



GUERNSEY POST LIMITED

2010/11 PRICE CONTROL APPLICATION

NARRATIVE SUBMISSION

15 May 2009

1. INTRODUCTION

- 1.1 Guernsey Post Limited (GPL) is submitting a proposal to revise its regulated postal tariffs from 1st April 2010; the current price control period established by the Office of Utility Regulation (OUR) ceases on 31 March 2010.

The aim of this tariff submission is to obtain OUR agreement to the scope and scale of tariff change required as a result of Royal Mail (RM) imposed changes on GPL. It is for a one-year period.

- 1.2 GPL has provided two key documents in order to inform its tariff increase request. These are:

- the financial model required by OUR to best model product revenues and costs and to assess the consequences of tariff structures. GPL has populated this model with historic, budget figures and forecast data.
- an explanatory document that:
 - reviews the considerable progress made by GPL over the period of the current price control
 - explains and quantifies the impact of the increase in RM charges
 - sets out the tariff proposals for the year 2010/2011
 - explains the commercial rationale for the proposed product and price changes and assesses the impact on customers
 - provides a financial overview
 - explains corporate issues and implications.

- 1.3 GPL wishes to acknowledge the OUR's acceptance that exceptionally this tariff period should be 1 year rather than 3 and that the OUR has agreed to a 2 week delay in accepting this submission.

2. PROGRESS AGAINST THE LAST OUR DIRECTION

2.1 Guernsey Post today is a more agile, astute and commercial organisation than it was at the time of the last tariff review. It has transformed itself from a traditional, passive postal operator into a progressive, dynamic and competitive business that is having some success in achieving best practice in its operations and services. The company has had to deal with conflicting pressures including the need to drive out costs and improve efficiencies while growing the scope of its activities and investing for the future. It has also conducted major overhauls of its corporate governance, human resources, central services, and operations.

Guernsey Post is not alone in the postal world in seeing long-term revenue and volume decline, and an uncertain future. It is however among a very small number of companies that benefit from having companies that use it for on-line retail fulfilment. The growth of this bulk mail sector has increased revenues and profits but has also increased the dependency of the organisation on this sector. The board decided that, given the uncertain future of this sector as a result of concerns being expressed through the UK government and the EU, the only sensible strategic option was to diversify the business into new areas, which could be managed and conveniently

combined with core. The first of these moves has been completed with the acquisition and integration of the BATIF foreign exchange business. Securing the future of the company through this strategy is critical and potentially costly.

The island nature of the Bailiwick of Guernsey also gives rise to certain inherent disadvantages including the low availability and high cost of labour, very high service expectations and the lack of scale to drive further efficiencies. Very often large-scale solutions do not apply to the small local scale of Guernsey Post.

Nonetheless Guernsey Post employees have been successful in improving its efficiencies, growing its revenues, delivering excellent service and making it a better employer. The year ahead will be no less challenging and indeed the proposition from Royal Mail of very large cost increases, and fundamental changes to the pricing mechanism, mean that the company will have to work hard just to stay on its feet.

2.2 Customer service including Quality of Service

In 2008/2009 GPL has met or exceeded all of the targets set by the OUR for the first time since the incorporation of the company in 2001.

The following table highlights GPL's Quality of Service achievements over the last financial year.

<i>Quality of Service 2008/09</i>			
Measure	Target	Actual Performance	Difference
Intra Bailiwick j+1	95%	96%	+1%
Intra Bailiwick j+3	99%	99%	+0%
Jersey to Bailiwick j+1	84%	84%	+0%
Jersey to Bailiwick j+3	97%	98%	+1%
UK to Bailiwick j+1	82%	84%	+2%
UK to Bailiwick j+3	97%	97%	+0%
Bailiwick to Jersey j+1	87%	87%	+0%
Bailiwick to Jersey j+3	97%	98%	+1%
Bailiwick to UK j+1	82%	85%	+3%

Bailiwick to UK j+3		98%	+1%
	97%		
Inward Mail 1st Di+0		99%	+0%
	99%		
Inward Mail 1st Di+1		100%	+1%
	99%		
Inward Mail 2nd Di+0		99%	+0%
	99%		
Inward Mail M1 Di+0		99%	+0%
	99%		
Inward Mail M2 Di+3		100%	+1%
	99%		
Inward Mail M3 Di+7		100%	+1%
	99%		
Inward Mail P1 Di+0		99%	+0%
	99%		
Inward Mail P2 Di+3		100%	+1%
	99%		
Outward Mail Do+0		100%	+2%
	98%		
Complaint Acknowledgement (2 days)		99%	+0%
	99%		
Complaint Resolution (10 days)		96%	+1%
	95%		
Telephony Management (15 seconds)		92%	+9%
	83%		

Note: Final results are subject to March 2009 confirmation from Royal Mail

GPL has also made significant progress in reducing customer complaints. Against the back drop of a more efficient operation and record volumes, the level of service related complaints has fallen by 38% across the board, with double digit percentage improvements in almost all categories. Highlights include repeat complaints which have fallen by 39%, mis-delivery complaints which are down by 30% and redirection of mail complaints which are down by 60%.

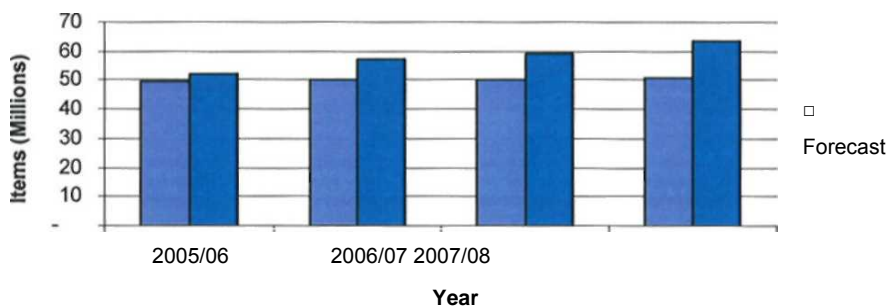
2.3 Efficiency

2.3.1 Operational hours

At the time of the last tariff submission the OUR efficiency review concluded that the opportunity existed to achieve operational savings amounting to 40,000 hours

per annum; this was set against the expectation of very little volume growth over the 3-year tariff period. In the event the total posted volume has risen by 25%.

Total Mail Volume by Financial year



Despite this growth, the savings target has been achieved through an efficiency programme resulting in a reduction in headcount amounting to about 8% of total operational hours and a rise in operational productivity. Based on annual run rates we are in a slightly better position than the OUR determination at the end of the 2008/2009 financial year despite the growth in volume.

2.3.2 Productivity

In addition to the reduction in hours arising from reorganisation, the 25% increase in volume has helped GPL to achieve a significant improvement in productivity through absorption.

The value of the efficiency saving achieved through absorption in the scenario excluding Bulk mail equates to 4,500 hours (2 FTE's) per annum.

The resourcing strategy employed to deliver these savings is detailed in the HR strategy review at 2.5 below. In essence GPL has followed a policy of reducing headcount rather than just cutting back on overtime.

2.4 2009/10 Budget Comparison with OUR Model

We would like to emphasise the following points that underpin the variances between the budget and the OUR model:

- Volume growth has driven the increases in revenue, Royal Mail charges, postal operations payroll and conveyance costs.
- Royal Mail charges also reflect a cost increase of 7% versus 2.5% allowed in the model: this adds about £1m to our costs.
- Actual inflation has been significantly higher in 2007/8 and 2008/9 at 4.8% in both years, compared with the 3.5% allowed in the OUR model.
- The OUR model omitted four heads and airport scanning costs.

- GPL took the decision to invest in a full-service Crown Office instead of a business-only Crown Office at Smith Street.
- GPL has undertaken significant investment in its future, its capability and its governance through the creation of an Internal Audit team, additional Sales & Marketing resource, the improvement of its IT infrastructure, the development and engagement of its staff, and the ongoing maintenance of Envoy House.
- GPL is planning to undertake a significant capital investment programme during the year

2.5 HR

2.5.1 Our strategy

HR has ownership of three of the company strategic goals. Those goals are:

1. To be the employer of choice on the island

The Executive team and the Board agreed to adopt this objective which, at first glance, may appear to be significantly aspirational given the nature and value of some of the islands other employers (particularly those in the Finance industry).

The clear aim of this objective is to maintain stability within the company and, where vacancies do occur, to attract the best available candidates from within the Island. This will result in less disruption, consequent efficiency value and a reduction in recruitment and consultant costs.

2. To establish an open, honest and trusting culture

In recent years the company has suffered from a clear set of divides (Us/Them, Upstairs/Downstairs, Managers/Employees, Union/Management) all of which have impacted adversely on the efficiency of the company in one way or another. The aim of this goal is to create an inclusive culture where everyone feels able to contribute to the success of the company.

We have already seen the fruits of this approach through our partnership working with our Unions, which has facilitated rapid change and efficiency savings without conflict and disruption to customer service.

3. To have the best industrial relations in the mails market

The case for this goal is best served by the opposite example provided by Royal Mail.

The disruption, delay, frustration, loss of morale and conflict caused by poor industrial relations cannot be over estimated. All of those things impact significantly on a company's morale, profitability and efficiency and on the service provided to customers.

We now have in place a clear partnership vision which allows our Unions to participate in the development of the company through genuine consultation,

involvement and where necessary negotiation. The benefits are illustrated in our recent financial results and the very positive external examination of our people management process in the course of our achievement of the award of the Investor in People (IIP) standard accreditation.

2.5.2 What our strategy has meant in practice

Careful consideration was given to our strategy for achieving the efficiency savings required as part of the last tariff review. Although at first glance it might seem that the straightforward reduction of the availability of overtime was the answer, lessons learnt from Royal Mail and other factors affecting both Industrial and Employee Relations made finding an alternative route essential.

We therefore decided that a reduction in headcount – with the associated reduction in the overtime performed by those people – whilst maintaining a sensible level of overtime availability for those who remained was the best way to secure sustainable efficiencies. By sustaining a sensible level of overtime availability we have ensured that we retain flexibility in staffing and maintain the take home pay of our employees at a reasonable level. This has helped to underpin good employee and industrial relations, which in turn has prevented disruption of services to our customers at a time when we were making significant changes.

As part of this approach we were able to agree with our Unions a voluntary redundancy scheme (VR). A key element to the success of the approach was to make the terms attractive enough to attract sufficient volunteers whilst being flexible enough to avoid the impossibly high costs associated with early pension payments for long serving staff released on VR (Basically anyone over 50 and under 60 or at any age employed prior to 1988).

The agreement was achieved and a number of redundancies plus voluntary resignations achieved the desired headcount reduction without any industrial strife. Given the very poor IR/ER climate, which existed after the 2002 problems we believe that realising these efficiencies without disruption to the service offered to the Islands' population and business community has been a significant enabler of operational efficiencies. Our resourcing and HR strategy underpins the improvements in quality of service and customer satisfaction that we have seen in recent years. We have recently received independent confirmation of this when we were one of 37 postal organisations short listed for the global World Mail Awards where we came second (and highly commended) in the "People Management" category.

3. 2010/2011

3.1 Financial Overview

The need for the tariff increase is self-evident – the timing, scale and scope of the increase in RM charges will have a significant impact on GPL. Without tariff increases GPL will face large losses and the viability of the current postal service could be at risk. In simple terms, without the action proposed our costs will rise by about £8.2m in 2010/2011 making RM charges about 60% of total operating expenditure compared with 53% in the 2009/2010 budget.

3.1.1 Funding issues

The Reserved Area – 1.35 maximum

- The Reserved Area limit was set at £1.35 in 2001, based on the Guernsey to UK tariff of 27p multiplied by a factor of five. The limit has not changed since then and would stand at £2.15 in 2009 given the current Guernsey to UK tariff of 43p and a multiplier of five. The purpose of the reserved area is to balance the need to finance the Universal Service Obligation with the desire to encourage competition in the local postal market.
- Royal Mail charges are the main influence on the price of postage outside the Bailiwick and they have risen significantly since 2001: they are not within the control of Guernsey Post. We have had no option but to agree a contract with Royal Mail in 2009 that will increase these charges further as RM moves to balance costs and charges. In effect the 27p price in force in Guernsey when the £1.35 limit was set was being subsidised by Royal Mail. Their move to commercial charges will result in proportionate increases to the UK public and bulk tariffs during 2010/11 that will potentially lead to Guernsey Post facing competition on large letters above 350g and on all packets in the public tariff, and in all areas of the bulk tariff depending on the format and the weight step.
- Guernsey Post would like to request that the OUR consider an increase in the Reserved Area to £2.15 to ensure that it can continue to fund the Universal Service Obligation, to recognise the artificially low base line tariff, to recognise that it will be difficult for the Guernsey market to support more than one full-service postal operator and to compensate for the impact that inflation has had on the Reserved Area since 2001.

Regulatory Value

- The Regulatory Value of GPL's price-controlled business is based on the agreed opening Regulatory Value at 1 April 2007, adjusted for actual, budget and forecast capital expenditure and depreciation during the current price control period (1 April 2007 to 31 March 2010) and the next price control period (1 April 2010 to 31 March 2011).
- The OUR disallowed 15% of Envoy House in its calculation of the opening Regulatory Value at 1 April 2007 on the basis that the building was over-specified. We would like to ask the OUR to review this calculation given the strong volume growth that GPL has enjoyed from Moonpig and the bulk mailers.
- There is also a technical problem with the financial model where it seems that there is no facility to add back the disallowed element of depreciation relating to Envoy House to the Regulatory Value calculation in the years from 1 April 2007 to 31 March 2011. This has the effect of understating the Regulatory Value by including the depreciation of an asset that is excluded from the Regulatory Value.
- **Cost of capital**

Guernsey Post is proposing a cost of capital of 8.47%. This is based on a risk free rate of 2.1%, an equity market risk premium of 5.5%, an asset beta of 0.85 and a corporation tax rate of 20%.

▪ **Risk Free Rate**

On 1 May 2009, the Bank of England quoted a nominal return on government bonds of 2.1%. This rate has been suppressed by the impact of the financial crisis and the economic slowdown.

▪ **Equity Market Risk Premium**

Recent research from Goldman Sachs suggests that the UK equity market risk premium has reached 5.5%. This rate has been elevated by the impact of the financial crisis and the economic slowdown.

▪ **Asset beta**

GPL believe that its asset beta should be close to 1, and is therefore proposing a value of 0.85, for the following reasons:

- GPL is a small company and lacks economies of scale.
- Inflation is eroding the reserved area and making GPL more vulnerable to competition.
- Mail volumes are highly sensitive to technological developments, in the form of electronic substitution, and the economic slowdown. Core mail volumes are falling significantly.
- The bulk mail industry is a significant source of revenue for GPL, which faces competition from other locations such as Jersey for their business. The economic slowdown will certainly affect the bulk mail industry. The future of the bulk mail industry in Guernsey is dependent on the retention of low-value consignment relief, which is under pressure.
- GPL operates in Guernsey, which is a high-cost location dependent on the financial services industry and a small market.
- GPL has little market power and is dependent on Royal Mail for the delivery of UK and international mail. GPL has at present no acceptable alternatives to Royal Mail.
- Outside the bulk mail area, GPL suffers from high levels of operational gearing that make it vulnerable to declining volumes.

3.1.2 Operational cost issues

Capital expenditure programme and asset disposals

With the exception of the current year (2009/2010) GPL has maintained a minimal capital expenditure programme with few large projects. In the current year we are planning for a significant increase underpinned by the need to replace some of our vans, provide the new Alderney sorting office, make some health and safety driven improvements to The Envoy House operational and public areas and to commercially develop part of the administrative floor. If this later project does proceed it will help improve the utilisation of the building.

The expenditure has been approved by the GPL Board (in March 2009), although each project must be authorised individually before it can begin.

In summary the capital expenditure for the 3 years of the current tariff and for 2010/2011 is:

2007/8	2008/9	2009/10	2010/11
£236,000	£396,000	£2,200,000	£214,000

GPL sold one of its properties, Flammanville, during the financial year 2008/9, realising a profit on disposal of £125k. This is part of the company's ongoing strategy to review its assets to maximise their return and to focus on its core activities.

3.1.3 Inflation assumptions

Based on the difference between index-linked and nominal government bonds, the financial markets are currently expecting UK inflation to reach 1.8% in the year ending 31 March 2011. Given that the average difference between inflation in the UK and Guernsey since 2002 has been 1.1%, it would seem reasonable to assume a Guernsey inflation rate of 2.9% in the year ending 31 March 2011.

Although Guernsey RPI is currently negative at -1.2%, this number has been distorted by the rapid fall in UK interest rates during the last year. Indeed, RPIX currently stands at 3.3%, which is a more accurate indicator of the core inflation that the economy is experiencing. Given that UK interest rates cannot decrease further significantly and that they may in fact have to rise quickly because of the unprecedented fiscal and monetary stimuli injected into the global and UK economy, it is likely that Guernsey inflation will actually exceed 2.9% during the next two years.

For the purpose of this submission we have assumed a figure of 2.9%.

3.2 Key issues impacting on 2010/2011

3.2.1 Royal Mail Contract

The driving force behind the need for this tariff submission is the unexpected proposition from RM of a significant increase in their charges to Guernsey Post. Based on the existing format profile of postings the increase in 2010/2011 amounts to about £8.2m (an increase of about 18% on our 2009/2010 total budgeted operating expenditure); if, as anticipated, some customers switch the profile of their postings to minimise the impact of the price rises the figure drops to about £3.8m (9%).

The existing contract for the provision of services between GPL and Royal Mail, which covers both Northbound and Southbound mails, expired on the 31st March 2009. During the period of this contract GPL was informed by our Royal Mail account manager that very little movement would occur when the contract was

renegotiated – a clear indication was given that an inflation-based increase in charges on Northbound mail would be asked for. This was in line with our policy of seeking to defer for as long as possible the cost impact of PiP on our customers, allowing them time to prepare for the changes.

On that basis negotiations commenced some 7 months prior to the expiry of the contract. Royal Mail opened the negotiation with a proposal that represented an overall 40% increase in their charges to us over the 3-year period of the new contract. In addition to the huge increase in Northbound prices RM have proposed that the way we present mail to them must match their pricing in proportion (PiP) requirements.

Despite pressure from GPL, RM have refused to negotiate. We have taken legal advice, have approached PostComm and even sought to go to mediation in an attempt to obtain more equitable treatment but none of these options has unlocked the situation.

There is no viable downstream access solution. A number of different potential suppliers have been reviewed. Unfortunately those with the sufficient size of network (TNT, DHL, Business Post) simply could not provide the quality of service required with delivery available only on J+2 or J+3. The remainder cannot provide sufficient nationwide capability.

There are also effectively barriers (positioning of the stamps and Quality of Service available) to entry into the DSA market that our public postings simply could not meet or tolerate.

We have discussed DSA as a possible option in some detail with our largest customer and they, along with other key customers, have said they could not live with the loss of one day in service nor easily comply with the onerous pre-advice DSA requires.

We have had exploratory discussions with TNT, and will continue to explore all possibilities in this area but do not see it as a viable option for 2010/2011.

As RM have notified us that unless we agree to their proposals we will be treated as a standard customer, (a lesser service than we currently receive) we have no choice at the present other than to accept their proposals. The implications are a very large increase in price for our customers together with the need to move to PiP. Although for some customers the availability of PiP pricing will help mitigate the increase in costs we recognise that others will face significant rises.

Although we are not prepared to accept that this is the end of the negotiation process and want to discuss with the OUR how best to jointly take this matter forward, we have no option at this stage other than to reflect the higher charges in our tariff submission.

RM have taken a similar tough line over Southbound charges where we made a proposal based on covering our costs and making a contribution which they have rejected. This is on the basis that they believe that they are losing money on Southbound mail.

This element of the tariff is inextricably tied into the Northbound negotiations. For the purpose of the tariff calculations we have assumed an increase in charges for Southbound mail of 7% in each of 2009/2010 and 2010/2011.

We do have the basis of an agreement with RM on International mail charges.

In addition to the increased RM charges for Southbound mail the introduction of PiP will require some increase in operational costs against the need to implement revised despatching arrangements

3.2.2 Operational efficiency opportunities

Following our successful efficiency drive over the past 3 years we have identified scope for additional savings to be realised in 2010/2011.

As outlined in 3.2.1 above there will be some cost incurred against the revised despatch arrangements required for PiP.

In addition to the savings identified, the forecast significant growth of some bulk mail traffic provides an opportunity for efficiency through traffic absorption (i.e. handling it at less than fully allocated costs) – this has been reflected in our pricing assumptions.

3.2.3 Other costs

Apart from a reduction in project costs which will reduce by £300k compared to the 2009/2010 budget we do not expect any significant structural changes to our other costs for 2010/2011. After adjustment for projects total costs excluding RM charges have been increased by an inflation factor of 2.9%.

3.3 The Proposed Tariffs

3.3.1 Pricing principles

The pricing principles followed by GPL for this tariff submission reflect those which underpinned the last submission. They are that:

- All products must make a positive contribution
- All product prices must reflect their actual costs
- Opportunities for arbitrage will be avoided by assessing all prices in relation to each other across the whole portfolio of products

The size of contribution for each product will be determined by the market opportunity

3.3.2 2010/2011 Tariff Objectives

In support of these principles GPL has set the following objectives:

- Get new tariff approval and implement in April 2010
- Implement format based pricing from April 2010 for all posting customers enabling them to make choices between format and price and in the case of bulk mail customers also between service and price and between work share and price

- To ensure that the outcome of the tariff submission provides GPL with a profitable and competitive business meeting customers' needs
- To maintain the public reputation of GPL throughout the exercise
- To ensure that the submission is prepared and progressed in line with the requirements of the OUR

3.3.3 Public Tariff proposal (UK and Intra Bailiwick)

GPL are proposing a restructuring of our tariffs for both social and business customers to make our prices more cost reflective, to ensure that all products are making an appropriate contribution and to provide customers with choice. Aligning our prices with our cost profile is not a new approach in itself, as we have strived to do this since the business first came under price regulation, but certain anomalies have built up over time, which we wish to address.

As outlined above, the real driver for change at this time is the change in structure and scale for the charges we pay Royal Mail for handling our UK and International mail. Up until March 2009 we have been charged primarily on a weight basis. The format of the traffic, i.e. whether it was a letter or packet, did not form a significant part of the price calculations. This is no longer the case.

In August 2006 Royal Mail introduced Pricing in Proportion (PiP) to the UK. It costs Royal Mail (and indeed GPL) more to sort, handle and deliver larger envelopes and items than smaller letters. Large and irregular shaped packages take up more space in postbags and vans and cost more to handle. In effect before PiP was introduced most light but bulky items were priced below cost, whereas smaller, heavier items were generally overpriced. Royal Mail therefore changed their business and social pricing systems to more accurately reflect their costs.

As PiP wasn't introduced until after the start of our last 3-year price agreement with Royal Mail, they continued to charge Guernsey Post using the old weight based priced pricing formula for the 3-year contract which ceased at the end of March 2009. They have however insisted that going forward GPL will have to pay PiP based charges.

As stated above the same cost arguments apply to GPL and we are proposing to introduce PiP based postal charges at the first available opportunity to ensure we maintain cost reflective prices going forward.

Our current pricing

There is no distinction between the format of items and prices increase from a base of 100gm in 50gm weight steps with no maximum weight. The maximum size is 610 x 460 x 460mm. For tubular or cylindrical packages, the maximum length is 900mm. In addition, the item's length when added to twice the diameter must not exceed 1,040mm.

Our proposed pricing

The proposal is to introduce PiP for all Bailiwick and UK mail. Whilst the level of our cost of handling intra Bailiwick mail is not directly impacted by Royal Mail charges, the same cost drivers apply in terms of handling larger items, and re-

delivery of those which cannot be put through a letter box if customers are not available to accept them.

The changes in summary:

Letter

The maximum weight is 100g with a size limit of, thickness 5mm, length 240mm and width 165mm. This category will include most letters, postcards, bills and statements, some brochures and catalogues and most greetings cards.

Large Letter

The maximum weight is 750g with a size limit of, thickness 25mm, length 353mm and width 250mm. This category will include letters containing unfolded A4 paper, large greetings cards, most brochures, CDs, DVDs, catalogues and company reports plus some magazines.

Packet

Anything with dimensions wider than 250mm or longer than 353mm or thicker than 25mm or heavier than 750g. The maximum size is 610mm x 460mm x 460mm. For tubular or cylindrical packages, the maximum length is 900mm. In addition, the item's length when added to twice the diameter must not exceed 1,040mm. There will be no weight limit.

In addition to the public tariff changes it is proposed to introduce a discount rate of 1p (3% across the higher weight steps) for franked meter mail and Postage Paid Indicator (PPI) mail to reflect the lower cost of collecting revenue from these payment channels. This will give a welcome boost to start up and small businesses that do not post enough mail to qualify for our bulk mail discounts.

A significant factor in determining public tariff prices is the current and forecast growth of some bulk mail. In calculating prices we have made realistic estimates of our ability to absorb an element of the operational costs resulting from this growth and thus help minimize the price increase required. However, a possible downside of the stellar growth is that it will put strain on our conveyance capacity and at some point we will reach a tipping point where a second aircraft is required resulting in a step increase in costs.

This tariff is based on the assumption that this point will occur at the start of 2010/2011 and a cost allocation of £1.8m has been made against this.

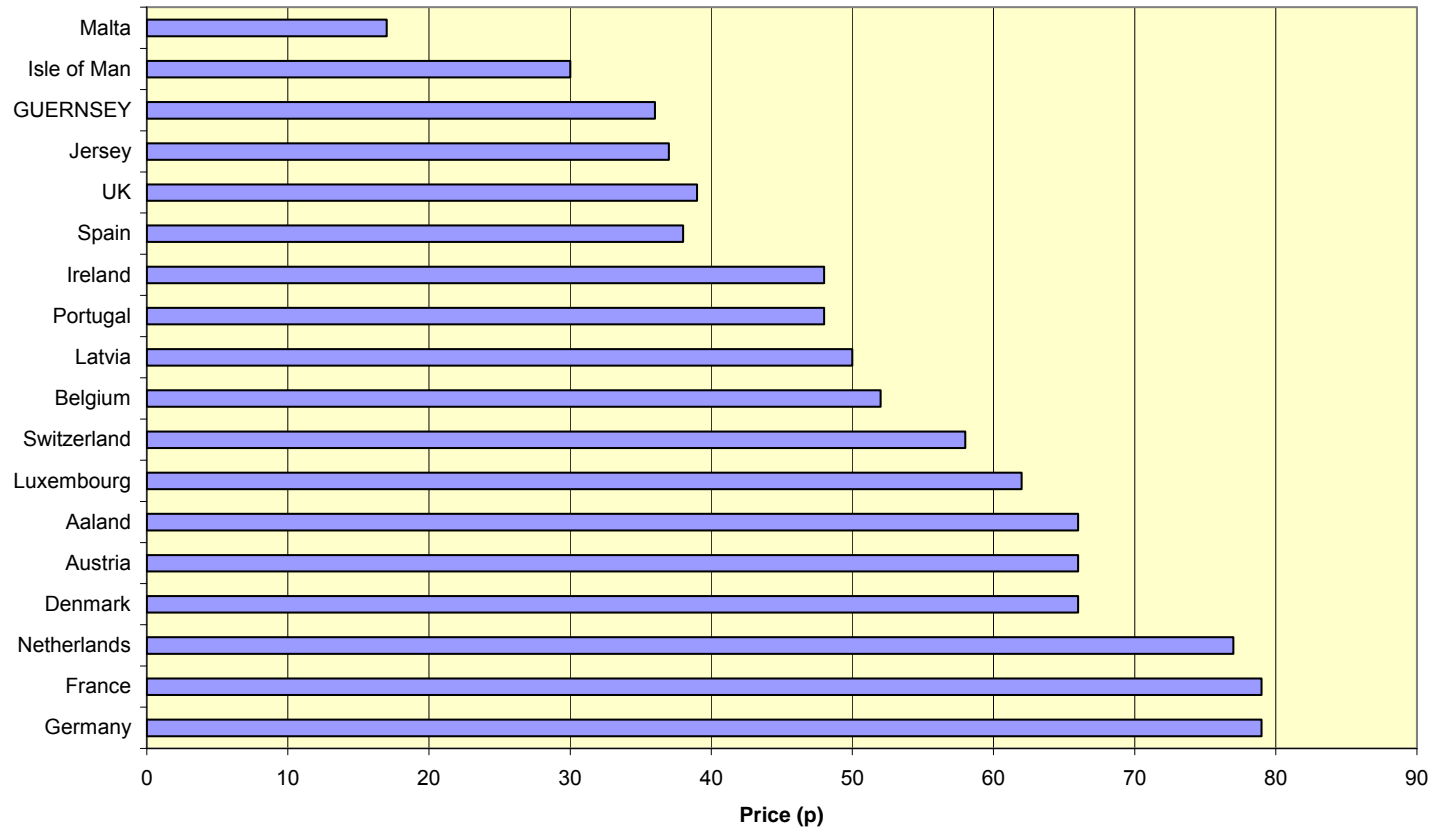
Details of the proposed prices are shown in Annexe 1. In headline terms:

- Intra Bailiwick prices are frozen at the first letter weight step with higher weight step prices set at 9p below the equivalent UK mail price
- The price of a first weight step UK letter will rise by 2p to 45p (4.7% increase) with significantly higher increases for large letters and packets
- Discounts will be introduced for franked meter and PPI users

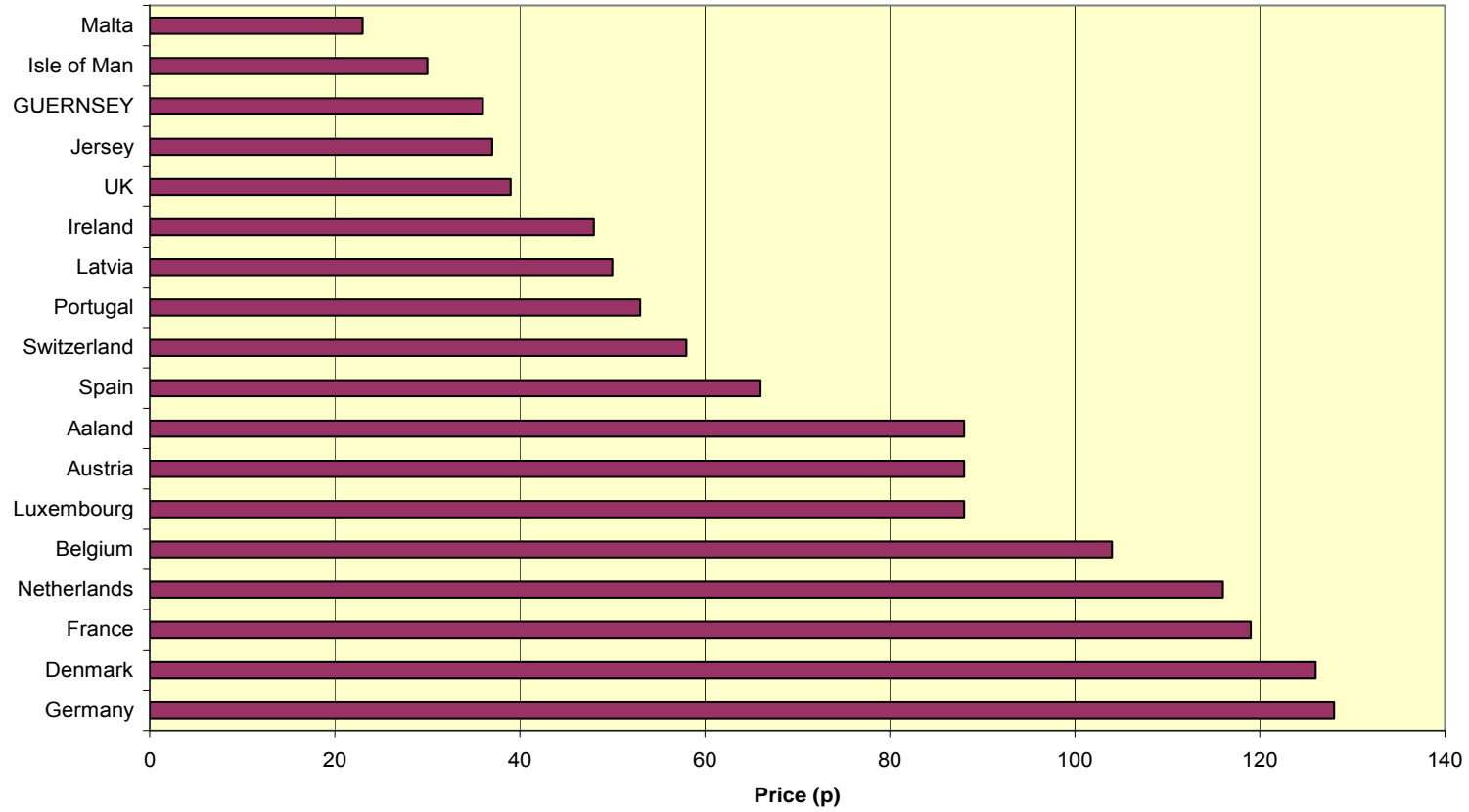
Price benchmarking

The tables below show the relative price of a 50g and 100g domestic letter across a selected sample of European countries. Guernsey continues to offer one of the cheapest prices.

European Domestic Mail Prices - 50g Letter



European Domestic Mail Prices - 100g



3.3.5 Bulk mail tariff proposal

The main driver for change in our bulk mail tariffs is the same as that for the public tariff, the change in structure for the charges we pay Royal Mail for handling our UK and International mail. Up until March 2009 we have been charged primarily on a weight basis. The format of the traffic, i.e. whether it was a letter or packet, did not form a significant part of the price calculations. This is no longer the case.

In addition we have had to review the prices we were offering for certain mail as we do not believe that the current price can be justified on a cost-avoided basis.

A key principle applied in designing the bulk product portfolio was to provide customers with options around the price they are prepared to pay set against the speed of delivery, the size format in which they present their mail, and the level of pre-sortation they are prepared to provide.

In terms of speed of delivery we are offering delivery expectation of day of posting plus one and day of posting plus two, with relevant quality of service targets. (90% and 83% respectively)

Royal Mail charges, which will next year represent about 60% of our total pipeline costs, are now format (Pricing in Proportion) based. Our product range reflects those charges and allows customers who can package their products appropriately to take advantage of the lower prices for Letter, and Large Letter format mail.

As with our current product offer the new portfolio offers our customers further discounts if they are able to present their mail in a way which reduces our cost of handling and allows us to take advantage of the lower rates Royal Mail offer for pre-sortation of mail.

Details of the new bulk mail Tariffs are set out in the table below. In addition four unsorted products have been created to accommodate companies that are in their 6-month qualifying trading period before they can be accepted into the VAT scheme. This is because this mail will attract a higher Royal Mail charge than mail accepted as part of the VAT scheme. These products will not be actively marketed but are included in the price control submission for completion.

Bulk UK Products											
"PRIORITY"						"ECONOMY"					
UNSORTED		4 WAY SORTED		120 WAY SORTED		UNSORTED		4 WAY SORTED		120 WAY SORTED	
LETTER		LETTER		LETTER		LETTER		LETTER		LETTER	
N/A		N/A		8% DISCOUNT ON PUBLIC TARIFF		N/A		N/A		POSSIBLE FOR NEXT TARIFF DSA "2 nd Class" SERVICE	
TARGET CUSTOMER GROUPS											
N/A		N/A		DIRECT MAIL, FINANCIAL SERVICES		N/A		N/A		DIRECT MAIL, FINANCIAL SERVICES	
				Price up to 100g		£0.414					
UNSORTED		4 WAY SORTED		120 WAY SORTED		UNSORTED		4 WAY SORTED		120 WAY SORTED	
LARGE LETTER		LARGE LETTER		LARGE LETTER		LARGE LETTER		LARGE LETTER		LARGE LETTER	
SLP OF PUBLIC TARIFF		3p DISCOUNT ON SLP OF PUBLIC TARIFF		8p DISCOUNT ON SLP OF PUBLIC TARIFF		DISCOUNT ON PUBLIC TARIFF TO REFLECT DIFFERENCE IN CONVEYANCE CHARGE – SEA OVER AIR		DISCOUNT ON PUBLIC TARIFF AFTER 3p TO REFLECT DIFFERENCE IN CONVEYANCE CHARGE - SEA OVER AIR		RM CHARGE PLUS A MARK UP AS AGREED	
Item price	£0.510	Item price	£0.480	Item price	£0.410	Item price	£0.494	Item price	£0.464	Item price	£0.272
Price per kg	£2.400	Price per kg	£2.400	Price per kg	£2.400	Price per kg	£1.650	Price per kg	£1.650	Price per kg	£1.400
TARGET CUSTOMER GROUPS											
FULFILMENT		FULFILMENT		FULFILMENT		FULFILMENT		FULFILMENT		FULFILMENT	
UNSORTED		4 WAY SORTED		120 WAY SORTED		UNSORTED		4 WAY SORTED		120 WAY SORTED	
PACKET		PACKET		PACKET		PACKET		PACKET		PACKET	
SLP OF PUBLIC TARIFF DISCOUNTED TO REFLECT LOWER RM ACCESS (MOU)		5p DISCOUNT ON SLP OF PUBLIC TARIFF DISCOUNTED TO REFLECT LOWER RM ACCESS (MOU)		16p DISCOUNT ON SLP OF PUBLIC TARIFF DISCOUNTED TO REFLECT LOWER RM ACCESS (MOU)		DISCOUNT ON SLP OF PUBLIC TARIFF TO REFLECT LOWER RM ACCESS (MOU) AND CONVEYANCE CHARGE - SEA OVER AIR		DISCOUNT ON SLP OF PUBLIC TARIFF AFTER 5p TO REFLECT LOWER RM ACCESS (MOU) AND CONVEYANCE CHARGE - SEA OVER AIR		RM CHARGE PLUS A MARK UP AS AGREED	
Item price	£1.277	Item price	£1.227	Item price	£1.027	Item price	£1.210	Item price	£1.160	Item price	£0.700
Price per kg	£2.400	Price per kg	£2.400	Price per kg	£2.400	Price per kg	£2.048	Price per kg	£2.048	Price per kg	£1.704
TARGET CUSTOMER GROUPS											
FLOWER EXPORTERS, FULFILMENT		FLOWER EXPORTERS, FULFILMENT		FLOWER EXPORTERS, FULFILMENT		FLOWER EXPORTERS, FULFILMENT		FLOWER EXPORTERS, FULFILMENT		FLOWER EXPORTERS, FULFILMENT	

Where we have been able to, following initial discussions with some customers, we have built into our assumptions the level to which businesses can change their picking and packing operations to take advantage of these economies and we will continue talking to our customers to see how we can work with them on more opportunities to achieve higher levels of migration to the Large Letter format

At Annex 4 we have attached a copy of our consultation calendar, which sets out the discussions we have had to date and how we plan to extend these to all our large customers on a face-to-face basis.

Our initial assessment of the impact of the tariffs on two key groups of Bulk Mail customers is shown below:

Customer Cost Increases 2010-11 vs 2009-10

	Current Product Profile	Potential Product Profile 1	Potential Product Profile 2
Flower Exporters	21.5%	21.5%	3.2%
Fulfilment	39.4%	21.2%	39.1%

Current Product Profile: assumes all customers use equivalent products in 2010-11 compared to 2009-10.

Potential Product Profile 1 assumes 5 customers switch a significant proportion of their traffic from Packets into Large Letters.

Potential Product Profile 2 assumes all customers currently using Air based products switch to the 'Economy' products.

3.3.6 International Letters tariff proposal

Until 2008/2009 RM charges have been calculated on an average weight basis at a rate (in 2008/2009) of approximately £7.50 per kilo. A consequence of this is that first weight step letters whilst providing a high contribution have enjoyed relatively low prices. The new charges proposed by RM with effect from 2009/2010 apply separately for Letters, Large Letters and Packets. The impact of the new charges is a small reduction in the overall charge disguising large increases for lower weight steps and reductions for higher steps.

To ensure that GPL makes an adequate contribution at the lower weight steps it is necessary to increase the first letter weight step price from 51p to 56p.

Users of PPI (who post at the higher weight steps) will gain from the rebalancing of prices.

The new charging structure agreed with RM allows us headroom to offer a bulk mail tariff to our customers in exchange for work share.

The new charging structure is format based, broadly following the same principles as for UK mail and is, therefore, more cost reflective than the current price structure. We are also taking the opportunity to compress the current 3 zones into 2 – Europe and Rest of World.

We are also proposing to roll out format based pricing to public tariff customers,

Details of the proposed tariffs are shown below.

Bulk UK Products											
"PRIORITY"						"ECONOMY"					
UNSORTED		4 WAY SORTED		120 WAY SORTED		UNSORTED		4 WAY SORTED		120 WAY SORTED	
LETTER		LETTER		LETTER		LETTER		LETTER		LETTER	
N/A		N/A		8% DISCOUNT ON PUBLIC TARIFF		N/A		N/A		POSSIBLE FOR NEXT TARIFF DSA "2 nd Class" SERVICE	
TARGET CUSTOMER GROUPS											
N/A		N/A		DIRECT MAIL, FINANCIAL SERVICES		N/A		N/A		DIRECT MAIL, FINANCIAL SERVICES	
				Price up to 100g						£0.414	
UNSORTED		4 WAY SORTED		120 WAY SORTED		UNSORTED		4 WAY SORTED		120 WAY SORTED	
LARGE LETTER		LARGE LETTER		LARGE LETTER		LARGE LETTER		LARGE LETTER		LARGE LETTER	
SLP OF PUBLIC TARIFF		3p DISCOUNT ON SLP OF PUBLIC TARIFF		8p DISCOUNT ON SLP OF PUBLIC TARIFF		DISCOUNT ON PUBLIC TARIFF TO REFLECT DIFFERENCE IN CONVEYANCE CHARGE – SEA OVER AIR		DISCOUNT ON PUBLIC TARIFF AFTER 3p TO REFLECT DIFFERENCE IN CONVEYANCE CHARGE - SEA OVER AIR		RM CHARGE PLUS A MARK UP AS AGREED	
Item price	£0.510	Item price	£0.480	Item price	£0.410	Item price	£0.494	Item price	£0.464	Item price	£0.272
Price per kg	£2.400	Price per kg	£2.400	Price per kg	£2.400	Price per kg	£1.650	Price per kg	£1.650	Price per kg	£1.400
TARGET CUSTOMER GROUPS											
FULFILMENT		FULFILMENT		FULFILMENT		FULFILMENT		FULFILMENT		FULFILMENT	
UNSORTED		4 WAY SORTED		120 WAY SORTED		UNSORTED		4 WAY SORTED		120 WAY SORTED	
PACKET		PACKET		PACKET		PACKET		PACKET		PACKET	
SLP OF PUBLIC TARIFF DISCOUNTED TO REFLECT LOWER RM ACCESS (MOU)		5p DISCOUNT ON SLP OF PUBLIC TARIFF DISCOUNTED TO REFLECT LOWER RM ACCESS (MOU)		16p DISCOUNT ON SLP OF PUBLIC TARIFF DISCOUNTED TO REFLECT LOWER RM ACCESS (MOU)		DISCOUNT ON SLP OF PUBLIC TARIFF TO REFLECT LOWER RM ACCESS (MOU) AND CONVEYANCE CHARGE - SEA OVER AIR		DISCOUNT ON SLP OF PUBLIC TARIFF AFTER 5p TO REFLECT LOWER RM ACCESS (MOU) AND CONVEYANCE CHARGE - SEA OVER AIR		RM CHARGE PLUS A MARK UP AS AGREED	
Item price	£1.277	Item price	£1.227	Item price	£1.027	Item price	£1.210	Item price	£1.160	Item price	£0.700
Price per kg	£2.400	Price per kg	£2.400	Price per kg	£2.400	Price per kg	£2.048	Price per kg	£2.048	Price per kg	£1.704
TARGET CUSTOMER GROUPS											
FLOWER EXPORTERS, FULFILMENT		FLOWER EXPORTERS, FULFILMENT		FLOWER EXPORTERS, FULFILMENT		FLOWER EXPORTERS, FULFILMENT		FLOWER EXPORTERS, FULFILMENT		FLOWER EXPORTERS, FULFILMENT	

Bulk International Products			
Europe		Rest of World	
Letter		Letter	
Item price	£0.367	Item price	£0.498
Price per kg	£6.111	Price per kg	£12.222
TARGET CUSTOMER GROUPS			
DIRECT MAIL, FINANCIAL SERVICES		DIRECT MAIL, FINANCIAL SERVICES	
Large Letter		Large Letter	
Item price	£0.428	Item price	£0.559
Price per kg	£6.111	Price per kg	£12.222
TARGET CUSTOMER GROUPS			
FULFILMENT		FULFILMENT	
Packet		Packet	
Item price	£0.690	Item price	£0.821
Price per kg	£6.111	Price per kg	£12.222
TARGET CUSTOMER GROUPS			
FLOWER EXPORTERS, FULFILMENT		FLOWER EXPORTERS, FULFILMENT	

3.3.7 Parcels tariff proposal

UK parcels

Prices have been frozen for the tariff year pending a review of the longer term - details of the proposed tariffs are shown in Annexe 2 below.

International parcels tariff proposal

Prices have not yet been agreed with Parcelforce Worldwide.

3.3.8 Other products tariff proposals

There are only a few proposed changes to the prices for Other Products – details are at Annexe 2.

4 STAKEHOLDER ENGAGEMENT

4.1 The process of engaging major customers in the tariff debate has already commenced and further activity is planned both over the next weeks and in the run up to implementation of the agreed tariff changes. The key stakeholders include

- Major customers
- Trade associations
- Postwatch
- Local business groups
- GPL employees
- shareholder

4.2 An outline communication plan is at Annexe 3

5 IMPLEMENTATION OF PRODUCT AND TARIFF CHANGES

5.1 Once the tariff proposals have been agreed by OUR the objective of the communications plan is to ensure that all customers are aware of the change to PIP by launch date 2nd April, that they understand how to calculate the price of mail and understand the reasons why we are doing it.

5.2 During the period of review with the OUR we will be in discussion with our major customers to help them fully understand the impact of the tariff changes on their systems and processes e.g. billing and to provide assistance with the transition.

Risks and Opportunities

The following risks and opportunities have been identified:

- if the implementation of tariff changes is delayed there will be financial implications for GPL. GPL has no choice other than to switch to PiP despatching from 1 April.

- the financial calculations are based on volume and switching assumptions following preliminary discussions with major posting customers – if these turn out in practice to be materially wrong it may have an implication for bottom line profitability:
- although we have taken a considered view of their own growth forecasts volumes may be less than anticipated
- the inflation assumption of 2.9% may be incorrect
- our core volume may decline more than forecast
- the price deterrence factor for bulk customers may be higher than forecast

ANNEXE

DETAILED INFORMATION TO SUPPORT SUBMISSION

Annex 1**Tariff tables**

INTRA BAILIWICK POSTAL RATES		
Letter		
g	1 st April 2009	1 st April 2010
100 max	£0.36	£0.36

INTRA BAILIWICK POSTAL RATES		
Large Letter		
g	1 st April 2009	1 st April 2010
100	£0.36	£0.66
150	£0.50	£0.78
200	£0.64	£0.90
250	£0.78	£1.02
300	£0.92	£1.14
350	£1.06	£1.26
400	£1.20	£1.38
450	£1.34	£1.50
500	£1.48	£1.62
550	£1.62	£1.74
600	£1.76	£1.86
650	£1.90	£1.98
700	£2.04	£2.10
750 max	£2.18	£2.22

INTRA BAILIWICK POSTAL RATES		
Packet		
g	1 st April 2009	1 st April 2010
100	£0.36	£1.71
150	£0.50	£1.88
200	£0.64	£2.05
250	£0.78	£2.22
300	£0.92	£2.39
350	£1.06	£2.56
400	£1.20	£2.73
450	£1.34	£2.90
500	£1.48	£3.07
550	£1.62	£3.24
600	£1.76	£3.41
650	£1.90	£3.58
700	£2.04	£3.75
750	£2.18	£3.92
800	£2.32	£4.09
850	£2.46	£4.26
900	£2.60	£4.43
950	£2.74	£4.60
1000	£2.88	£4.77
Each 50g after	£0.14	£0.17

UK, JERSEY & ISLE OF MAN POSTAL RATES		
Letter		
g	1 st April 2009	1 st April 2010
100 max	£0.43	£0.45

UK, JERSEY & ISLE OF MAN POSTAL RATES		
Large Letter		
g	1 st April 2009	1 st April 2010
100	£0.43	£0.75
150	£1.09	£0.87
200	£1.24	£0.99
250	£1.39	£1.11
300	£1.54	£1.23
350	£1.69	£1.35
400	£1.84	£1.47
450	£1.99	£1.59
500	£2.14	£1.71
550	£2.29	£1.83
600	£2.44	£1.95
650	£2.59	£2.07
700	£2.74	£2.19
750 max	£2.89	£2.31

UK, JERSEY & ISLE OF MAN POSTAL RATES		
Packet		
g	1 st April 2009	1 st April 2010
100	£0.43	£1.80
150	£1.09	£1.97
200	£1.24	£2.14
250	£1.39	£2.31
300	£1.54	£2.48
350	£1.69	£2.65
400	£1.84	£2.82
450	£1.99	£2.99
500	£2.14	£3.16
550	£2.29	£3.33
600	£2.44	£3.50
650	£2.59	£3.67
700	£2.74	£3.84
750	£2.89	£4.01
800	£3.04	£4.18
850	£3.19	£4.35
900	£3.34	£4.52
950	£3.49	£4.69
1000	£3.64	£4.86
Each 50g after	£0.15	£0.17

INTERNATIONAL POSTAL RATES					
Letter					
	1 April 2009			1 April 2010	
g	Europe	World zone 1	World zone 2	Europe	R.O.W.
10	£0.51	£0.56	£0.56	£0.56	£0.62
20	£0.51	£0.77	£0.77	£0.56	£0.83
40	£0.69	£1.14	£1.21	£0.70	£1.12
60	£0.87	£1.51	£1.65	£0.84	£1.40
80	£1.05	£1.88	£2.09	£0.98	£1.69
100 max	£1.23	£2.25	£2.53	£1.12	£1.97

INTERNATIONAL POSTAL RATES					
Large Letter					
	1 April 2009			2001 April 2010	
g	Europe	World zone 1	World zone 2	Europe	R.O.W.
10	£0.51	£0.56	£0.56	£0.63	£0.69
20	£0.51	£0.77	£0.77	£0.63	£0.90
40	£0.69	£1.14	£1.21	£0.77	£1.19
60	£0.87	£1.51	£1.65	£0.91	£1.47
80	£1.05	£1.88	£2.09	£1.05	£1.76
100	£1.23	£2.25	£2.53	£1.19	£2.04
120	£1.41	£2.62	£2.97	£1.33	£2.32
140	£1.59	£2.99	£3.41	£1.47	£2.60
160	£1.77	£3.36	£3.85	£1.61	£2.88
180	£1.95	£3.73	£4.29	£1.75	£3.17
200	£2.13	£4.10	£4.73	£1.89	£3.45
220	£2.31	£4.47	£5.17	£2.03	£3.74
240	£2.49	£4.84	£5.61	£2.17	£4.03
260	£2.67	£5.21	£6.05	£2.31	£4.32
280	£2.85	£5.58	£6.49	£2.45	£4.61
300	£3.03	£5.95	£6.93	£2.59	£4.90
320	£3.21	£6.32	£7.37	£2.73	£5.19
340	£3.39	£6.69	£7.81	£2.87	£5.48
360	£3.57	£7.06	£8.25	£3.01	£5.77
380	£3.75	£7.43	£8.69	£3.15	£6.06
400	£3.93	£7.80	£9.13	£3.29	£6.35
420	£4.11	£8.17	£9.57	£3.43	£6.64
440	£4.29	£8.54	£10.01	£3.57	£6.93
460	£4.47	£8.91	£10.45	£3.71	£7.22
480	£4.65	£9.28	£10.89	£3.85	£7.51
500 max	£4.83	£9.65	£11.33	£3.99	£7.80

INTERNATIONAL POSTAL RATES					
Packet					
	1 April 2009			2001 April 20109	
g	Europe	World zone 1	World zone 2	Europe	R.O.W.
10	£0.51	£0.56	£0.56	£0.93	£0.99
20	£0.51	£0.77	£0.77	£0.93	£1.20
40	£0.69	£1.14	£1.21	£1.07	£1.49
60	£0.87	£1.51	£1.65	£1.21	£1.77
80	£1.05	£1.88	£2.09	£1.35	£2.06
100	£1.23	£2.25	£2.53	£1.49	£2.34
120	£1.41	£2.62	£2.97	£1.63	£2.62
140	£1.59	£2.99	£3.41	£1.77	£2.90
160	£1.77	£3.36	£3.85	£1.91	£3.18
180	£1.95	£3.73	£4.29	£2.05	£3.47
200	£2.13	£4.10	£4.73	£2.19	£3.75
220	£2.31	£4.47	£5.17	£2.33	£4.04
240	£2.49	£4.84	£5.61	£2.47	£4.33
260	£2.67	£5.21	£6.05	£2.61	£4.62
280	£2.85	£5.58	£6.49	£2.75	£4.91
300	£3.03	£5.95	£6.93	£2.89	£5.20
320	£3.21	£6.32	£7.37	£3.03	£5.49
340	£3.39	£6.69	£7.81	£3.17	£5.78
360	£3.57	£7.06	£8.25	£3.31	£6.07
380	£3.75	£7.43	£8.69	£3.45	£6.36
400	£3.93	£7.80	£9.13	£3.59	£6.65
420	£4.11	£8.17	£9.57	£3.73	£6.94
440	£4.29	£8.54	£10.01	£3.87	£7.23
460	£4.47	£8.91	£10.45	£4.01	£7.52
480	£4.65	£9.28	£10.89	£4.15	£7.81
500	£4.83	£9.65	£11.33	£4.29	£8.10
Each 20g up to 2000g max	£0.18	£0.37	£0.44	£0.14	£0.29

INTRA BAILIWICK POSTAL RATES FRANKED MAIL AND PPI*		
Letter		
g	1 st April 2009	1 st April 2010
100 max	£0.36	£0.35

INTRA BAILIWICK POSTAL RATES FRANKED MAIL AND PPI*		
Large Letter		
g	1 st April 2009	1 st April 2010
100	£0.36	£0.64
150	£0.50	£0.76
200	£0.64	£0.87
250	£0.78	£0.99
300	£0.92	£1.11
350	£1.06	£1.22
400	£1.20	£1.34
450	£1.34	£1.46
500	£1.48	£1.57
550	£1.62	£1.69
600	£1.76	£1.80
650	£1.90	£1.92
700	£2.04	£2.04
750 max	£2.18	£2.15

INTRA BAILIWICK POSTAL RATES FRANKED MAIL AND PPI*		
Packet		
g	1 st April 2009	1 st April 2010
100	£0.36	£1.66
150	£0.50	£1.82
200	£0.64	£1.99
250	£0.78	£2.15
300	£0.92	£2.32
350	£1.06	£2.48
400	£1.20	£2.65
450	£1.34	£2.81
500	£1.48	£2.98
550	£1.62	£3.14
600	£1.76	£3.31
650	£1.90	£3.47
700	£2.04	£3.64
750	£2.18	£3.80
800	£2.32	£3.97
850	£2.46	£4.13
900	£2.60	£4.30
950	£2.74	£4.46
1000	£2.88	£4.63
Each 50g after	£0.14	£0.16

* DISCOUNT ON PUBLIC TARIFF. NOT APPLICABLE FOR BULK PPI CUSTOMERS

UK, JERSEY & ISLE OF MAN POSTAL RATES FRANKED MAIL AND PPI*		
Letter		
g	1 st April 2009	1 st April 2010
100 max	£0.43	£0.44

UK, JERSEY & ISLE OF MAN POSTAL RATES FRANKED MAIL AND PPI*		
Large Letter		
g	1 st April 2009	1 st April 2010
100	£0.43	£0.73
150	£1.09	£0.84
200	£1.24	£0.96
250	£1.39	£1.08
300	£1.54	£1.19
350	£1.69	£1.31
400	£1.84	£1.43
450	£1.99	£1.54
500	£2.14	£1.66
550	£2.29	£1.78
600	£2.44	£1.89
650	£2.59	£2.01
700	£2.74	£2.12
750 max	£2.89	£2.24

UK, JERSEY & ISLE OF MAN POSTAL RATES FRANKED MAIL AND PPI*		
Packet		
g	1 st April 2009	1 st April 2010
100	£0.43	£1.75
150	£1.09	£1.91
200	£1.24	£2.08
250	£1.39	£2.24
300	£1.54	£2.41
350	£1.69	£2.57
400	£1.84	£2.74
450	£1.99	£2.90
500	£2.14	£3.07
550	£2.29	£3.23
600	£2.44	£3.40
650	£2.59	£3.56
700	£2.74	£3.72
750	£2.89	£3.89
800	£3.04	£4.05
850	£3.19	£4.22
900	£3.34	£4.38
950	£3.49	£4.55
1000	£3.64	£4.71
Each 50g after	£0.15	£0.16

* DISCOUNT ON PUBLIC TARIFF. NOT APPLICABLE FOR BULK PPI CUSTOMERS

INTERNATIONAL POSTAL RATES FRANKED MAIL AND PPI*					
Letter					
	1 April 2009			2001 April 20109	
g	Europe	World zone 1	World zone 2	Europe	ROW
10	£0.51	£0.56	£0.56	£0.54	£0.60
20	£0.51	£0.77	£0.77	£0.54	£0.81
40	£0.69	£1.14	£1.21	£0.68	£1.09
60	£0.87	£1.51	£1.65	£0.81	£1.36
80	£1.05	£1.88	£2.09	£0.95	£1.64
100 max	£1.23	£2.25	£2.53	£1.09	£1.91

INTERNATIONAL POSTAL RATES FRANKED MAIL AND PPI*					
Large Letter					
	1 April 2009			2001 April 20109	
g	Europe	World zone 1	World zone 2	Europe	R.O.W.
10	£0.51	£0.56	£0.56	£0.61	£0.67
20	£0.51	£0.77	£0.77	£0.61	£0.87
40	£0.69	£1.14	£1.21	£0.75	£1.15
60	£0.87	£1.51	£1.65	£0.88	£1.43
80	£1.05	£1.88	£2.09	£1.02	£1.71
100	£1.23	£2.25	£2.53	£1.15	£1.98
120	£1.41	£2.62	£2.97	£1.29	£2.25
140	£1.59	£2.99	£3.41	£1.43	£2.52
160	£1.77	£3.36	£3.85	£1.56	£2.79
180	£1.95	£3.73	£4.29	£1.70	£3.07
200	£2.13	£4.10	£4.73	£1.83	£3.35
220	£2.31	£4.47	£5.17	£1.97	£3.63
240	£2.49	£4.84	£5.61	£2.10	£3.91
260	£2.67	£5.21	£6.05	£2.24	£4.19
280	£2.85	£5.58	£6.49	£2.38	£4.47
300	£3.03	£5.95	£6.93	£2.51	£4.75
320	£3.21	£6.32	£7.37	£2.65	£5.03
340	£3.39	£6.69	£7.81	£2.78	£5.32
360	£3.57	£7.06	£8.25	£2.92	£5.60
380	£3.75	£7.43	£8.69	£3.06	£5.88
400	£3.93	£7.80	£9.13	£3.19	£6.16
420	£4.11	£8.17	£9.57	£3.33	£6.44
440	£4.29	£8.54	£10.01	£3.46	£6.72
460	£4.47	£8.91	£10.45	£3.60	£7.00
480	£4.65	£9.28	£10.89	£3.73	£7.28
500 max	£4.83	£9.65	£11.33	£3.87	£7.57

* DISCOUNT ON PUBLIC TARIFF. NOT APPLICABLE FOR BULK PPI CUSTOMERS

INTERNATIONAL POSTAL RATES FRANKED MAIL AND PPI*					
Packet					
g	Europe	World zone 1	World zone 2	Europe	R.O.W.
10	£0.51	£0.56	£0.56	£0.90	£0.96
20	£0.51	£0.77	£0.77	£0.90	£1.16
40	£0.69	£1.14	£1.21	£1.04	£1.45
60	£0.87	£1.51	£1.65	£1.17	£1.72
80	£1.05	£1.88	£2.09	£1.31	£2.00
100	£1.23	£2.25	£2.53	£1.45	£2.27
120	£1.41	£2.62	£2.97	£1.58	£2.54
140	£1.59	£2.99	£3.41	£1.72	£2.81
160	£1.77	£3.36	£3.85	£1.85	£3.08
180	£1.95	£3.73	£4.29	£1.99	£3.37
200	£2.13	£4.10	£4.73	£2.12	£3.64
220	£2.31	£4.47	£5.17	£2.26	£3.92
240	£2.49	£4.84	£5.61	£2.40	£4.20
260	£2.67	£5.21	£6.05	£2.53	£4.48
280	£2.85	£5.58	£6.49	£2.67	£4.76
300	£3.03	£5.95	£6.93	£2.80	£5.04
320	£3.21	£6.32	£7.37	£2.94	£5.33
340	£3.39	£6.69	£7.81	£3.07	£5.61
360	£3.57	£7.06	£8.25	£3.21	£5.89
380	£3.75	£7.43	£8.69	£3.35	£6.17
400	£3.93	£7.80	£9.13	£3.48	£6.45
420	£4.11	£8.17	£9.57	£3.62	£6.73
440	£4.29	£8.54	£10.01	£3.75	£7.01
460	£4.47	£8.91	£10.45	£3.89	£7.29
480	£4.65	£9.28	£10.89	£4.03	£7.58
500	£4.83	£9.65	£11.33	£4.16	£7.86
Each 20g up to 2000g max	£0.18	£0.37	£0.44	£0.14	£0.28

* DISCOUNT ON PUBLIC TARIFF. NOT APPLICABLE FOR BULK PPI CUSTOMERS

Annexe 2**Other products**

Universal Service Obligation – Reserved Area			
PRODUCT	PRICE		VARIANCE
Recorded Delivery	£1 in addition to appropriate postage.		(no change)
Articles for the Blind			
Local Delivery		FREE	(no change)
By air - UK and Europe	Up to 1kg	FREE	(no change)
	From 1kg to 7kg	£0.01 per 500g or part thereof	(no change)
By air - Rest of the World	Up to 500g	£0.10	(no change)
	From 500g to 1kg	£0.20	(no change)
	From 1kg to 7kg	£0.20 per kg or part thereof	(no change)
HM Forces Service			
Letters	up to 100g	£0.36	(no change)
Packets and Parcels		Postage as for UK	(no change)
Keepsafe			
	WEEKS		(no change)
	2	£25	(no change)
	3-4	£33	(no change)
	5-6	£41	(no change)
	7-12 MAX	£50	(no change)
	Prices for renewing an existing Keepsafe Service		
	2	£10	(no change)
	3-4	£18	(no change)
	5-6	£26	(no change)
	7-10 MAX	£35	(no change)

Parcel Delivery - redelivery	FREE		(no change)
Business Reply Service			
			(no change)
Bailiwick & UK	Annual licence fee	£45	(no change)
	Premium per item	2p	(no change)
International	Annual licence fee	£395	(no change)
	Premium per item	36p, after the first 1000 items per year	(no change)

Universal Service Obligation – Non-Reserved Area						
PRODUCT	PRICE					VARIANCE
Redirection of Mail	MONTH	BAILIWICK	JERSEY, UK, IOM	EUROPE	ROW	
	1	£27.50	£36.50	£64.10	£108.10	(no change)
	3	£48.80	£73.20	£147.70	£266.40	(no change)
	6	£78.00	£123.60	£262.70	£484.20	(no change)
	12	£135.00	£221.00	£486.70	£908.80	(no change)
		Costs for renewing an existing Redirection				
	1	£12.50	£21.60	£49.10	£93.10	(no change)
	3	£33.80	£58.20	£132.70	£251.40	(no change)
	6	£63.00	£108.60	£247.70	£469.20	(no change)
Ad-Hoc Collections	Per collection	£25				(no change)
Freepost	Annual licence fee	£45				(no change)
	Premium per item	2p				(no change)
Timed Delivery		£1,350 per annum				(no change)
Timed Collection		£1,350 per annum				(no change)
Post Restante		Free				(no change)

Private Box	Envoy House, Guernsey	£145		(no change)
	Smith Street, Guernsey	£447		(no change)
	Victoria Street, Alderney	£76		(no change)
	The Avenue, Sark	£76		(no change)
		one off set up fee	annual charge	
	Envoy House, Guernsey	£75	£145	(no change)
	Smith Street, Guernsey	£75	£447	(no change)
	Victoria Street, Alderney	£75	£76	(no change)
	The Avenue, Sark	£75	£76	(no change)
Each additional addressee	First 10	£24.00 for each additional addressee		(no change)
Envoy House, Guernsey	Next 90	£15.00 for each additional addressee		(no change)
Smith Street, Guernsey	Next 400	£10.00 for each additional addressee		(no change)
Victoria Street, Alderney	Next 250	£10.00 for each additional addressee		(no change)
Each additional addressee The Avenue, Sark	After 750	No additional charge		(no change)

Universal Service Obligation – Non-Reserved Area (cont)			
Local Parcels	Item weight not over	Parcel rates	
	1kg	£2.94	(no change)
	2kg	£3.44	(no change)
	4kg	£4.26	(no change)
	6kg	£4.87	(no change)
	8kg	£5.49	(no change)
	10kg	£6.10	(no change)
	15kg	£10.09	(no change)
	20kg	£12.20	(no change)
	30kg (max)	£14.63	(no change)
UK Parcels	Item weight not over	Parcel rates	
	1kg	£4.77	(no change)
	2kg	£5.82	(no change)
	4kg	£7.93	(no change)
	6kg	£9.53	(no change)
	8kg	£11.08	(no change)
	10kg	£12.59	(no change)
	15kg	£14.69	(no change)
	20kg	£16.29	(no change)
	30kg (max)	£17.46	(no change)

Non Universal Service Obligation						
PRODUCT	PRICE					VARIANCE
Mailroom Franking	Daily volume	Charge per item		Collection charge (per year)		
	0-300 items	4p		£1,350		(no change)
	301-999 items	3p		£1,350		(no change)
	1000+ items	2p		£1,350		(no change)
Franking Service	Per Item	3p				increase to 4p
Door2Door	Direct	Bespoke pricing				(no change)
Business	All Business addresses	£239				Increase to £500
		0-25g	26-50g	51-75g	76-125g	(no change)
Bailiwick	29,359	£3,229	£4,110	£4,403	£4,697	(no change)
Island wide	27,359	£3,009	£3,830	£4,103	£4,377	(no change)
Residential Only	25,198	£2,771	£3,528	£3,779	£4,032	(no change)

Special Delivery	Item weight	Insurance options - up to			Increased 10% (see table below rounded to nearest 5p)
		£500	£1000	£2,500**	
	1g – 100g	£5.80	£6.80	£9.80	
	101g – 500g	£6.60	£7.60	£10.60	
	501g – 1kg	£9.00	£10.00	£13.00	
	1kg – 2kg	£12.10	£13.10	£16.10	
	2kg – 5kg	£14.90	£15.90	£18.90	
	5kg – 10kg (max)	£20.80	£21.80	£24.80	
2010/11 prices	Item weight	£500	£1,000	£2,500**	
	1g – 100g	£6.40	£7.40	£9.40	
	101g – 500g	£7.25	£8.25	£10.25	
	501g – 1kg	£9.90	£10.90	£12.90	
	1kg – 2kg	£13.30	£14.30	£16.30	
	2kg – 5kg	£16.40	£17.40	£19.40	
	5kg – 10kg (max)	£22.90	£23.90	£25.90	

International Signed For	Item weight not over	£3.66 plus postage			
		Europe	World zone 1	World zone 2	
	10g	£4.17	£4.22	£4.22	
	20g	£4.17	£4.43	£4.43	
	40g	£4.35	£4.80	£4.87	
	60g	£4.53	£5.17	£5.31	
	Each additional 20g	£0.18	£0.37	£0.44	
	Max weight 2kg	2kg	2kg	2kg	
	Item weight not over	Europe	R.O.W.		World Zone 2 dropped
	10g	£4.17	£4.22		
	20g	£4.17	£4.43		
	40g	£4.35	£4.87		
	60g	£4.53	£5.31		
	Each additional 20g	£0.18	£0.44		
	Max weight	2kg	2kg		

Non Universal Service Obligation (cont)					
Airsure		£4.43 plus postage			
	Item weight not over	Europe	World zone 1	World zone 2	
	10g	£4.94	£4.99	£4.99	
	20g	£4.94	£5.20	£5.20	
	40g	£5.12	£5.57	£5.64	
	60g	£5.30	£5.94	£6.08	
	Each additional 20g	£0.18	£0.37	£0.44	
	Max weight	2kg	2kg	2kg	
	Item weight not over	Europe	R.O.W.		World Zone 2 dropped
	10g	£4.94	£4.99		
	20g	£4.94	£5.20		
	40g	£5.12	£5.64		
	60g	£5.30	£6.08		
	Each additional 20g	£0.18	£0.44		
	Max weight	2kg	2kg		

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FedEx						
Weight – Pack size	ZONE 1	ZONE 2	ZONE 3	ZONE 4	ZONE 5	
FedEx Envelope	£32.67	£33.70	£34.83	£35.01	£35.01	(no change)
kg						
0.5	£33.39	£33.70	£35.86	£36.04	£36.04	(no change)
1.0	£37.10	£41.32	£41.43	£42.53	£43.80	(no change)
1.5	£40.40	£44.58	£44.27	£45.26	£48.04	(no change)
2.0	£43.91	£48.08	£47.37	£48.48	£50.91	(no change)
2.5	£47.45	£51.60	£50.49	£51.73	£54.23	(no change)
(Any type of packaging including FedEx Box and FedEx Tube)						
kg	ZONE 1	ZONE 2	ZONE 3	ZONE 4	ZONE 5	(no change)
0.5	£33.39	£38.65	£45.03	£44.56	£50.12	(no change)
1.0	£37.10	£43.70	£49.16	£48.74	£49.87	(no change)
1.5	£40.40	£48.25	£52.74	£53.01	£55.40	(no change)
2.0	£43.91	£53.06	£56.62	£57.28	£61.08	(no change)
2.5	£47.45	£57.89	£60.52	£61.56	£66.42	(no change)
3.0	£50.34	£62.59	£64.86	£66.24	£68.23	(no change)
3.5	£52.53	£66.44	£68.30	£69.54	£71.53	(no change)
4.0	£54.68	£70.23	£71.68	£72.83	£75.10	(no change)
4.5	£56.83	£74.02	£75.05	£76.11	£78.51	(no change)
5.0	£59.03	£77.88	£78.50	£79.42	£81.84	(no change)
5.5	£61.17	£80.94	£81.35	£82.52	£85.04	(no change)
6.0	£63.34	£84.04	£84.25	£85.59	£87.99	(no change)
6.5	£65.49	£87.12	£87.12	£88.70	£91.11	(no change)
7.0	£67.65	£90.20	£89.99	£91.77	£94.08	(no change)
7.5	£69.83	£93.31	£92.89	£94.87	£97.03	(no change)
8.0	£72.00	£96.41	£95.79	£97.96	£100.39	(no change)
8.5	£74.15	£99.49	£98.67	£101.03	£103.34	(no change)
9.0	£76.31	£102.57	£101.54	£104.15	£106.45	(no change)
9.5	£78.48	£105.67	£104.44	£107.24	£109.55	(no change)
10.0	£80.66	£108.78	£107.34	£110.31	£118.30	(no change)

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Additional 0.5kg	£1.20	£2.60	£2.50	£2.40	£2.40	(no change)
21	£106.96	£165.88	£162.14	£163.21	£171.20	(no change)
Additional 0.5kg	£1.10	£2.50	£2.30	£2.50	£2.50	(no change)
45	£159.36	£285.88	£272.64	£283.31	£291.30	(no change)
Additional 0.5kg	£0.70	£2.50	£2.40	£2.60	£2.60	(no change)
FedEx						
Weight – Pack size	ZONE 1	ZONE 2	ZONE 3	ZONE 4	ZONE 5	
70	£194.36	£410.88	£392.64	£413.31	£421.30	(no change)
World						
kg	ZONE A	ZONE B	ZONE C	ZONE D	ZONE E	ZONE F
FedEx Envelope 0.5	£29.03	£35.43	£37.81	£42.24	£45.23	£35.41 (no change)
FedEx Pak 0.5	£34.08	£37.49	£39.87	£46.26	£47.19	£37.37 (no change)
1	£36.75	£41.88	£44.92	£49.58	£52.37	£42.41 (no change)
1.5	£39.66	£45.76	£48.16	£55.33	£57.97	£46.32 (no change)
2	£42.45	£50.66	£52.10	£61.14	£64.98	£50.09 (no change)
2.5	£45.35	£54.79	£57.25	£68.50	£70.87	£53.97 (no change)

(Any type of packaging including FedEx Box and FedEx Tube)

Packages 0.5 - 30 kg	ZONE A	ZONE B	ZONE C	ZONE D	ZONE E	ZONE F	
0.5	£42.11	£48.25	£49.54	£54.56	£56.37	£48.28	(no change)
1.0	£45.72	£54.37	£56.71	£61.03	£63.36	£53.09	(no change)
1.5	£49.35	£59.65	£63.83	£67.56	£71.99	£57.90	(no change)
2.0	£53.05	£64.90	£70.55	£74.11	£79.29	£62.78	(no change)
2.5	£57.77	£70.15	£77.25	£82.62	£86.61	£68.89	(no change)
3.0	£60.74	£74.25	£81.24	£88.48	£92.71	£70.80	(no change)
3.5	£63.77	£78.39	£85.27	£94.35	£98.79	£74.70	(no change)
4.0	£66.73	£82.49	£89.30	£100.22	£104.84	£80.94	(no change)
4.5	£69.74	£86.61	£93.31	£106.08	£110.93	£84.98	(no change)
5.0	£72.70	£90.76	£97.32	£111.95	£116.99	£88.98	(no change)
5.5	£75.81	£94.23	£103.10	£117.22	£121.97	£92.60	(no change)
6.0	£78.90	£97.74	£108.87	£122.48	£126.88	£96.21	(no change)
6.5	£81.99	£101.25	£114.63	£127.71	£131.84	£99.81	(no change)
7.0	£85.08	£104.76	£120.39	£132.98	£136.79	£103.42	(no change)
7.5	£88.15	£108.27	£126.15	£138.21	£141.73	£106.99	(no change)
8.0	£91.27	£111.75	£131.91	£143.47	£146.69	£110.63	(no change)
8.5	£94.36	£115.26	£137.68	£148.74	£151.60	£114.24	(no change)
9.0	£97.45	£118.75	£143.46	£154.00	£156.56	£117.85	(no change)
9.5	£100.54	£122.26	£149.25	£159.24	£161.52	£121.45	(no change)
10	£103.64	£125.75	£154.99	£164.47	£166.46	£125.06	(no change)
Additional 0.5kg	£2.40	£3.70	£3.70	£5.00	£5.00	£3.70	
21	£156.14	£206.85	£236.29	£274.37	£276.66	£206.06	(no change)
Additional 0.5kg	£2.10	£3.40	£3.60	£4.90	£5.20	£3.30	
45	£259.24	£373.85	£413.29	£514.47	£531.66	£368.36	(no change)
Additional 0.5kg	£2.20	£3.60	£3.90	£4.90	£5.30	£3.60	
70	£367.04	£550.25	£604.39	£754.57	£791.36	£544.76	(no change)

Non Universal Service Obligation (cont)									
PRODUCT	PRICE								VARIANCE
International Std Parcels									
Weight (kgs) not over	Zone 5	Zone 6	Zone 7	Zone 8	Zone 9	Zone 10	Zone 11	Zone 12	
0.5	£5.65	£17.00	£17.00	£17.00	£18.90	£15.75	£21.75	£21.75	TBC
1.0	£6.90	£18.60	£18.60	£18.60	£21.20	£19.65	£25.55	£26.90	TBC
1.5	£8.10	£20.15	£20.15	£20.15	£23.55	£23.55	£29.40	£32.10	TBC
2.0	£9.25	£21.75	£21.75	£21.75	£25.90	£27.45	£33.30	£37.20	TBC
2.5	£10.45	£23.30	£23.30	£23.30	£28.25	£31.40	£37.10	£42.40	TBC
3.0	£11.55	£24.45	£24.45	£24.45	£30.35	£35.05	£40.55	£47.30	TBC
3.5	£12.60	£25.55	£25.55	£25.55	£32.50	£38.80	£43.90	£52.25	TBC
4.0	£13.65	£26.70	£26.70	£26.70	£34.65	£42.50	£47.30	£57.10	TBC
4.5	£14.75	£27.85	£27.85	£27.85	£36.80	£46.25	£50.70	£62.05	TBC
5.0	£15.80	£29.00	£29.00	£29.00	£38.95	£50.00	£54.15	£67.00	TBC
5.5	£16.45	£29.95	£29.95	£29.95	£40.40	£52.90	£56.95	£71.50	TBC
6.0	£17.05	£30.85	£30.85	£30.85	£41.90	£55.85	£59.80	£76.00	TBC
6.5	£17.70	£31.80	£31.80	£31.80	£43.45	£58.85	£62.65	£80.60	TBC

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7.0	£18.3 0	£32.7 5	£32.7 5	£32.7 5	£45.0 0	£61.8 0	£65.4 5	£85.1 0	TBC
7.5	£18.9 5	£33.7 0	£33.7 0	£33.7 0	£46.5 0	£64.8 0	£68.3 0	£89.6 5	TBC
8.0	£19.6 0	£34.6 5	£34.6 5	£34.6 5	£48.0 0	£67.7 5	£71.1 5	£94.2 0	TBC
8.5	£20.2 0	£35.6 0	£35.6 0	£35.6 0	£49.5 0	£70.6 5	£73.9 5	£98.7 0	TBC
9.0	£20.8 5	£36.5 5	£36.5 5	£36.5 5	£51.0 5	£73.6 5	£76.8 0	£103. 25	TBC
9.5	£21.4 5	£37.5 0	£37.5 0	£37.5 0	£52.5 5	£76.6 0	£79.6 5	£107. 80	TBC
10.0	£22.1 0	£38.4 5	£38.4 5	£38.4 5	£54.1 0	£79.6 0	£82.5 0	£112. 35	TBC
10.5	£22.8 0	£39.0 5	£39.0 5	£39.0 5	£55.2 5	£81.8 5	£85.2 5	£116. 15	TBC
11.0	£23.5 0	£39.7 0	£39.7 0	£39.7 0	£56.4 5	£84.1 0	£88.0 0	£119. 90	TBC
11.5	£24.2 0	£40.3 0	£40.3 0	£40.3 0	£57.6 5	£86.3 5	£90.7 5	£123. 70	TBC
12.0	£24.9 0	£40.9 5	£40.9 5	£40.9 5	£58.8 5	£88.6 0	£93.5 5	£127. 45	TBC
12.5	£25.5 5	£41.6 0	£41.6 0	£41.6 0	£60.0 5	£90.9 5	£96.3 5	£131. 25	TBC
13.0	£26.2 5	£42.2 0	£42.2 0	£42.2 0	£61.2 0	£93.2 0	£99.1 0	£135. 05	TBC
13.5	£27.0 0	£42.8 5	£42.8 5	£42.8 5	£62.4 0	£95.4 5	£101. 85	£138. 80	TBC
14.0	£27.6 5	£43.4 5	£43.4 5	£43.4 5	£63.6 5	£97.7 0	£104. 65	£142. 60	TBC
14.5	£28.3 5	£44.1 0	£44.1 0	£44.1 0	£64.8 5	£99.9 5	£107. 40	£146. 35	TBC

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15.0	£29.0 5	£44.7 5	£44.7 5	£44.7 5	£66.0 5	£102. 25	£110. 20	£150. 15	TBC
Additional 0.5kg	£0.55	£0.35	£0.35	£0.35	£0.90	£1.80	£2.65	£3.	TBC

Non Universal Service Obligation (cont)				
PRODUCT	PRICE			VARIANCE
International Economy Parcels				
	Zone 10	Zone 11	Zone 12	
Weight (kg) not over	USA, Canada	Far East, Australia	Rest of World	
0.5	£14.10	£19.65	£15.25	TBC
1.0	£16.65	£22.75	£17.60	TBC
1.5	£19.15	£25.85	£19.90	TBC
2.0	£21.70	£28.95	£22.25	TBC
2.5	£24.20	£32.00	£24.55	TBC
3.0	£26.40	£34.65	£26.90	TBC
3.5	£28.60	£37.25	£29.25	TBC
4.0	£30.80	£39.95	£31.55	TBC
4.5	£33.00	£42.60	£33.90	TBC
5.0	£35.25	£45.25	£36.25	TBC
5.5	£37.40	£47.65	£38.20	TBC
6.0	£39.50	£50.15	£40.25	TBC
6.5	£41.65	£52.60	£42.25	TBC
7.0	£43.80	£55.05	£44.30	TBC
7.5	£45.95	£57.55	£46.30	TBC
8.0	£48.10	£59.95	£48.30	TBC
8.5	£50.20	£62.40	£50.35	TBC
9.0	£52.35	£64.90	£52.35	TBC
9.5	£54.50	£67.35	£54.40	TBC
10.0	£56.65	£69.85	£56.40	TBC
10.5	£58.60	£71.85	£58.50	TBC
11.0	£60.55	£73.95	£60.55	TBC

For Publication

11.5	£62.50	£76.00	£62.65	TBC
12.0	£64.45	£78.10	£64.70	TBC
12.5	£66.40	£80.20	£66.80	TBC
13.0	£68.35	£82.25	£68.90	TBC
13.5	£70.30	£84.35	£70.95	TBC
14.0	£72.25	£86.40	£73.05	TBC
14.5	£74.25	£88.50	£75.10	TBC
15.0	£76.20	£90.60	£77.15	TBC
Additional 0.5kg	£1.90	£2.00	£2.00	TBC

Annex 3**STAKEHOLDER ENGAGEMENT AND IMPLEMENTATION**

GPL are investing significantly to ensure that PIP is successfully communicated and understood by all of its customers by April 2010. A broad section of customers, organisations & associations will be communicated with to ensure this is achieved. The table below summarises the key stakeholders, the individual approach taken for each one and when this activity will take place.

Who?	How?	Notes	When
Postwatch committee members	Special Postwatch and Guernsey Post meeting		2 June 2009
Bulk Mail customers	Visits to individual customers	See separate calendar	
All flower exporters	Joint meeting at which proposals announced	See separate calendar	
Alderney Post Partnership Board	Guernsey meeting to set out proposals and explain reasons		9 June 2009
Large businesses	Letter explaining what changing and why – offer to go and visit	Key customers will be visited during May/June	15 May 2009 onwards
Local business groups- ie GIBA/Chamber of Commerce	Letter explaining what changing and why – offer to go and visit.	Followed up with meeting	
All local media – incl business magazines	Press releases and interviews:	Release 1: Initial announcement – rationale and reason for changes	20 May 2009
	Press releases and interviews	Release 2: Reminder announcement of changes and why	1 st Week November 2009
	Press releases and interviews	Release 3: Announcement of new prices etc	2 nd week in January 2010
	Press releases and interviews	Release 4: Don't forget prices are changing	3 rd week in March
	Press release	Release 5: Helping people understand the new system – PiP champions in each branch	1 st week in April 2010
Social Customers	Through joint marketing and communications campaign	including press coverage, Door2Door leaflets, radio campaigns, press adverts, posters and internal training	Nov 2009 – April 2010
Associations – incl Trade associations, Help the Aged,	Letter explaining what changing and why – offer to go and visit		Early June 2009

Guernsey Blind Association			
shareholder	Face to face		19 May 2009
GPL employees	newsletters team briefing		

Communication & education plan

The objective of the communication and education plan is to ensure that all customers are aware of the change to PIP by launch date 2 April 2010 and that they understand how to calculate the price of mail and understand the reasons why we are doing it.

To achieve this we will employ a range of marketing techniques across a number of communication channels as detailed below:

Public Relations

Press releases and follow ups

A series of press releases will be issued to the local media. The first of these releases will be in mid/late May 2009. This will inform customers of the decision to move to PIP from April 2010. A two week period has been allowed for activity following each release. For example, a release will appear in the media and we anticipate a series of follow up releases and press calls to respond to follow up responses from customers and other stakeholders. The second is planned for November 2009 as a reminder and the third in January 2010 will announce prices. A fourth release would cover the period immediately prior to launch with a final release in late April 2010 to report the successful transition.

Branch PIP Champions

During March and April 2010 each branch would have at least one additional member of staff a "PIP champion" that would be there to educate customers and demonstrate how PIP works. They would demonstrate using dummy mail and the PIP measuring tool that will be used by everyone from April 2010. By this time everyone on the island will have received their own sizing tool via Door to Door (see direct mail below).

Website, Customer Services & Retail Branch Staff

Press releases would be published on the GPL website. Further explanation of PIP will also be available on the site and via the Customer Services telephone team and retail branch teams. This would include FAQ's and on the website a dedicated section to explain PIP with the appropriate level of information as the campaign progresses.

Door to Door - leaflets

Direct Mail leaflets will be sent out using GPL's own Door to Door service. The first in November 2009 will be to the first opportunity for GPL to communicate directly with its wider customers and will explain the main changes of moving to PIP. The second in early February 2010 will communicate prices.

Door to Door – sizing tool

During the first week of March 2010 we will distribute one of the sizing tools to each household and business in the island via Door 2 Door. Media activity in February 2010 will have told customers to expect this and explained what it is for. From this week "PIP champions" will be available in branch to demonstrate how it is used.

Advertising

Local Media

The full range of local media will be used to reach social and business customers. The Guernsey press with over 80% adult readership is likely to be the key vehicle. An initial set of adverts (one per week) will run during November to support the direct mail piece at the beginning of that month.

An advert would also run in the November editions of the business press in November 2009 as well as the fortnightly Alderney Journal.

The second phase of the advertising campaign would begin in February 2010 and would build up in intensity throughout March. This phase would inform of prices and the sizing tool prior to its distribution in early March. Radio and Television would be introduced to ensure reach and demographics are covered. The campaign would finish with a third phase after 2 April 2010 to remind and ensure that customers are aware that the change has taken place.

In Branch

Posters & Leaflets

Literature would be available in branch from the second week of January 2010 to coincide with the press release at this time to inform and educate about the working and pricing structure of PIP.

Internal Communications

Communications

All GPL colleagues will receive press releases prior to these appearing in the media. Additional communication will be carried out using the weekly newsletter "Sorted" at the appropriate times. Additionally a feature on PIP will appear in the quarterly GPL magazine in autumn edition just prior to the start of the main external communications in November 2009.

Training

Training programme

A training programme will roll out in Q1 2010 to ensure that all customer facing and other relevant colleagues are familiar with the workings of PIP.

Communications calendar

The full communications calendar is detailed below:

Draft Communication Plan for launch of PIP April 2010												
	May-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10			
PR												
Press releases												
Branch PIP champions												
Door2Door												
Bailiwick Door 2 Door												
Advertising												
Guernsey Press												
Island FM												
Channel TV												
Business Brief Magazine												
Contact Magazine												
Alderney Journal												
IFCfeed.com												
Thisisguernsey.com												

Annexe 4**2010/11 Tariff Consultation Calendar**

Events, and visits, planned as part of the consultation process for the 2010/11 tariff submission to the Guernsey OUR.

1. Flower Exporters

DATE	ACTIVITY	LEAD	AUDIENCE	Location
20-05-09	Face to face meeting	GY DB CG	Guernsey Exporters Association	Guernsey
20-05-09	Face to face meeting	GY DB CG	Guernsey Flowers	Guernsey
21-05-09	Open Forum	GS GY CG DB	Flower Mail	Guernsey
	Open Forum		St Saviour's nurseries	Guernsey
	Open Forum		Fletcher's Freesias by Post	Guernsey
	Open Forum		Freesias by Post	Guernsey
	Open Forum		Blooms of Guernsey	Guernsey
	Open Forum		Zolan Flowers by Post	Guernsey
	Open Forum		Bellefleur	Guernsey
	Open Forum		Classic Flowers	Guernsey
	Open Forum		Guernsey Clematis Nursery	Guernsey
	Open Forum		Flower Cards (formerly Sovereign Flying Flowers)	Guernsey
	Open Forum		Mont Rose	Guernsey
	Open Forum		Channel Island Postals	Guernsey

2. Fulfilment

DATE	ACTIVITY	LEAD	AUDIENCE	Location
27-02-09	Face 2 Face meet	GY	HMV	UK
010-3-09	Face 2 Face meet	CG DB		
06-07-09	Final Face 2 Face meet	GY		
20-05-09	Face 2 Face meet	GY GS	Healthspan inc Healthy Direct	Guernsey
8-05-09	Face 2 Face meet	DB	The Hut	UK
26-05-09	Face 2 Face meet	DB	Regency	Guernsey
20-05-09	Face 2 Face meet	GS GY DB	Sigma (inc Pinnacle Health)	Guernsey
10-06-09	Face 2 Face meet	CG DB	Guernsey etailing	Jersey
11-06-09	Face 2 face meet	DB	M&D Services	Alderney
21-05-09	Face 2 Face meet	DB/CG	I.E.B. Moviemail Direct Active Beauty Cheap Smells Little Herbal Health	Guernsey
21-05-09	Face 2 Face meet	DB	Creative Marketing E A Carey (Europe)	Guernsey
31-03-09	Face 2 Face meet	GY DB CG	Thompson & Morgan (inc Rainbow)	UK
13-5-09	Final Face 2 Face meet	GY CG DB		
21-05-09	Face 2 Face meet	DB	7 Day shop	Guernsey
10-06-09	Face 2 Face meet	CG DB	ODFL	Jersey
10-06-09	Face 2 Face meet	DB	MX2	Guernsey
10-06-09	Face 2 face meet	CG DB	NSEW	Guernsey

DATE	ACTIVITY	LEAD	AUDIENCE	Location
27-03-09	Face 2 Face meet	JW	Moonpig	UK
21-05-09	Final Face 2 Face meet	JW		
18-05-09	Telephone	JW	HSBC	Jersey
20-05-09	Face 2 Face meet	JW	RBS	Guernsey
02-06-09	Face 2 Face meet	CZ	Guernsey Electricity	Guernsey
20-05-09	Face 2 Face meet	CZ	Specsavers	Guernsey
22-05-09	Face 2 Face meet	CZ	Bank of Butterfield	Guernsey
19-05-09	Face 2 Face meet	JW	Princess Elizabeth Hospital	Guernsey
21-05-09	Face 2 Face meet	JW	Royal Bank of Canada	Guernsey
19-05-09	Face 2 Face meet	JW	Woolwich Guernsey Ltd	Guernsey
22-05-09	Face 2 Face meet	CZ	Guernsey Press Ltd	Guernsey
18-05-09	Face 2 Face meet	CZ	Sigma (Franking machine supplier)	Guernsey
18-05-09	Face 2 Face meet	CZ	Office Solutions (Franking machine supplier)	Guernsey

GPL Lead	Gordon Steele	GS
	Greg Yeoman	GY
	Dave Bynam	DB
	Chris Guy	CG
	Caleb Zunino	CZ
	Jackie Wenman	JW