



Deputy S Pitman

Chairman

Jersey Post and Competition Sub-Panel

Scrutiny Office

Morier House

St Helier

JE1 1DD

Monday, 20 September 2010

Dear Deputy Pitman

Jersey Post and Competition Scrutiny Sub-Panel

I write in response to your letter 19th August 2010 regarding the above.

The subject of offering choice to customers within the current reserved area has become a very emotive one of late, however several facts should be taken into account. In a free market economy demand drives supply, there has been unanimous demand from the bulk mail users of Jersey Post for an alternative service. The frameworks set out in the Competition (Jersey) Law 2005, the JCRA (Jersey) Law 2001 and the Postal Services (Jersey) Law 2004 detail a legal process that allows for applications to be made for competitive postal licenses. Part 3 (The Minister and Authority) of the Postal Services (Jersey) Law 2004 details some of the responsibilities of the Minister and the JCRA. Article 8(1) has been satisfied with the repayment of any outstanding debts to the States of Jersey. Following this the duty of the Minister and the JCRA is “promoting competition among persons engaged in commercial activities connected with postal services in Jersey”.

A basic principle of economics is supply and demand, and there has been unanimous demand by the bulk mailers for additional mail services. There is much talk of the sustainability of the USO. However the USO has been under pressure for some time, not just since the spectre of competition. It is testament to the historical inefficiency of Jersey Post Ltd, that they have been unable to react quickly enough to the changing business model. To choose to lay the blame at the door of competition is wrong, with or without competition the USO needs to undergo a radical restructuring as the public use and expectations of the postal service change.

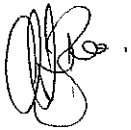
It is of the utmost importance to remember that Jersey is an independent Island economy, which itself is facing the financial pressures of a new business landscape. I do not believe that it is in the interests of Jersey to engage in activities that would siphon revenue from the economy, by licensing or employing non Island businesses to supply goods and services before truly local companies have had the opportunity to supply such services – Think Twice Buy Local – has never been so relevant.

That said Jersey Post have been commercialised with a view to being able to engage in competition, which they have done in the foreign exchange, shipping and telephone markets. It would be naive to ignore the benefit to the economy that the fulfilment industry supplies, with over 1200 people employed in this sector – and the possibility of many more. The goods and services and taxes that are generate by these activities are greater than those provided by Jersey Post – albeit they do not go directly to the Treasury, but they do go to Jersey 'PLC'.

It is very important to understand that the process of competition has taken nearly two years to arrive at this point and the JCRA are still proposing to ring fence some 30 million letter items carried by Jersey Post – these provide a protected revenue of circa £4,500,000. It is purely scaremongering for Jersey Post to say that they did not expect competition to be thrust upon them so quickly. How much more slowly and considered could this process have been?

In an international sense for Jersey to be seen to restrict competition amongst commercial companies would send a very confusing message.

Yours sincerely

A handwritten signature in black ink, appearing to be 'CB', written in a cursive style.

Christopher Bee

Managing Director