

**WRITTEN QUESTION TO THE MINISTER FOR ECONOMIC DEVELOPMENT
BY DEPUTY T. M. PITMAN OF ST. HELIER
ANSWER TO BE TABLED ON TUESDAY 20th APRIL 2010**

Question

- “a) Given that Jersey Post has worked hard at improving efficiency, including the use of voluntary redundancy packages, and is only 4 months into a four-year plan, what action, if any, will the Minister be taking following the decision of the Jersey Competition Regulatory Authority (JCRA) to advise the public of its proposal to issue a Class 1 Postal Operator’s Licence to convey Large Letters and Packets to Citipost DSA Ltd and Hub Europe Ltd?”
- b) Would the Minister set out the impact that the grant of such licences will have for Jersey Post and confirm that the bulk mailing represents the core profit-making aspect of its operations? Would he further state whether the introduction of competition will lead to job losses and increased long-term costs for the public and would he state whether or not he supports the introduction of competition in this area?
- c) Would the Minister state how both Jersey Post and competitors can survive and thrive financially in the years ahead within such a limited market where the comparatively unprofitable but socially essential daily mail delivery to domestic and business customers alike is intrinsically dependent on the more profitable side of the business?”

Answer

a) By entering into public consultation on its proposal to issue a Class 1 Postal Operator’s Licence to convey Large Letters and Packets to Citipost DSA Ltd and Hub Europe Ltd, the JCRA is acting wholly within the provisions of the Postal Services (Jersey) Law 2004. Through this Law the JCRA is responsible for granting all licences to postal operators. It is required to determine whether licences should be granted based on considerations listed in Article 8 of the Law.

The JCRA’s assessment of these considerations, must include the potential impact of the grant of additional postal licences on JP’s continuing ability to operate on a sustainable basis, including the provision of a universal postal service. This obligation is set out in the Initial Notices it published on 29th March 2010, available from the JCRA and on its website. The public consultation closes on 30th April at which point the JCRA will determine if additional licences are to be granted.

b) and c) In their 2008 Annual Report, Jersey Post’s Chairman clearly recognises the benefits of competition in the market place:

“We accept the inevitability of regulation and competition, both of which in our experience are strong performance motivators.”

However, it is imperative that the impact of competition on Jersey Post is fully comprehended before any final decision is made. The JCRA’s decision to grant additional licence, must and will include the potential impact of the grant of additional postal licences on Jersey Post’s continuing ability to operate on a sustainable basis, including the provision of a universal postal service.

I would expect Jersey Post to submit a robust impact analysis to the public consultation to inform the JCRA’s decision which would outline the consequences of the award of additional licences on employment, financial sustainability of their operations and their ability to sustain their universal service provision.

As Minister, I will be guided by the findings of the JCRA’s review of the responses to the public consultation. It is

this review that will determine whether competition in this area of the market is sustainable.