



CICRA media release

8 February 2012

Jersey Postal Sector Review Published

The scope of the universal service in the postal sector in Jersey is appropriate despite declining mail volumes, according to a comprehensive study into the postal market by the Channel Islands Competition and Regulatory Authorities (CICRA).

The wide-ranging report, prepared following a request from the Minister for Economic Development, looked at the future of the postal sector in Jersey in a period of considerable change.

The report shows that postal volumes have fallen by approximately 5% per year since 2005 and that the removal of low value consignment relief (LVCR) will also have a significant impact.

CICRA concluded that there might be a need to review how the Universal Service Obligation (USO) is delivered but that the scope of the USO was appropriate.

Even with the loss of bulk mail volumes (due to the reduction in fulfilment activity in Jersey), the report stated that Jersey Post could still provide a profitable postal service through a combination of further cost savings and modest price increases.

CICRA Chief Executive, John Curran, said the report highlighted that further competition in the bulk mail market had the potential to be a positive development for the postal sector in Jersey.

The review of the postal sector started in summer 2011 and involved discussions with postal operators and fulfilment companies, and a survey of 750 residential postal customers.

The results of the survey showed that 51% of respondents spent less than 50p a week on posting letters and parcels. Approximately 50% visited a post office less than once a month with a further 30% only visiting once or twice a month. Almost half of the respondents used the Broad Street post office.

A third of respondents felt the quality of service from Jersey Post had declined in the past year and just over half surveyed supported the idea of a mobile post office being used to provide basic postal services in the rural parishes.

“The outcome of this report is extremely useful in helping us shape the future regulation of the postal sector,” Mr Curran said.

“For the first time we have a clear idea of what customers want from their postal service.

“The report should help Jersey Post and the States of Jersey ensure we have a sustainable, affordable postal service for the future.”

Mr Curran said that, while the threat from LVCR and its impact on many local businesses remained, it was encouraging that Jersey Post was now far better positioned to cope with the impact of its decline than may previously have been thought.

“This is partly due to the efforts of Jersey Post and its staff in making the changes necessary to ensure a sustainable future for the company by responding better to customers’ needs and taking steps to improve its efficiency. It also highlights the benefit that competition has already introduced by creating an environment that drives change at a faster pace than might otherwise have been the case,” he said.

For postal customers, the report highlighted clearly the trade-off that needed to be made between a service that was affordable, and met the needs of the majority of postal customers, and one that was designed for postal volumes and demands that were no longer present.

“As postal customers, we all need to accept that some changes, managed appropriately, can still deliver a postal service that will continue to serve Jersey well for the future,” added Mr Curran.

CICRA has already published plans to licence two further operators to serve the fulfilment industry to improve the service into Europe for the industry.

The full report on the Jersey postal market is available from the CICRA website – www.cicra.je.

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NOTES TO EDITORS:

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About 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 the JCRA has the added responsibility of promoting competition and consumer interests.