

JCRA Media Release

18 September 2008

JCRA Proposes to Relax Jersey Post's Regulatory Requirements

The JCRA has proposed to relax the regulatory requirements of Jersey Post Limited ("JP") by removing Conditions 2.12 and 2.13 of its licence to provide postal services in Jersey under the Postal Services (Jersey) Law 2004 ("the Law").

Condition 2.12 of JP's licence currently restricts JP's ability to declare or recommend dividends or other distributions of profits, absent the JCRA's prior consent. Condition 2.13 currently prohibits JP from doing anything that may lead it to having insufficient financial resources to discharge its liabilities under securities issued to the company by the States of Jersey.

Conditions 2.12 and 2.13 of JP's licence reflect Article 8(1)(b) of the Law, which places a primary duty on the JCRA to ensure that JP has sufficient funds to repay its financial liabilities to the States of Jersey. Upon JP's incorporation on 1 July 2006, the States of Jersey loaned Jersey Post £4 million, which was required to repay JP's pension liabilities. It was intended that JP would repay this loan over a 5 year term at £800,000 per annum.

JP has recently informed the JCRA, however, that the £3.2 million outstanding balance on this loan has been repaid to the States of Jersey in full. Accordingly, it has requested that the JCRA amend its licence by removing Conditions 2.12 and 2.13. Because the inclusion of these conditions in JP's licence originally was necessitated by the primary duty in Article 8(1)(b) of the Law, and this primary duty has been effectively nullified by JP's repayment in full of the States loan, the JCRA has preliminary concluded that the proposed modifications are consistent with its duties under the Law.

Chuck Webb, the JCRA's Executive Director says that:

“The JCRA is a light touch regulator, with a core value of proportionality. In light of JP’s repayment of the States loan, we have preliminary concluded that we can reduce JP’s regulatory requirements while not compromising the core values the Postal Law seeks to protect and further.”

The consultation period for modifications closes on 18 October 2008. Copies of the modifications and the associated Initial Notice may be obtained from the JCRA website www.jcra.je.

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.

All enquiries to the JCRA should be directed to the Executive Director, Chuck Webb, on +44 (0)1534 514990.

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