



Postal Services (Jersey) Law 2004

Case L-012: Strategic Review of Postal Services

Initial Notice: Proposed Licence and Directions to Jersey Post Limited

Document No: JCRA 24/02

Date: 11 January 2024

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1. Executive summary

- 1.1 The Jersey Competition Regulatory Authority (**the Authority**) is issuing this Initial Notice of its intention to exercise specified regulatory functions with respect to Jersey Post Limited (**Jersey Post**), which are to:
- Grant a Class II Licence (**Licence**) pursuant to Article 15(1) of the Postal Services (Jersey) Law 2004 (**the Law**) to Jersey Post;
 - Direct Jersey Post to implement reporting requirements pursuant to Condition 23.2 of the Licence; and
 - Direct Jersey Post to implement a refined quality of service regime pursuant to Conditions 15.1 and 15.7 of the Licence.
- 1.2 This Initial Notice marks the next stage of the Strategic Review of Postal Services (**Strategic Review**). It follows a Draft Decision consultation and Final Decision, which confirmed the Authority's approach to postal services.¹ This document summarises the process the Authority has undertaken so far, and sets out the specified regulatory functions the Authority proposes to exercise in relation to Jersey Post.
- 1.3 This Initial Notice sets out the intention of the Authority to exercise specified regulatory functions. In due course, the Authority may issue a Final Notice or a fresh Initial Notice if responses are received, following the process outlined in Articles 24(5), 24(9) and 24(10) of the Law. Further detail on this process and the next steps is set out in Chapter 6.

¹ All case documents are available at: <https://www.jcra.je/cases/2022/l-012-strategic-review-of-postal-services/>

2. Background

2.1 This chapter is split into three subsections, which cover in turn:

- Statutory background;
- The licence granted to Jersey Post; and
- The Strategic Review process.

Statutory background

2.2 The Law directly regulates the conveyance of ‘letters’ and indirectly regulates the provision of other ‘postal services’, being the conveyance of ‘postal packets’, of which letters are a subset. Under Article 3(1) of the Law, a licence is required for the conveyance from one place to another of a letter, that is:

‘...a communication in handwriting or in print (or in both) that is to be conveyed and delivered to a person, or to an address, indicated on the communication itself or its envelope or cover...’

The Law excludes books, catalogues, newspapers and periodicals and anything weighing over 20 kilograms. The requirement is further refined to exclude:

- Letters where the charge for conveyance per letter is more than £1.30; or
- Where the letter weighs more than 500 grams.²

This means a licence is only required for letters where the charge is £1.30 or less and the letter weighs 500g or less.

2.3 The Law empowers the Authority to license companies providing postal services in Jersey. The Authority’s primary duty is to ensure that demanded postal services are provided both within Jersey and between Jersey and the rest of the world. Alongside this primary duty the Authority must also:

- Promote competition where it is in the best interests of postal users and the economy of the Island;
- Act in the interest of consumers wanting to use postal services, now and in the future;
- Ensure that postal services in the Island are efficient and economic;
- Ensure low income Islanders are not prevented from sending mail;
- Ensure postal prices are reasonable;
- Ensure sufficient access to postal services are available for those wanting to use them;
- Ensure that postal operators have sufficient financial and other resources to carry out their business in Jersey; and
- Ensure the public can express a view on any changes to postal services.

² There are other exclusions, set out in Article 7, including deliveries by hand and the service of legal documents in specified circumstances.

- 2.4 The Law allows the Authority to grant a licence authorising a person to convey letters. Article 16 of the Law allows the Authority to designate certain postal operators as a ‘public postal operator’ whereupon, in particular, postal equipment such as letter boxes may be installed near roads. Article 17 of the Law entitles the Authority to impose a universal service obligation (**USO**).
- 2.5 Under the Law, the Authority has also been issued with Directions and Guidance as to its role.³

The licence granted to Jersey Post

- 2.6 Jersey Post holds a Class II licence and is designated as a public postal operator and is subject to the USO. The licence contains a number of core obligations, including to provide information to the Authority; to protect the integrity of letters; to develop postal facilities in accordance with international standards; to comply with directions of the Authority in relation to quality of service monitoring and reporting; and to enable Jersey to comply with international obligations. These obligations are consistent with the obligations imposed on Class I Licensees.
- 2.7 These core obligations are supplemented by others, which arise through being designated a public postal operator. These include:
- The making and changing of postal schemes;
 - Detailed provisions relating to consumer protection;
 - Powers over land for limited purposes;
 - Obliging Jersey Post to compete fairly in the postal market, for example to not unfairly cross-subsidise its activities or to show undue preference or to unfairly discriminate against any user of its services or other licensed operator;
 - In relation to its services generally and those subject to the USO, obligations to publish prices and discount schemes and powers for the Authority to regulate prices; and
 - Obligations in relation to the manner Jersey Post which maintains its accounts and to require reports on accounting records and activities.
- 2.8 In 2023 the Authority, to allow the Strategic Review to take place, exercising its powers under Article 19 of Law, issued a Class II licence to Jersey Post. This was issued under the same terms as the previous Licence granted and the modification extended the licence subject to those terms until 1 July 2024. The proposed granting of the Licence, set out in Chapter 3, will supersede this interim one.

The Strategic Review process

- 2.9 The Authority’s approach to consultations was set out in an Information Note in July 2018.⁴ The Information Note outlines the process to be undertaken before carrying out certain regulatory functions in accordance with the relevant statutory process.
- 2.10 Under the process there is first a non-statutory process which consists of a call for information, a Draft Decision and a Final Decision. For this Strategic Review, the call for information was issued in October 2022 (JCRA 22/67), and the Draft Decision (JCRA 23/27), having taken into

³ [Postal Services \(Jersey\) Law 2004: Directions and Guidance to the JCRA under Article 9 \(February 2005\)](#)

⁴ [Regulatory Consultation Process](#)

account stakeholders' input, was issued on 13 July 2023. The conclusion of this consultation process can be found in the Final Decision (JCRA 24/01) which has been published alongside this Initial Notice. The Final Decision provides an outline of the responses to the Draft Decision and how the Authority has taken them into account within its decision making.

- 2.11 Following the non-statutory process, the Authority also intends making a decision on the implementation of the policy approach set out in the Strategic Review. This requires the use of specified regulatory functions for the purposes of Article 23(1) of the Law and accordingly the Authority has issued this Initial Notice. Further detail on the statutory process is included in chapter 6.

3. The granting of a Class II Licence

3.1 This chapter sets out that the Authority proposes to grant a Class II Licence to Jersey Post. It is split into two subsections: the first sets out the framework for the specified regulatory function and the second sets out relevant conditions.

Framework

3.2 Article 3(1) of the Law provides that:

'A person shall not convey a letter from one place to another unless...the person holds a licence authorizing the person to do so;...'

3.3 Article 15(1) states that:

'The Authority may grant a licence authorizing a person to convey letters.'

3.4 Articles 16 and 17 set out, respectively, that such a licence may contain conditions and what those conditions can relate to.

3.5 It is intended that the Licence will be issued with a Commencement Date of 1 March 2024.

Granting of Licence

3.6 The Authority intends to exercise a specified regulatory function to grant a Class II Licence pursuant to Article 15(1) of the Law to Jersey Post which is a company incorporated in Jersey under registration number 88764, with its registered office at Postal Headquarters, La Rue Grellier, La Rue Des Pres Trading Estate, St Saviour, JE2 7QS, Jersey.

3.7 The form of the proposed licence is published alongside this Initial Notice and is consistent with the conclusions of the Strategic Review set out in the Final Decision published alongside this document. To reflect these conclusions the following conditions have been updated:

- Definitions, with updates to the dates and new definitions added for key terms;
- Condition 10, to reflect new commencement and term;
- Condition 12, to reflect the approach to the USO; and
- Condition 16.9, to reflect the requirement to set up a User Council.

3.8 The Licence is in replacement for an interim licence previously granted by the Authority.

4. The implementation of reporting requirements

4.1 This chapter sets out that the Authority proposes to implement reporting requirements on Jersey Post through the use of a Direction. It is split into two subsections, the first sets out the framework for the Direction, the second sets out the Direction.

Framework

4.2 Condition 23 of the Licence provides that:

'23.1 Within twelve (12) months of the Licence Commencement Date, the Licensee shall ensure, and confirm to the JCRA, that it maintains accounting records in a form that enables the relevant Licensed Services specified in any Direction given by the JCRA to be separately identifiable, and which the JCRA considers to be sufficient to show and explain the transactions of each of those activities.

23.2 The JCRA may require reports on the accounting records and/or activities from time to time. The JCRA may direct the Licensee as to the basis and timing of such reports.'

4.3 Accordingly, the Authority has the power:

- To determine the appropriate reporting that shall be provided by Jersey Post; and
- To issue a direction to Jersey Post with the purpose of setting out the required reporting requirements.

4.4 The issuing of the Direction is the exercise of a specified regulatory function for the purposes of Article 23(1) of the Postal Law.

Direction

4.5 The Authority intends to issue a Direction to Jersey Post as follows:

DIRECTION			
Pursuant to Condition 23.2 of the licence granted to Jersey Post Limited (Jersey Post) under the Postal Services (Jersey) Law 2004, the Jersey Competition Regulatory Authority (the Authority) directs Jersey Post to produce the information specified under the heading 'Requirement' in the following table, meeting the specified Scope and at the stated Frequency according to the specified Timetable, commencing in respect of the following financial years:			
<ul style="list-style-type: none">• Requirements 1, 2, 3, 5 and 6: 2023• Requirement 4: 2024			
Requirement	Scope	Frequency	Timetable
1. Group level information	Income statement, statement of capital employed and cash flow statement	Annual	By 31 May of the following financial year
2. Reconciliation with Postal business accounts	Reconciliation of Group level accounts to Postal and Logistics division accounts, or such other division or part of Jersey Post as	Annual	By 31 May of the following financial year

	shall carry out equivalent or similar functions from time to time		
3. USO Viability Statement	The data and assumptions underpinning the USO sustainability statement in the annual report with supporting narrative	Annual	Alongside Annual Report
4. Business Plan	Business Plan, to include annual budget	Annual	Before start of financial year, and once approved
5. Postal volume and revenues	Volume and revenue report, to cover actuals and forecasts by format (for example, by letters, large letters, packets and parcels or any other appropriate groupings) for the Postal and Logistics division, or such other division or part of Jersey Post as shall carry out equivalent or similar functions from time to time	Annual	By 31 May of the following financial year
6. Methodology Manual	The document which gives a detailed description of the methodology and sources of data used by Jersey Post to prepare the regulatory data supplied to the Authority. This will allow a consistent approach to the understanding of and reporting of revenues, costs and USO sustainability through time	Annual	By 31 May of the following financial year

This Direction takes effect on 1 March 2024 and each report to be submitted pursuant to the Direction shall relate to a financial year.

5. The implementation of a quality of service regime

5.1 This chapter sets out that the Authority proposes to impose quality of service requirements on Jersey Post through the use of a Direction. It is split into two subsections: the first sets out the framework for the Direction, the second sets out the Direction.

Framework

5.2 Condition 15 of the Licence provides that:

'15.1 The Licensee shall develop and operate the Postal Facilities so as to progressively achieve standards in line with international best practice during the Term, and in particular, the Licensee shall achieve and comply with such established international standards and benchmarks as the JCRA may direct from time to time.

....

15.7 The Licensee shall comply with any Directions issued by the JCRA from time to time regarding any other quality of service indicators and measurement methods for Postal Services and shall, as and when required, supply to the JCRA, in a form specified by the JCRA, the results of its measurements of actual performance against any quality of service indicators and measurements so specified, and the JCRA may publish or require publication of such Information as it considers appropriate.'

5.3 Accordingly, the Authority has the power:

- To determine the appropriate benchmarks that Jersey Post should meet; and
- To issue a direction to Jersey Post with the purpose of setting out the approach to and required reporting requirements for quality of service.

Direction

5.4 The Authority intends to issue a Direction to Jersey Post as follows:

DIRECTION		
Pursuant to Condition 15.1 of the licence granted to Jersey Post Limited (Jersey Post) under the Postal Services (Jersey) Law 2004, the Jersey Competition Regulatory Authority (the Authority) directs Jersey Post that the transit target benchmarks set out in the following table are established and, pursuant to Condition 15.7 of such licence, directs Jersey Post to meet the targets set out in such table and to report the specified information at the times stated.		
Origin-Destination	Day of dispatch targets	Day of Jersey Post receipt targets
Jersey-Jersey (Local to local)	Day of dispatch + 2 Quality target: 95%	Day of Jersey Post receipt + 1 Quality target: 95%
United Kingdom- Jersey (Inward Mail)	No formal target, but maintain monitoring and reporting on transit time	Day of Jersey Post receipt + 1 Quality target: 90%

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With respect to the transit target benchmarks the following definitions apply:

- Day of dispatch – This corresponds to the UPU’s measure ‘J’. It is the day from which the counter starts on time taken to deliver an item. It starts when an item is either posted in a postbox or handed over at a post office counter.
- Day of Jersey Post receipt – This corresponds to the UPU’s measure ‘D’. It is the time of receipt by Jersey Post of locally collected mail and mail coming from the UK at its main sorting centre at Rue de Pres. The target applies to the number of days before clearance to a delivery officer; for instance, day of Jersey Post receipt + 1 means mail is processed and cleared to a delivery officer on the next day after receipt.

The transit target benchmarks are to be reported from January to November of each year, with December excluded as a peak month. To collect the benchmark data, sampling should be maintained as the basis for reporting, to be completed independently, and overseen by Jersey Post.

In addition to the transit target benchmarks Jersey Post shall also carry out additional quality reporting, covering at minimum:

- Consumer satisfaction – Based on Jersey Post’s internal survey or other appropriate material;
- Number of complaints – The number of complaints and the breakdown by type of complaint (to include misdelivery). This is to be reported by month; and
- Number of refunds – Information on number of refunds issued through Jersey Post’s compensation scheme. This is to be reported by month.

The transit target benchmarks and additional quality reporting for each year are:

- To be written up into a quality of service report;
- This report will be submitted to the Authority by 31 March each year for review; and
- The Authority will review and consider any potential redactions, before publishing the quality of service report on the Authority website by 31 May each year. The report should also be published on an appropriate page of the Jersey Post website.

This Direction takes effect on 1 March 2024 and supersedes all the previous directions of the Authority pursuant to such Licence Conditions. Consistent with this, the last complete quality of service report under the previous Directions (for the calendar year 2023) will be assessed and issued by the Authority in 2024 consistent with past practice. The refined approach to quality of service set out above will be implemented during 2024 and the first report received in 2025 consistent with the timetable above.

6. Next steps

- 6.1 This Initial Notice is of an intended exercise by the Authority of specified regulatory functions. Written representation to the exercise of these specified regulatory functions may be made by e-mail to info@jcra.je on or before 5pm on 9 February 2024.
- 6.2 If representations are received before the deadline regarding the proposed exercise of such functions, the Authority will consider them and will decide:
- Not to exercise such functions;
 - To issue a new Initial Notice; or
 - To issue a Final Notice confirming the grant of the Licence/directions to Jersey Post.
- 6.3 If no responses are received before such time, the Final Notice effecting the specified regulatory functions will be made on or about the week commencing 26 February 2024.