

JCRA Media Release

24 September 2007

JCRA Proposes Limits on Postal Charges

The Jersey Competition Regulatory Authority (JCRA) has today announced plans to limit Jersey Post's prices for services which are not considered to be subject to sufficient competition.

One of the JCRA's main duties under the Postal Services (Jersey) Law 2004 (PSL) is to ensure that Islanders can get the postal services they need at affordable prices. For many services, competition does the work of keeping prices down. However, in respect of other services, there is only scope for one service provider, and competition is unlikely to develop. Normal letter mail services (within Jersey, Jersey to UK and Jersey to overseas) is one of the areas where Islanders are dependent on the services of Jersey Post. The PSL gives the JCRA the role of making sure that Islanders do not have to pay excessive prices for these services.

After reviewing Jersey Post's businesses, the JCRA believes there is scope for keeping overall price increases for these core postal services over the next three years considerably below the rate of inflation. We are proposing to limit overall price increases for core postal services to 4% below the rate of inflation in 2008, to ensure consumers get the benefits of the price control as soon as possible. With inflation currently running at about 4%, this should mean that there would be little, if any, net increase in overall average postal charges for core services over 2008. In 2009 and 2010, the overall price increases would be restricted to rate of inflation minus 1.8%. The proposed price control would not prevent Jersey Post from increasing its turnover and profits by selling more postal services and/or continuing to seek further efficiencies in its operations.

The JCRA is proposing that the price control will take effect from 1 January 2008 to 31 December 2010. Before the end of 2010 we would consult on the nature of any continued price controls thereafter.

Bill Brown, JCRA Executive Director, said:-

“Our proposal is intended to ensure that Jersey consumers do not pay excessive prices for postal services, whilst allowing Jersey Post to make a reasonable profit and giving it incentives to offer more services and seek further efficiencies”.

The consultation period on the JCRA’s proposals closes on 23 October 2007.

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