

TELEVISION LICENCE FEE: REBATE FOR SENIOR CITIZENS (P.180/99): REPORT

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by the Committee for Postal Administration**



STATES OF JERSEY

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1. The view of the Postal Committee is that it is not the rôle of the Post Office to subsidise licence fees or other costs charged for services. If the States feel that groups such as the OAPs, blind, deaf or other special needs groups should receive a payment to offset the cost of such licences/fees, then the logical Committee to bear this cost and administer the scheme is Employment and Social Security, as a part of their overall benefits strategy.
2. Jersey Post acts only as an agent for the BBC in selling licences through the Sub Post Office network. It no longer administers the service, this function having passed back to the BBC through their National Agent in Bristol, in November 1999. It is therefore not practicable for Jersey Post to administer a subsidised scheme. TV licensing is of marginal economic value to Jersey Post. The key point is that if any subsidy was offered we would have to cover the full cost of the payment to the BBC and this would therefore be a direct cost to the States, or Jersey Post. We are not permitted by the BBC to sell TV licences for fees lower than those given by the BBC and any subsidy would have to be made up by the States.
3. Senator Shenton's proposal is to provide half-price television licences for all OAPs. The recent Population Study Group, in its interim report of October 1999, predicted that there will be some 17,000 residents over 60 by 2001, rising to 29,000 by 2031. Therefore, if only half of those over 60 in 2001 were to procure a licence at half-price, the cost to Jersey Post would be in the order of $50 \times 8,500 = \text{£}425,000$ per annum. This figure would also rise over the next 30 years.
4. Details of recent United Kingdom Government proposals for issuing free licences to over-75s in the United Kingdom are not yet known as, although Gordon Brown announced that the scheme would be introduced, the BBC had not been consulted. It is likely that it will not be the BBC that provide these licences free, but the Government that will pick up the bill. It is unlikely that the British Government will pick up the bill for extending the scheme to Jersey, and that cost will have to be met by the States of Jersey, if they wish to follow the United Kingdom example.
5. According to 1996 census figures there are 5,450 over-75s in Jersey. Therefore, the cost of providing free television licences to this number (at £101 each) will be £555,000 per annum. It is estimated that a quarter of the over-75s are married to each other or living in homes, and if this is the case, the cost will reduce to £416,250. However, it is also expected that the number of over-75s will rise, possibly almost doubling over the next 30 years, so this cost will go up significantly. In addition, the impending rise in the TV licence fee to cover digital TV would also increase the cost of any subsidy.
6. If the sum were to be paid by Jersey Post, it means the financial return to the States would reduce by some £½ million per annum, or Jersey Post would have a shortfall of some £½ million per annum in its capital investment programme. This would halve the amount of money available for the identified capital investment programme of Jersey Post over the next ten years. Jersey Post could then be in the position, for example, of having to borrow that £½ million per annum to fund its capital investment programme, thereby indirectly borrowing money in order to pay any States subsidy for TV licences.

2nd December 1999