



CICRA media release

24 January 2012

CICRA signals intention to grant two new postal licence applications in Jersey

The Channel Islands Competition and Regulatory Authorities (CICRA) have issued initial notices proposing to grant two new postal licences to operators looking to offer mail services to continental Europe.

The proposal follows a comprehensive review of the postal market in Jersey undertaken by CICRA at the request of the Minister for Economic Development.

The review found that there was demand from bulk mailers in the fulfilment industry for more competition, particularly to serve the European market more quickly than is currently the case.

CICRA has proposed to issue Class 1 postal operator licences to Hi-Speed Freight Services Limited (HSFS) and TNT Post (UK) Limited to convey packets and large letters to continental Europe and Ireland (excluding the UK, Isle of Man and the Channel Islands).

CICRA Executive Director John Curran said the regulator had taken into consideration the potential abolition of low value consignment relief (LVCR) into the UK, from 1 April 2012, and the results of the postal review when considering the TNT and HSFS licence applications.

“The fulfilment industry in Jersey is under extreme pressure with the abolition of LVCR and the creation of new markets for bulk mail is imperative,” he said.

“The evidence suggests that there is demand for better postal links to the European market. The proposal to licence these two operators will help to better serve these markets and may help the bulk mail sector remain competitive and remain based in Jersey.

In June 2011 Minister for Economic Development, Senator Alan Maclean, directed the regulator to undertake the postal review. He was concerned that further reductions in the level of LVCR would lead to a decrease in the volume of bulk mail carried by Jersey Post which, it was feared, could jeopardise Jersey Post's ability to provide a universal postal service to businesses and households in Jersey.

Mr Curran said: "According to Jersey Post's own projections in its 2012 budget, we identified that Jersey Post would remain profitable even if its bulk mail business disappears entirely. While the potential loss of bulk mail volumes due to the change in LVCR will impact Jersey Post, through the company's tight management of costs and with some modest price increases, we believe the company will still be able to provide the universal service."

The regulator was satisfied that the existing bulk mail services to the UK, IoM and Channel Islands met likely demand and, as a consequence, CICRA has restricted the two new postal licences from operating in these markets.

"Both HSFS and TNT have indicated they will be able to significantly improve the quality of service to Europe beyond that which is currently available. We see opportunities here for Jersey's bulk mailers to expand into the European market which would go some way towards offsetting the potential abolition of LVCR," Mr Curran said.

The JCRA's review of the postal market has been submitted to the Minister for Economic Development and will be published in the near future.

The proposed licences will take effect on 24 February 2012 unless CICRA receives representations or objections about the proposals by 23 February 2012. Copies of the draft licences are available at CICRA's Jersey office or on the website, www.cicra.je.

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NOTES TO EDITORS:

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About the CICRA

The Channel Islands Competition and Regulatory Authorities (CICRA) is the name given to the two Channel Islands regulatory authorities, the Jersey Competition Regulatory Authority (JCRA) and the Guernsey Office of Utility Regulation (OUR). A

memorandum of understanding was signed in December 2010 to facilitate closer working between the two authorities. Both regulatory bodies were established in 2001. The JCRA was established under the Competition Regulatory Authority (Jersey) Law, 2001 and the OUR was established under the Regulation of Utilities (Bailiwick of Guernsey) Law, 2001. In Jersey the telecoms and postal sector are regulated by the JCRA, which is also responsible for administering and enforcing the Competition Law (Jersey) 2005. In Guernsey the telecoms, postal and electricity sector are regulated by the OUR. The aim of both authorities is to ensure that consumers receive the best value, choice and access to high quality services while Jersey has the added responsibility of promoting competition and consumer interests.