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JCRA Media Release

3 February 2010

Consultation on Proposed Postal Size-Based Pricing

The Jersey Competition Regulatory Authority (“JCRA”) is launching today a public consultation on a Sized-Based Pricing (“SBP”) proposal received from Jersey Post Limited (“JP”). If implemented, the SBP proposals would be a major restructuring of JP’s public postal tariffs. Today, these tariffs are determined solely by the weight of a posted item. Under SBP, prices would be determined by both the weight and size of the posted item, and JP has provided detailed proposed price schedules as part of its submission to the JCRA. JP would like to introduce SBP on 8 May 2010.

The major features of JP’s SBP proposal are the following:

- Introduce SBP for letters, large letters, and packets sent to local, UK, European, and International addresses.
- Introduce a new, local discounted “standard” three-day delivery service, compared to a “priority” next-day delivery service. Under this system, for example, the standard tariff for the delivery of a letter in Jersey would be 36p, while the priority next-day service would cost 39p (the current cost of a local stamp is 37p).
- Continue to offer cost-reflective discounts to business account customers.

Full details of JP’s SBP proposal, which includes JP’s submission to the JCRA, are contained in the JCRA’s consultation document.

JP estimates that the likely effect of its SBP proposals would be an overall price increase of 2% across all mail formats. JP further estimates that customers posting letters will see little or no impact, customers posting light large items will pay up to 27% more, whilst customers posting packets will pay approximately 10% more. JP estimates a slight increase in the net revenue impact arising from SBP of 3.8%, or £257,000.

Royal Mail introduced SBP in the UK in August 2006. Pursuant to a recent decision by the Office of Utility Regulation, Guernsey Post has been authorized to implement SBP in Guernsey from April 2010. Royal Mail handles all of JP's off-Island mail, and recharges JP based on SBP pricing formats. As Royal Mail represents by far JP's biggest expense, JP believes that it makes sense to align its method of calculating prices on the same basis as Royal Mail. JP states that if it does not implement SBP, it would continue to significantly under recover its costs because Royal Mail charges JP on a SBP basis.

The JCRA is conducting this consultation in its role as Jersey's postal regulator under the Postal Services (Jersey) Law 2004. A copy of the consultation paper may be obtained from the JCRA's website (www.jcra.je), or from the JCRA's offices at 2nd Floor Salisbury House, 1-9 Union Street, St Helier, Jersey JE2 3RF. The deadline for comments is **5 March 2010**. Responses should be marked for the attention of Paul Hamilton and may be supplied to the JCRA by fax (01534 514991), email (p.hamilton@jcra.je) or hard copy to the JCRA's offices.

All enquiries concerning this Media Release should be directed to the JCRA's Executive Director, Chuck Webb, on +44 (0)1534 514990.

About the JCRA

The JCRA is an independent authority established by the States of Jersey to enforce Jersey's competition law and regulate its telecommunication and postal sectors. In each of these areas, the JCRA's primary mission is to promote consumer welfare through efforts that encourage lower prices and greater choice and innovation in the goods and services available in Jersey. The JCRA is recognized internationally as a leading voice in the application of competition law and policy in small economies.

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