

2024.06.25

3.13 Deputy D.J. Warr of the Minister for Treasury and Resources regarding the increase in small parcel postal rates (OQ.123/2024)

Will the Minister, in her capacity as shareholder representative for Jersey Post, advise whether the same 30 per cent to 50 per cent increase in small parcel postal rates have been applied to both international online retailers who use Jersey Post and local businesses and, if not, will she explain why?

Deputy E. Millar of St. John, St. Lawrence and Trinity (The Minister for Treasury and Resources):

I thank the Deputy for his question. The increases applied to international retailers and local businesses are different; however, it is important to note that the range of local price increases have been less than 30 per cent, depending on service and destination. Export prices reflect continued increase in transport and delivery costs that Jersey Post itself has charged. Our prices for customers sending mail to Jersey are affected by the threat of losing critical volume to competitors. For goods travelling from Jersey, Jersey Post is buying services and are dependent on the amount by which its suppliers increase rates, particularly Royal Mail, who is the only regulated operator able to deliver across the U.K. for a single price, but also Condor who increased its rates by more than 18 per cent this year. For goods delivered to Jersey, Jersey Post acts as a supplier whose ability to increase prices is limited by the need to compete with other potential delivery operators. The economic reality of the market is that Jersey Post is financially dependent on delivering volume for the likes of Royal Mail and Amazon while Jersey's volume to the U.K. and elsewhere is relatively insignificant in comparison.

Deputy D.J. Warr:

I thank the Minister for her answer. I would just quickly say that ...

The Bailiff:

If you could just pause for a moment. We are now inquorate, I believe ... Deputy Curtis is online, we are not inquorate. Thank you very much. Please do continue, Deputy.

3.13.1 Deputy D.J. Warr:

I thank the Minister for her answer. I would just quickly clarify, I have got 2 examples here where prices have increased between 2021 and 2024 by up to 45 per cent. To come back to my follow-up question, there is a private company which has successfully offered next-day services to the U.K. at lower rates than those charged by Jersey Post for 2 and 3-day services. Why has Jersey Post not considered adopting similar methods to better serve the residents and businesses of Jersey as originally intended by its incorporation?

Deputy E. Millar:

I think there is quite a lot in that question. Firstly, the increases, I think the Deputy said that the increases were over a period of 2021 to 2024. That is a 3 or 4-year period and we have seen inflation rise dramatically in that period. As I say, Jersey Post's own costs from its own suppliers have been increasing dramatically over that period. I cannot speak for why. As I have said, Jersey Post has to set its rates based on what they can afford. They cannot risk losing critical volume to big suppliers, and I am sure they aim to provide services to local businesses and local suppliers as economically as they can within the context of the market.

