



Postal Services (Jersey) Law 2004

Case L-012: Strategic Review of Postal Services

Initial Notice: Proposed Licence and Directions to Hi-Speed Freight Services Limited

Document No: JCRA 24/03

Date: 11 January 2024

Jersey Competition Regulatory Authority
2nd Floor Salisbury House, 1-9 Union Street
St Helier
Jersey JE2 3RF
Tel 01534 514990
Web: www.jcra.je

Contents

1.	Executive summary	1
2.	Background	2
	Statutory background	2
	The licence granted to Hi-Speed Freight	3
	The strategic review process	3
3.	The granting of a Class I Licence	4
	Framework	4
	Granting of Licence	4
4.	The implementation of reporting requirements	5
	Framework	5
	Direction	5
5.	Next steps	6

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 Hi-Speed Freight Limited (**Hi-Speed Freight**), which are to:
- Grant a Class I Licence (**Licence**) pursuant to Article 15(1) of the Postal Services (Jersey) Law 2004 (**the Law**) to Hi-Speed Freight; and
 - Direct Hi-Speed Freight to implement reporting requirements pursuant to Condition 4 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 regulatory 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 issue to Hi-Speed Freight.
- 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 5.

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 Hi-Speed Freight; 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.

The licence granted to Hi-Speed Freight

- 2.4 Hi-Speed Freight holds a Class I Postal Operator's licence. This Licence sets out provisions in relation to the collection in Jersey and conveyance of Licensed Letters for onward movement. The licence contains a number of obligations, such as on the provision of information to the Authority, compliance, protection of the integrity of mail, including a Financial Limitation to which the licensee is subject. The obligations are split into:
- (a) Establishment and enforcement of the licence;
 - (b) Public service conditions, which serve to protect consumers; and
 - (c) General conditions relating to the provision of postal services, that include international obligations.
- 2.5 In 2023 the Authority, to allow the Strategic Review to take place, exercising its powers under Article 19 of Law, issued a Class I licence to Hi-Speed Freight. This was issued under the same terms as the previous Licence granted and the modification extended the licence subject to the same Conditions until 1 July 2024. The proposed granting of the Licence, set out in Chapter 3, will supersede this interim Licence.

The Strategic Review process

- 2.6 The Authority's approach to consultations was set out in an Information Note in July 2018.³ The Information Note outlines the process to be undertaken before carrying out certain regulatory functions in accordance with the relevant statutory process.
- 2.7 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), the Draft Decision (JCRA 23/27), having taken into 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.
- 2.8 Following the non-statutory process, the Authority also intends making a decision on the implementation of the regulatory policy approach set out in the Strategic Review. This requires the use of specified regulatory functions for the purposes of Article 15(1) of the Law and accordingly the Authority has issued this Initial Notice. Further detail on the statutory process is included in chapter 5.

³ [Regulatory Consultation Process](#)

3. The granting of a Class I Licence

- 3.1 This chapter sets out that the Authority proposes to grant a Class I Licence to Hi-Speed Freight. It is split into two subsections: the first sets out the framework for the specified regulatory function and the second sets out the relevant direction.

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 I Licence pursuant to Article 15(1) of the Law to Hi-Speed Freight, which is a company incorporated in Jersey under registration number 25575, with its registered office at Unit 2 New Cargo Centre, L'Avenue de la Commune, St Peter, JE3 7ZR.

- 3.7 The form of the proposed licence is published alongside this Initial Notice and it is consistent with the conclusions of the Final Decision also published alongside this document. To reflect these conclusions the following conditions have been updated:

- Condition 10 (Licence Commencement and term); and
- Condition 18 (Universal postal service) – removed.

- 3.8 The Licence is a replacement for an interim licence previously granted by the Authority to allow the Strategic Review to take place.

4. The implementation of reporting requirements

4.1 This chapter sets out that the Authority proposes to implement reporting requirements on Hi-Speed Freight 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 4.1 of the Licence provides that:

‘For the purpose of monitoring the Licensee’s compliance with the Conditions and the Postal Law, the Licensee shall provide to the JCRA in the manner and at the times required by the JCRA, any Documents, accounts, returns, estimates, report or other Information (whether financial, operational, technical or otherwise) including but not limited to the Documents, accounts, returns, estimates, reports and other Information specified in this Licence.’

4.3 Accordingly, the Authority has the power:

- To determine the appropriate reporting that shall be provided by Hi-Speed Freight; and
- To issue a direction to Hi-Speed Freight 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 Hi-Speed Freight as follows:

DIRECTION			
Pursuant to Condition 4 of the licence granted to Hi-Speed Freight Limited (Hi-Speed Freight) under the Postal Services (Jersey) Law 2004, the Jersey Competition Regulatory Authority (the Authority) directs Hi-Speed Freight 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.			
Requirement	Scope	Frequency	Timetable
1. Outbound Postal volumes	Volume of mail sent, broken down by letters and large letters	Annual	By 31 May of the following financial year
2. Revenue derived from the provision of Postal Services	Revenue from mail sent broken down by letters and large letters		
3. Postal services tariff information	The cost to your clients for the different types of services provided under your Licence		
Each report to be submitted pursuant to the Direction shall relate to a financial year and shall be submitted by 30 April in the subsequent year. The first report to be prepared under this Direction shall relate to the financial year 2023 and shall be delivered to the Authority by 31 May 2024.			

5. Next steps

- 5.1 This Initial Notice is of an intended exercise by the Authority of specified regulatory functions. Written representations 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.
- 5.2 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;
 - No issue a new Initial Notice; or
 - To issue a Final Notice confirming the grant of the Licence/directions to Hi-Speed Freight.
- 5.3 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.