

**7.10 Deputy R.G. Le Hérissier of the Minister for Treasury and Resources regarding :**

Senator Ozouf knows I am very slow to learn in this area. Would the Minister inform the Assembly whether local postal rates are in any way affected by the postal imbalance created by the postage of items for the fulfilment industry?

**Senator F.H. Walker (The Chief Minister):**

In the absence of the Treasury and Resources Minister I am answering this question. I am advised by Jersey Post that the cost of mail sent to and from the U.K. including that generated by fulfilment does not affect the cost of local to local mail, although it does affect the cost of mail from Jersey to the U.K. and other international destinations. Upon the incorporation of Jersey Post the review of postal prices became the responsibility of the J.C.R.A. (Jersey Competition Regulatory Authority). The J.C.R.A. are currently undertaking a review and have indicated in their forward work programme, which was issued for public consultation on 13th November, that the review should be complete by March 2007.

**7.10.1 Deputy R.G. Le Hérissier:**

I wonder if the Chief Minister could give a categorical assurance, Sir, that the proposed increase in local postal rates and the increases which have damaged local societies who mail overseas - like the Channel Islands Occupation Society, which I spoke about at almost tedious length with Constable Fisher when he was in charge - could he give us an assurance that the imbalance and the prices charged for local mail are in no way, in no way to do with that imbalance and the increasing sums sought by the Royal Mail?

**Senator F.H. Walker:**

I think I have already said that in my answer, that local to local mail prices are not affected by the imbalance. Local mail to other destinations is.

**7.10.2 Deputy G.C.L. Baudains:**

Would the Chief Minister confirm or otherwise that in fact the cost of local mail is tied-in with our agreement with the United Kingdom because it encourages us to keep our cost of local mail high, thereby keeping our contribution to the U.K. low?

**Senator F.H. Walker:**

No, Sir, that is not the case.

**7.10.3 Deputy C.J. Scott Warren:**

Can the Chief Minister give details to Members now about how much the effect of the fulfilment industry has on the local U.K. and local European rates... can he supply that information to us today?

**Senator F.H. Walker:**

Only in rough figures. I am advised by Jersey Post that it is in the region of between 10 per cent and 20 per cent.

**7.10.4 Deputy R.G. Le Hérissier:**

Would the Chief Minister - a.k.a. Chief Postman - acknowledge that the rates for mail internationally have risen to disproportionate levels and they are knocking out local

societies who are engaged in mailing of members overseas and that these rates, no matter how they are calculated, do not bear comparison with neighbouring countries and that indeed, people are going to some of these countries to do their mailing?

**Senator F.H. Walker:**

No, again I am afraid that simply is not the case. I do have a graph here which clearly shows where Jersey sits in relation to mail out of the Island to the U.K. and Jersey is the fourth cheapest mailing service in the whole of Europe.

**7.10.5 Deputy P.J.D. Ryan of St. Helier:**

Could the Chief Minister confirm that in the late 1990s, and possibly even the early 1990s, and during the time when he was in fact President of the Postal Committee, that local to local rates were loss-making and they were maintained artificially low and possibly - as the fullness of time has demonstrated - unsustainably low in the long-term and that this was achieved through subsidies from mail prices that were not local to local?

**Senator F.H. Walker:**

Local to local rates it is true were artificially low for a very considerable period of time, an extended period of time, and what Jersey Post have done now is to correct that position to seek to ensure that local to local rates more adequately - I have no information on the profitability or otherwise of local to local rates at the moment - but what Jersey Post have done is seek to ensure that the rates more realistically cover the cost of what is a very expensive but hugely comprehensive delivery service.

**7.10.6 Deputy C.J. Scott Warren:**

Is the Chief Minister aware that in previous years many people who are travelling to the U.K. will post their Christmas cards to Jersey residents second class from England to save money?

**Senator F.H. Walker:**

That may well be the case, but Jersey Post has been inflicted with enormous increases in costs by Royal Mail over the past 5 years; enormous increases in costs which they do have to reflect. It is interesting that Guernsey postal prices, despite the fact that the Guernsey Post Office made a loss of over £0.5 million last year measured against a very considerable profit from Jersey Post, despite that Guernsey prices are now moving up towards, and in some cases, beyond those in Jersey.

**7.10.7 Deputy R.G. Le Hérissier:**

But, are we not back, Sir, to the nub of the question? Those enormous charges, I would suggest, Sir, in my naïve belief, are being made simply because the postal traffic has got so out of balance prior to when we were an active tourist sender of postcards, *et cetera*, it is so out of balance that the Royal Mail now wishes to be rewarded for the extra work it has to perform. As such it does impact on the costs in a vast way of Jersey Post. Hence the increases I am talking about.

**Senator F.H. Walker:**

The Deputy is quite right, but if he is making the point that it is all down to the fulfilment industry, he is quite wrong. The fact is that there has been a dramatic increase also in other forms of mailing from Jersey to the U.K. and other destinations

from banks, *et cetera*, which is not a fulfilment industry. I said in answer to an earlier question that Jersey Post estimate that the effect of fulfilment is between 10 per cent and 20 per cent. Those are the figures supplied to me as of lunchtime yesterday.