001 to regulate the three utilities of post, telecommunications and electricity in the Bailiwick of Guernsey. The Office is headed up by Director General, John Curran and has four staff.

The role of the OUR is to protect the interests of Guernsey consumers and the economy. It does this by ensuring that customers receive the best in price, choice and quality services in the three regulated sectors, while at the same time ensuring that those sectors are vibrant and robust so that they can positively contribute to and underpin a successful Guernsey economy.

The OUR regulates telecommunications operators, Guernsey Electricity Ltd and Guernsey Post Ltd. Wherever possible, the OUR promotes the introduction of competition by ensuring that there is fair play and a level playing field between the operators. Where competition is not yet effective or where it is not feasible, the OUR regulates prices and quality of services to customers. More information is available from the OUR website www.regutil.gg, or by contacting the Office of Utility Regulation on 01481 711120.