



Office of Utility Regulation

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Regulator sets new price control for Guernsey Post

The OUR has decided that the price of sending a local or UK letter will remain unchanged, at 36p and 45p respectively, until at least April 2012. The decision is part of a three-year price control for Guernsey Post which will come into effect from 1st April 2011.

The decision also freezes the price of local large letters weighing less than 100g, a drop of 10p against Guernsey Post's original proposal, and reduces certain bulk mail prices. The price of large letters to the UK, whatever their weight, will also remain largely unchanged.

Guernsey Post's own proposals included many reductions and cost-freezes for business customers. The OUR review has further extended these proposals and, as a result, certain bulk mail charges to the UK will fall by almost 6 pence per item. This is double the saving that Guernsey Post had originally proposed.

"The proposals by Guernsey Post to make significant cost savings in its business – £3million by 2013/14 – are a very welcome change in approach from the company. These savings are critical to ensuring that all postal customers will benefit from a more efficiently provided postal service," said OUR Director General John Curran. "The OUR review has highlighted the scale and scope of the changes that Guernsey Post is implementing in its operations and we are pleased to see the company is ensuring its customers benefit from its efficiency drive from as early as April 2011."

The price control affects prices until March 2014 and will take a different form in the second and third years. The OUR has determined the overall income that Guernsey Post can obtain from a group of products, and will leave the company free to determine prices for specific products. This is intended to lighten the regulatory oversight on the company while ensuring the benefit of its improved operations is passed on to customers.

"This new approach to regulating postal prices is designed to reflect the changing nature of the postal market in Guernsey where Guernsey Post now faces competition in

the packet market,” said John Curran. “Providing Guernsey Post with greater pricing flexibility is a key part of the OUR’s approach to developing a more competitive postal market longer term.”

Further details are included in the OUR’s final decision document OUR11/01 which is published on the OUR website www.regutil.gg. Copies are available by calling the Office on 711120.

Information for the Editor

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.