

**WRITTEN QUESTION TO THE MINISTER FOR ECONOMIC DEVELOPMENT****BY DEPUTY G.P. SOUTHERN OF ST. HELIER****ANSWER TO BE TABLED ON TUESDAY, 21st NOVEMBER 2006****Question**

- (a) Will the Minister use his powers under Article 9(2) of the Postal Services (Jersey) Law 2004, if he considers that it is desirable in the public interest to do so, to give to the JCRA written guidance in respect of the principles, procedures or policies to be followed by the Authority in relation to any other matter, in order to direct the JCRA to investigate and to report on whether there are potentially anti-competitive cross-subsidies in the trading conditions of -
- (i) Offshore Solutions Ltd, and
  - (ii) Promail

and indicate in what timescale a response is to be expected, and if not, why not?

- (b) Will the Minister inform members when the JCRA will respond to the request for price rises on letter mail rates both locally and to the UK?

**Answer**

- (a) The question of whether or not Jersey Post is engaging in potentially anti-competitive cross-subsidies with regard to either Offshore Solutions Ltd, or Promail, is not a matter in the first instance for me, as Minister of Economic Development. Rather, it is for the JCRA, as the island's independent and expert postal regulatory authority who has responsibility for issuing and enforcing Postal licences. As I have every confidence in the JCRA in dealing with these matters, I do not believe that the use of directions or guidance under Article 9(2) is desirable or necessary in dealing with any issue of cross-subsidisation.
- (b) As part of the conditions of the license to operate issued by the JCRA, Jersey Post has an obligation to ensure that its prices are cost-justified and not excessive. I am advised that the JCRA has indicated that excessive prices may also constitute a breach of the competition law. If the JCRA believes that the prices are in breach of these provisions, it could decide to take enforcement action, and has the power to direct that prices be reduced, if appropriate. It would also have the power to impose financial penalties if it found that the price changes were in breach of the competition law.

In common with Jersey Telecom's licence, Jersey Post is required to notify the JCRA of any price increases at least 21 days before they come into effect. They are not required to obtain approval before making the price changes.