

2.10 Deputy R.G. Le Hérissier of the Minister for Economic Development regarding the affect of high postal charges on small internet businesses or voluntary groups:

What steps, if any, has the Minister taken to ensure small internet businesses or voluntary groups are not disadvantaged by high postal charges?

Senator P.F.C. Ozouf (The Minister for Economic Development):

The Postal Services Law 2004 established the Jersey Competition Regulatory Authority (J.C.R.A.) as the authority responsible for the regulation of the postal sector in Jersey. The Law came fully in force on 1st July 2006 and allows the J.C.R.A. to determine within certain limits the maximum level of charges that Jersey Post may apply for postal services. I am advised that in 2007 the J.C.R.A. did undertake a review of Jersey Post's costs and concluded a 3-year price control for the period 2008-2010 and for all core postal services. These services include standard letters comprising local, U.K. and international mail and other services such as direct mail, recorded and special deliveries, business reply, redirections and post office box facilities. The users of such services are predominantly private individuals and small and medium-size businesses and charitable organisations. The effect of the price control is an effective freeze on prices for 2008 while allowing only modest increases of R.P.I. (Retail Price Index) minus 1.8 per cent for the years 2009 and 2010. With respect to bulk and fulfilment services, which are mainly used by large business mailers and internet-based services, the J.C.R.A. concluded that these services are currently subject to sufficient competitive pressures from other jurisdictions and, therefore, determined that price controls were not appropriate at this time. However, the notice issued to Jersey Post in November 2007 stated that the J.C.R.A. would keep a watchful eye on Jersey Post prices for bulk and fulfilment services and if there is any evidence of market failure, such as Jersey Post excessive charging, the J.C.R.A. may consider applying a price control to them in future. I will certainly discuss this issue at one of my forthcoming briefings with the Chairman and Executive Director of the J.C.R.A.

2.10.1 Deputy R.G. Le Hérissier:

Notwithstanding the very healthy appearance of the Minister after his Indian trip, unlike members of the recent C.P.A. (Commonwealth Parliamentary Association) delegation, I would like to ask him, Sir, would he not accept that the steamroller of the bulk customers has totally squeezed out the small customers and, in fact, there has been a "smoke and mirror" tactic employed where, for example, minimum weights have been increased, thereby increasing, for example, minimum charges, and that various special concessions like small packet rate and printed paper rate have all been removed, thereby exposing the small group to an almost impossible situation?

Senator P.F.C. Ozouf:

In relation to the Minister's healthy appearance, unfortunately the Indian trip had nothing to do with it as we were far too busy boosting economic matters for Jersey and I doubt whether we even saw the sun. That is due to just a long weekend skiing, thank you, Sir. I do not agree at all with what the Deputy has to say in respect of postal charges. If he wants to have a discussion with the J.C.R.A. about some of these issues - and this is not the first time that he has raised them - can I suggest that we sit down together with the J.C.R.A. and address these concerns that he has? Because certainly there is a lot of work that the J.C.R.A. has done in respect of all the areas of Jersey Post and I think the Deputy, rather than asking me questions, we have separated out the responsibilities of regulation, shareholder, *et cetera*, to an expert body, and it is really to that authority that he should be addressing his questions, but I am happy to facilitate a discussion if he wishes.