

#### **4.2 Deputy P.V.F. Le Claire of the Minister for Treasury and Resources regarding the revenue received for the Central Market sub-post office over the last 5 years:**

May I ask the Minister what was the annual rent received for the sub-post office in the Central Market last year and what was the revenue received for the sub-post office over the last 5 years, please?

#### **Senator P.F.C. Ozouf (The Minister for Treasury and Resources):**

Until the retirement of the sub-post mistress in June 2008, the Central Market Post Office was run on an arm's length basis and, upon her retirement, Jersey Post took over responsibilities for the providing of the service. Jersey Post had, and continues to have, different commercial arrangements with different individual post offices and, as a result, the different terms could put Jersey Post at a commercial disadvantage. However, I can advise the States that Jersey Post has not at any time received franchise revenue from the Central Market Post Office. I advised the States on 11th May that the annual direct running costs of the Central Market Post Office were in the region of £141,000 per annum. I further advised the States that the new model which will be provided at the Co-op will provide alternative access to postal services and will be at much lower cost to Jersey Post which will contribute significantly to reducing the overall loss of the network. The annual turnover of the network has reduced by £482,000 to £5.4 million since 2008. Losses are forecast to increase up to £1.2 million over the same period. Discussions are underway with a group of market traders to identify alternative suitable outlets to the market for the provision of postal product services. Property Holdings, I could also say, received a rent of £13,624 per annum each and every one of the last 5 years.

#### **Deputy P.V.F. Le Claire:**

Can I confirm that the answer was £13,624?

#### **Senator P.F.C. Ozouf:**

Yes.

#### **4.2.1 Deputy D.J. De Sousa:**

The Minister touched on the fact that if the post office was to move from the market to Homemaker it would be at a lower cost to Jersey Post. Can we have the exact cost of that to the post office?

#### **Senator P.F.C. Ozouf:**

The explanation is simply this: that the current operating costs, which are £141,000 to operate the post office, currently contribute a loss to the overall network. Moving it to the Co-op will reduce that loss and, faced with the significant difficulties that Jersey Post have on running a traditional sub-post office network, this is an important part of their reform programme. I realise that this is not easy but I am afraid it is a necessary evolution of an old business to a new world where post office services are declining and we need to find new ways of dealing with it.

#### **Deputy D.J. De Sousa:**

The Minister did not answer my question. It was intimated that it would cost Jersey Post less to move out of the market and into Homemaker, where are those figures, what are those figures? Can we please have them?

**Senator P.F.C. Ozouf:**

I have said that there was no revenue received from the Central Market Post Office and, indeed the costs for the post office, I have explained: moving the facility to the Co-op will contribute to and make a marginal return to the post office, as I am advised, and that is going to help to reduce the overall loss of the sub-post office network. It is not easy, and I know that is not what the Deputy wants to hear, but that is the reality of a traditional business that has to change.

**4.2.2 Senator S.C. Ferguson:**

I am sorry, I may have misunderstood last time. When the Minister talks about the operating cost, does he mean that this is the net loss to the post office, because I was of the understanding that the turnover of the Central Market Post Office was something in the order of £1 million a year?

**Senator P.F.C. Ozouf:**

I know that the Senator has met with Jersey Post, and I reiterate the comments I have made on a number of occasions: that the running costs of the post office are £141,000 a year, included in that is rent and it makes no revenue return whatsoever; it incurs a loss in relation to the operation. The difficult thing, I must repeat again, is that this is expected to further decline as we see falling postal revenues as the traditional work of the post office effectively evaporates over the next subsequent years. This is a problem which is now a problem, and going to get worse, with an overall significant loss of the sub-post office network.

**4.2.3 Deputy J.M. Maçon of St. Saviour:**

I have been in contact with the Minister for Transport and Technical Services. As many elderly and disabled people use the Central Market Post Office, as the main shareholder is the Minister for Treasury and Resources aware of any proposals to increase the safety routes to the new proposed site, as that issue has been raised with me?

**Senator P.F.C. Ozouf:**

The Deputy raises a very good question about accessing postal services in not only just the Co-op but in other places too. I am aware of discussions that the post office are holding with the Central Market to provide automated facilities for posting of parcels, *et cetera*, and to provide the postal services in other locations in the Central Market. So, yes, we need to provide additional outlets for the post office services within the Central Market at a lower cost; they will be provided at the Co-op too, which is a well-frequented site, but also in other parts of town. That is the innovative way of dealing with a problem as opposed to, I am afraid, saying that you simply must cast the post office in aspic and cannot let that business move forward. We need to help them to find solutions of which access is an important part of the consideration.

**4.2.4 Deputy J.M. Maçon:**

If I may clarify. Notwithstanding what the Minister has said, let me clarify what I mean: access as in crossings, *et cetera*, to the Co-op in order that people with disabilities and the elderly can access the service; that is more what I was questioning.

**Senator P.F.C. Ozouf:**

The Co-op is not the silver bullet to the solution to everything as far as accessing postal services, we need to do a lot more. We need to find a cheaper solution within the market and we need to provide other retail outlets for postal users which are declining across St. Helier and other places, Parish Halls, *et cetera*, which is part of the other comments that I have made in previous submissions in relation to this matter.

#### **4.2.5 Deputy P.V.F. Le Claire:**

Would the Minister not agree with me that the central sub-post office in the market is valuable not only to customers but also to businesses and, given the fact that it is valuable to customers and visitors and businesses, will he undertake to take a more personal look at the costs that he has given us today? The argument he gave me in his answers was more to do with Jersey Post's corporate view rather than the question that I asked. Having researched the issue, the 3 staff are getting paid less than £500 a week each; I cannot understand, unless they have stacked the figures, that we have got £141,000 a year running costs as suggested by the Minister this morning. In actual fact, what we are seeing is if this sub post office is not viable, none of them will be.

[11:45]

#### **Senator P.F.C. Ozouf:**

I can only report the figures that I get from the post office, and I do question the post office on the numbers that I get. I agree that there is not only an issue that the service that is provided by Central Market Post Office is valuable for business and we need to find an alternative way of providing market traders with access to postal services, we also need to find a solution for that very important site in the market as an alternative way of generating footfall into the market. I have to agree with the Deputy, there are real problems for the sub-post office network which must be tackled. This Assembly, I do not believe, is going to provide the £1 million subsidy in keeping the sub-post office network in operation. We can find solutions, more access to postal services, but we cannot hold the business back by, if I may say, unrealistic expectations of casting a sub-post office such as the Central Market, in aspic. We need to find creative solutions, not stop them doing what I am afraid is necessary for the viability of their business.