

# STATES OF JERSEY



## JERSEY POST: PETITION (P.140/2010) – COMMENTS

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Presented to the States on 2nd November 2010  
by the Minister for Economic Development

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STATES GREFFE

## COMMENTS

In respect of part (a) of the proposition –

The minimum level of service that Jersey Post can provide is a function of the Universal Service Obligation (USO) imposed on the company.

The Minister for [Treasury and Resources](#) has indicated that, while as the shareholder he expects the Board of Jersey Post to ensure the company meets the Universal Service Obligation (USO) in an efficient and effective manner, it is not appropriate for the shareholder to define the USO or place further USO-type restrictions on the company.

The setting of the USO is a matter for the Minister for [Economic Development](#). The Economic Development Department has recently concluded a public consultation about the provision of postal services, in which opinions about a possible future reduction in the number of deliveries were sought (amongst other things). These responses will shortly be published as a States Report for Members' consideration.

Once Jersey Post has made the planned efficiency savings which have previously been identified, it will be possible to look again at the affordability of the current service and make a decision as to whether the Minister can realistically require Jersey Post to maintain deliveries on 6 days per week.

Economic conditions and the steady transition from paper mail to e-mail are affecting postal services globally. While the Minister certainly hopes that a 6 day service can be maintained, without public subsidy (in respect of which the Minister for Treasury and Resources has responded), Jersey Post cannot provide a level of service that they cannot afford.

The possibility of mail being delivered on only 3 days per week seems to have been taken from the consultation on the USO referenced above. It must be noted that this consultation explored options ranging from 5 deliveries per fortnight to 6 per week, in keeping with the current system. Although no decisions can yet be taken, from preliminary consideration of the figures, the '3 deliveries per week' model does not seem like the most likely outcome of a future USO review.

In any event, if necessary, a new USO will be defined and presented to the States in due course.

In respect of part (b) of the proposition –

There is no legal process by which the Minister can force the JCRA not to allow competition in the postal market. The JCRA is also under an obligation to follow the process for licensing outlined in the Law. A Final Notice was issued by the JCRA on 8th October (before P.140/2010 had been lodged), and competition in the postal market will take place on 18th November 2010 for packets, but only on 1st January 2012 for Large Letters. This is significant as it provides Jersey Post with over a year to deliver the efficiency savings that they need to support the USO. For this reason, it is not necessary to request the JCRA to delay competition as they effectively have already done so.

In respect of part (c) of the proposition –

In these challenging economic times, it is more important than ever that States expenditure is kept under control. The recent Business Plan, CSR and budget proposals show the difficult decisions that must be made to ensure sustainable public finances for the Island.

Jersey Post must also operate in a financially sustainable manner, and it is working positively to improve the efficiency and effectiveness of its services. It must work to meet its customers' needs and provide affordable and effective postal services within the context of the USO. Any subsidy provided to Jersey Post would in effect require taxpayer funds to be diverted from another public service. Simply providing a taxpayer subsidy to meet any funding shortfall in Jersey Post is not a sustainable or appropriate solution.