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Jersey Competition Regulatory Authority
2nd Floor, Salisbury House
1-9 Union Street
St Helier,
Jersey
JE2 3RF

Dear Sirs,

I am writing to you in response to the initial notice proposing to roll over the current price control in Jersey Post's licence for 2011.

As we stated in our submission to the JCRA on its Strategic Plan for 2011-13 we support the general approach of targeting regulation where it is needed for the protection of consumers and to deregulate where it has introduced competition. However, as we have made clear in repeated submissions to the JCRA, we believe the greatest threat to consumers comes from the proposed liberalisation of the mail market and the impact this will have on the universal service.

We believe this impact is manifested in the proposals published by the JCRA on 23rd December 2010 to downgrade the universal service obligation (USO) to five days a week, in little more than one month's time, and we will be responding to the consultation on this in due course. The CWU is strongly opposed to cutting the service received by the majority of postal users and members of public in Jersey.

With regard to the price control we accept that the JCRA will want to maintain a control over Jersey Post's prices for 2011. In line with its stated approach to target regulation to meet competitive conditions, we believe this should be subject to review and, where necessary, that products should be removed from the price control as competition develops. We would expect the JCRA to develop proposals on this for 2012 for both packets and large letters and are disappointed that no steps have been taken to exempt packets from the control next year.

We would also submit that the price control should be based on an 'RPI + Y' formula, as opposed to the current 'RPI - X' measure, with 'Y' representing additional allowed revenue to support the universal service. We believe the business is being left in an impossible position with its main shareholder refusing to fund the universal service and the Minister for Economic Development, and the JCRA, proposing that this

should be self financing and independent of cross subsidy from other parts of the business. We note, however, that this is not the position in Jersey Post's current licence which requires it to defray the cost of the universal service from its licensed products.

While we do not believe that the proposed change to the price control to an 'RPI plus Y' formula would in itself be sufficient to protect the universal service from the cuts to the service that we believe competition is likely to lead to, given its determination to push through liberalisation in the face of this, the regulator now needs to recognise the need to provide greater freedom to Jersey Post to allow it to generate greater revenue going forward. We have also called for the JCRA to levy other operators – as it has repeatedly pointed out that it has the power to do, in order to safeguard the universal service – if it is to proceed in introducing competition into the bulk mail market.

We are disappointed that the JCRA has not only failed to recognise this imperative to protect the universal service in these ways, but that it is now planning to reduce the USO and the service received by the vast majority of postal users from the end of January. As we have stated in previous submissions to the regulator, we believe it has not acted in line with its duties and believe it is pushing ahead with its plans to introduce competition, with little regard to the damage this will do to postal services on the Island.

Yours sincerely

A handwritten signature in black ink, appearing to read 'P. Donaghy', with a horizontal line underneath.

Peter Donaghy
Vice Chair of the Postal Executive