

**POSTAL SERVICES (JERSEY) LAW 2004**  
**CONCERNING PROPOSED MODIFICATIONS TO JERSEY POST'S LICENCE**

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**FINAL NOTICE**

**Under Article 24 of the Postal Services (Jersey) Law 2004**

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On 23 December 2010, the Jersey Competition Regulatory Authority ('JCRA') published an Initial Notice proposing to modify at the request of Jersey Post ('JP'), pursuant to Articles 19 and 24 of the Postal Services (Jersey) Law 2004 (the "Postal Law"), the Class II Public Postal Operator's Licence (the "Licence") issued to Jersey Post Limited ("JP") by reducing the number of delivery and collection days per week for letters to addresses in Jersey from six to five.

The JCRA invited written representations or objections concerning the proposed exercise of this specified regulatory function and requested that they be made to it by 28 January 2011. The JCRA received 3 responses to the consultation. A summary of these representations concerning the proposed decision, and the JCRA's consideration of them, is set out below in this Final Notice and are published on the JCRA's website.

Having considered the written representations and objections, the JCRA now intends to proceed with the proposed regulatory functions as set out in the Initial Notice which is to amend JP's licence allowing it to reduce the number of delivery and collection days per week for letters to addresses in Jersey from six to five.

The remainder of this Final Notice summarises the representations and objections received by the JCRA, and the JCRA's responses there to, in compliance with Article 24(5) of the Law.

**28 February 2011**

## **Responses and JCRA's comments:**

There were 3 responses namely from the UK national branch of the Communications Workers Union ('CWU'), the Jersey Consumer Council ('JCC') and Mr Martyn Chambers. The 3 responses (which are published on the JCRA's website), and the JCRA's summary response, are detailed below:

### Positive comments in support of the JCRA's proposals

- The JCC stated that they were supportive of the JCRA's proposal because they believe that there are mutual benefits for both consumers and JP. They believe, however, that this can be best achieved by having a five day service that operates from Tuesday to Saturday. Mr Chambers also supported the proposal from six to five provided that the delivery days are from Monday to Friday.
- The JCC stated that they prefer Monday's being the non-delivery day as:
  - Existing mail deliveries appear lighter on a Monday;
  - More people would be at home to receive mail and packages on a Saturday;
  - This would lead to productivity gains and less inconvenience all round; and
  - Many businesses that have PO Boxes would not be inconvenienced if there were no deliveries made on a Monday.
- Mr Chambers notes that JP is exempt from the obligation of conveying and delivering newspapers, magazines and periodicals. However he believes that deliveries should include newspapers and journals and none of these should be held over the weekend for Monday delivery.
- Mr Chambers was also concerned about the number of post boxes on the Island and felt that the cost of collection from these must be high.
- Finally Mr Chambers pointed out that he felt that the issue of sorting out the two-tier system of standard and priority local mail needs to be examined as he imputed certain inefficiencies were arising with these services.

### Negative support for the JCRA's proposals:

- The CWU stated however that they were strongly opposed to this proposal as they believe that a six day USO is a valued public service for both individuals and businesses. They also say that whilst there has been a large reduction in letter volumes, the revenue from packets and parcels is higher than letters and that this should be taken into account when calculating the sustainability of the USO.
- E-substitution continues to have an increasing impact on mail volumes and JP is no exception. However the JCRA's assessment is that JP can run efficiently if they make the right level of savings. Overall volumes of mail have fallen over the past 5 years, not only in Jersey but also across the world. Since 2003, JP's volumes have fallen by

4% per annum and in the past 3 years this has accelerated to over a 10% per annum decline.

Internationally, our research shows that volumes have fallen by a similar proportionate amount. The 2010 Richard Hooper Report<sup>1</sup> predicts that over the next 5 years, worldwide, mail volumes will decrease by between 25% and 40%.

- The conclusions of the USO consultation undertaken by the Minister for Economic Development in 2010 also support a 5 day per week service. This is becoming international best practice. For example in Europe, a 5 day per week service is supported by the 1997 EU Postal Directive and 21 of the 27 European Member States now have 5 day per week service. More countries, such as the USA and closer to home Guernsey, are also considering a reduction in service from 6 days per week to a 5 day service as the challenge of providing a cost effective service in a market with declining volumes increases. JP estimates that a reduction to a 5 days per week service will reduce costs by approximately £500,000 per annum which is part of their overall annual £4.9m cost savings initiatives, implemented last year and which are due to be fully realised by early 2012.
- The JCRA is of the view that in the longer term, a 5 day service supports sustainability of postal services, particularly as the Treasury Minister has categorically ruled out public funding support for the USO.
- Notwithstanding the above, the JCRA would point out that if for commercial reasons, JP decided that it wished to retain a 6 day pw service, then this decision allows them the flexibility to do so. However, for the reasons set out above, the JCRA supports their request to seek to amend their postal licence to provide for a reduction in the number of weekly delivery days from 6 to 5.

### Conclusions

- Having considered this matter in light of the representations and objections received, the JCRA has decided to proceed with the proposal to reduce the number of delivery and collection days from 6 days per week to 5 days per week and amend Jersey Post's licence accordingly.
- In accordance with Article 24(9)(a) of the Postal Law, the Licence shall take effect from 1 April 2011.

**28 February 2011**

**By Order of the Board of the JCRA**

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<sup>1</sup> Saving the Royal Mail's universal postal service in the digital age - An update of the 2008 Independent Review of the Postal Services Sector – September 2010.