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PRESS RELEASE

25th January 2002

Competition regulator and Jersey Post to meet to discuss price increases

The Jersey Competition Regulatory Authority (JCRA) is to meet with Jersey Post next Wednesday to discuss the recently introduced postal rate price increases.

The meeting was called after the JCRA expressed concern that the cost of sending a letter under 60g to the UK has risen from 26p to 29p, more than an 11.5% increase. This is more than treble the rate of inflation and over four times that of the States annual target inflation rate of 2.5%. The JCRA has also expressed concern that it now costs Islanders 2p more to send a letter from Jersey to the UK than it does in the opposite direction.

Charles Latham, Executive Director of the JCRA, commented:

“Given the concern on the Island with respect to inflation, it would have been a dereliction of our duty not to comment on these postal price increases. Whilst the JCRA

is not a consumer body per se, we are able to comment on a range of competition issues, including pricing, particularly in industries involved in the deregulation process.”

“As a result of us contacting Jersey Post they have invited us to a meeting next week and we will be delighted to attend. I hope this is the first stage towards the JCRA and Jersey Post working much more closely in discussing the organisation’s cost modelling process. ”

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For further information, please call Charles Latham, Executive Director of the JCRA,
telephone: 514990

Notes to Editors

The JCRA does not currently have any power to regulate the postal sector in Jersey but it is the intention to introduce regulation following the drafting of the appropriate legislation and following the completion of a consultation process.

A copy of the letter sent by the JCRA to John Pinel, Chief Executive of Jersey Post, is attached.

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Mr J Pinel
Chief Executive
Postal Administration
Postal Headquarters
Rue des Près Trading Estate
St Saviour
JE1 1AA

Dear John

Thank you for your letter of 24 January.

The recent 11.5% increase in the cost of posting a letter to the UK has been the subject of consumer comment in Jersey. There were clear signals from members of the public who were interviewed in Channel TV's Report of 23 January that there is dissatisfaction with this price hike. In response to such comment, the JCRA felt moved to announce that it would be writing to you requesting an explanation.

The JCRA is concerned about the rise from 26p to 29p per letter. The increase represents more than a 3-fold rise over the current rate of inflation and over 4½ times that of the States annual target inflation rate of 2.5%. The timing is unfortunate in the light of an improving inflation picture for the Island and the likely introduction of a new postal law. It reinforces the need for a fresh approach under a law that will put competition and the consumer first.

In paragraph 5 of your letter, you state and I quote *'that the JCRA were invited several times to participate in our cost modelling exercise, primarily to identify the reporting requirements required by the JCRA, however the JCRA have so far declined to participate'*. In response to this, neither Patrick nor I are aware of the JCRA having been invited on any occasion to participate. It would, however, be a constructive way forward

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Mr J Pinel

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for Jersey Post to begin to share its information on costs and prices with the JCRA. This will be to the Island's benefit ahead of a new postal law that will give the JCRA power to stand up for the consumer interest.

Yours sincerely

Charles Latham
Executive Director