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Regulator Proposes to Cap Postal Prices until 2009

Following an extensive review of Guernsey Post's (GPL) postal operations, the Office of Utility Regulation is proposing to limit the stamp price increases being sought by GPL. In the proposed decision published today (13th November), the OUR intends to limit the increases for certain postal tariffs, including tariffs for Bulk Mail. According to the new proposals, a local stamp will cost 32p from April 2007 with letters to the UK costing 37p.

“Over the past number of months we have worked very closely with GPL's management to assess the efficiency of the business. The company had proposed certain efficiency savings of its own in its tariff application, however we believe further savings can be achieved” said Jon Buckland, Director of Policy at the OUR. “The proposals in our draft decision will ensure that the same level of service, both in quality of the postal service and in terms of the retail network, will be available to postal users.”

The proposed decision, which is now being consulted upon, will see new stamp prices brought in on 1st April 2007 with further tariff changes each year in 2008 and 2009. A local stamp will increase to 32p in April 2007, then 34p in April 2008 and 36p in April 2009. A UK stamp will increase to 37p in April 2007, 40p in 2008 and 43p in 2009.

As part of the OUR's review it has identified further efficiency savings that it believes GPL can make over the next three years. These savings should be passed on to postal users and the improved efficiency will not negatively impact upon the number of deliveries or on the number of post offices in the Bailiwick.

“We are very conscious from the review of the Universal Service Obligation (USO) undertaken earlier this year, that postal users value both the level and quality of service they

receive from GPL, as well as the convenience attached to the number of post offices in the Bailiwick.”, said Jon Buckland. “Setting a control for this period will provide certainty to all postal users as well as allowing GPL to concentrate on the challenges facing the business going forward. There are significant changes happening in the postal sector at the moment, particularly in the UK, and it is important that GPL can concentrate on dealing with these for the benefit of the Bailiwick”.

The OUR’s draft decision, entitled “OUR 06/18: Guernsey Post’s Tariff Changes – Draft Decision” is available on the OUR’s website – www.regutil.gg – or from its office in Hirzel Court.

Information for Editors

Key Postal Tariff Increases

	2006	2007	2008	2009
Local	29p	32p	34p	36p
UK	34p	37p	40p	43p

- **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 licenses and 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 end customers.

More information is available from the OUR website www.regutil.gg, or by contacting the Office of Utility Regulation on 01481 711120.