



## NEWS RELEASE

13<sup>th</sup> July 2023

### Competition Authority launches consultation on postal services in Jersey

The Jersey Competition Regulatory Authority (the Authority) has launched a consultation on proposals to review the Licence for Jersey's postal service (the Review). The Authority has published a non-statutory Draft Decision (the Draft Decision) as part of its review of postal services in the Island, which began with a Call for Information last autumn and has included extensive independent consumer research.

Although there are two licensees in Jersey – Jersey Post and Hi-Speed Freight Services Ltd<sup>1</sup> – the focus of the Draft Decision is on policy proposals for Jersey Post, split into three broad areas:

- Updates to the regulatory framework to help ensure effective supervision on an ongoing basis. This covers proposals where action will be required from Government, alongside steps that can be taken by the Authority.
- Policy measures to support the universal service obligation (USO), which is under pressure from changing consumer demands and other external factors. While no changes are currently proposed to the USO, the approach to any future changes is

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<sup>1</sup> The Authority's licensing structure is based upon two classes of postal services licence:

- Class I - for entities providing postal services, which are not designated as a public postal operator (Hi Speed); and
- Class II - for entities providing postal services, which are designated as a public postal operator and are subject to the USO (Jersey Post).

set out and these would require a separate consultation process with wider stakeholders to be held.

- Updating the quality-of-service expectations of Jersey Post to reflect changing market and consumer dynamics. This covers the new quality of service regime, which is a key mechanism for the Authority to assess Jersey Post's performance.<sup>2</sup>

The nature of postal service delivery has changed dramatically in recent years. There are approximately 40,000 postal addresses in Jersey. Traditional postal service users sending or receiving letters, or businesses sending transactional mail have, and are continuing to, decline, with most respondents to the consumer research sending under three letters a month. There is, however, a growth side to the sector which is seeing an increasing number of parcels and packets coming to the Island because of increased use of online shopping, with nearly 50% of respondents receiving one or two parcels every week.

**Peter Hetherington, Chief Economist at the Authority** said, "Postal services play a key role in society and almost everyone in Jersey interacts with postal services on a regular basis. The ability to send and receive letters and parcels is a key form of communication and an essential element of the Island's economy. We are very aware that the postal landscape has changed since we last reviewed the market and we want to make sure the regulatory framework remains appropriate."

The Authority last reviewed the regulatory framework for post in 2012. Since that review there has been ongoing monitoring of Jersey Post's quality of service performance, with results issued on an annual basis. Where necessary, interventions have been made when the expected level of service has not been met, but research shows that consumers are satisfied with the service they receive.

The independent consumer survey highlighted the important role of postal services for consumers and one of the key recommendations in the Draft Decision is the establishment of a User Council, to help put consumers at the heart of the way it runs its business. The aim

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<sup>2</sup> See Annex A

will be to provide independent challenge to Jersey Post and independent assurance to the Authority on the quality of Jersey Post's consumer engagement.

Peter Hetherington said, "Given the increasing scope of future challenges in the postal sector and the likelihood of future changes, the importance of good quality customer engagement will only increase. This means it is important that there is a more formalised approach to consumer engagement through which Jersey Post carry out direct local engagement with their customers to understand their priorities, needs and requirements, which should then drive decision making."

The Authority worked with Copenhagen Economics, a specialist consulting company in applied economics in the postal sector, and Jersey-based consumer research experts 4Insight to draw both qualitative and quantitative insights on the current level of service provided by Jersey Post, and the expectations and demands of consumers and businesses. In their call for information response, Jersey Post has welcomed the role of regulation to protect consumer and business needs.

The Authority is inviting written views and comments on the issues and questions raised in the Draft Decision, to be made by 5pm on 8 September 2023.

## **Ends**

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## **NOTES TO EDITORS:**

In May 2023, Royal Mail issued a consultation considering changes to Royal Mail's operational relationship with the postal authorities of the Crown Dependencies. This included the potential removal of the dedicated mail plane servicing Jersey and in July 2023 it was announced the service will be ending in August 2023.

Reflecting this development, in forming the policy proposals the Authority considered the potential implications of this change for postal services in Jersey.

The Draft Decision, 4Insight consumer research report and the call for information responses can be found on the Authority's [website](#).

### **About The Jersey Competition Regulatory Authority**

The Authority was established under the Competition Regulatory Authority (Jersey) Law, 2001. It is responsible for administering and enforcing the Competition (Jersey) Law 2005 and also regulates the telecoms and postal sectors and the Ports of Jersey.

The Authority strives to ensure that the markets work well for the benefit of all stakeholders, including Government, business, citizens, and consumers facilitating best value, choice and access to high quality services.

## Annex A

Table 1: Draft Decision policy proposals

Area	Draft Decision proposals
Updating the regulatory framework	<ul style="list-style-type: none"> <li>- Recommend to Government updates to the Law to ensure that the regulatory framework remains applicable</li> <li>- Recommend that Government develops a Postal Policy to provide clarity on its objectives for the sector</li> <li>- Keep existing Licensing approach but make incremental updates to Licence Conditions to reflect the conclusions of the strategic review</li> <li>- Introduce a User Council for Postal Services, to provide an additional consumer voice for post, especially in the context of future service changes</li> <li>- Introduce greater reporting from Jersey Post to the Authority, this is to include financial data to ensure effective oversight</li> </ul>
Safeguarding universal service provision	<ul style="list-style-type: none"> <li>- To maintain the definition of the USO as defined in the current Licence, consistent with consumer research and as it has not been shown it is currently constraining Jersey Post's business</li> <li>- To estimate the net cost of the USO (i.e. impact of the USO on the profits of Jersey Post) using the 'commercial approach'. This approach is aligned to be best practice and incorporates both the costs and benefits of USO status</li> <li>- Future changes to the scope of the USO should be driven by the understanding of the net cost of the USO. Changes would be subject to Consultation and it is expected engagement would take place with the User Council and wider stakeholders</li> </ul>
Meeting consumer obligations	<ul style="list-style-type: none"> <li>- To implement a refined quality of service regime, with a focus on transit targets for Jersey to Jersey, Jersey to UK and UK to Jersey. These targets are rebased in line with best practice and redefined to be more meaningful to consumers</li> </ul>
Class 1 Licence	<ul style="list-style-type: none"> <li>- To maintain the existing framework, with the current protections for the Class II Licensee, in line with the Authority's proportionate regulatory approach</li> </ul>