

## **6. Urgent Oral Question**

### **6.1 Deputy S. Pitman of the Minister for Economic Development regarding the justification for the closure of the sub-post office in the Central Market:**

It has just been announced that the sub-post office in the Central Market is to be closed. Would the Minister advise Members what is the justification for closing this sub-post office and will there be any job losses?

#### **The Bailiff:**

I understand that this should more correctly have been directed towards the Minister for Treasury and Resources. Is that right? Is it agreed between you that that is the correct position?

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

Yes, Sir. With the shareholding responsibility of Jersey Post it is probably more appropriate for me to answer. The justification for closing the Central Market sub-post office is because of the rapid decline of the use of local and global postal services. I can tell Members that Jersey Post have advised me that the retail network, in other words the Island's sub-post office network, loses around £1 million per year. Jersey Post quite rightly needs to change the way it delivers its retail services. It has been announced that it is closing the Central Market outlet but it has also announced that it will be opening a new retail outlet at the Co-op in Don Street and this is among a wide number of other changes in relation to the retail network that will be worked on over the forthcoming months.

#### **6.1.1 Deputy S. Pitman:**

Could the Minister outline what advantages there are in taking this service to the Co-op and has he not considered that this service has been used by many of the market traders since 1972? Does he not see the value of this being part of the market and being an attraction to come to the market and the value of its history to Jersey?

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

I was advised of this on Friday and I share the regret of the closure of the post office. What I will say to the Deputy is that I think this should be regarded as an opportunity for the Central Market. I have understood that the Central Market post office is an attraction in terms of footfall into the market and I have already commenced discussions this morning with Property Services so that they can identify an alternative use for that site in the Central Market, perhaps with the offices above it too, in order to create a really vibrant attraction to bring people into the Central Market which will further enhance the Central Market. I am afraid that we cannot hold back the tides of change. The retail network is going to need to be modernised, there are going to be some difficult decisions to be made. That is going to be an engaging requirement of the discussion between Jersey Post, the J.C.R.A. and the Minister for Economic Development in relation to the universal service obligation. I am afraid the decision for the sub-post office in the Central Market has been made and we need to deal with it.

#### **6.1.2 Deputy J.A. Martin:**

The Minister just mentioned the post office, himself and the Minister for Economic Development again. He also admitted the retail side of Jersey Post loses £1 million year. If anyone in this House or outside thinks the closing of Central Market is just the beginning, if they lose the rest of that it will be at least a half to two-thirds of sub-post offices will have to go [**Approbation**] and yet the Minister has just said, contrary to the Minister for Economic Development, that it will not be a decision of the States. Can I have his word that it will be a decision of the States how we deal with the universal service agreement which is partly retail services?

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

I do not disagree with the Minister for Economic Development in relation to the universal service obligation. There is clearly a debate to be had from the shareholder's point of view about the

universal service obligation and how that is delivered. Currently the universal service obligation costs Jersey Post money and that is something that is going to have to be dealt with and I think there is a need to have a debate about the universal service obligation with customers in order to resolve the long term arrangements. Jersey Post is not alone in having to deal with these changes. As far as the retail network is concerned, post offices around the world are finding alternative ways to deliver their postal services. La Poste in France is working with *mairies* and town halls across France. That is something that Jersey Post is going to be doing with Constables and Parish Halls. There are ways of dealing with looking at the retail network in order that it can stop the haemorrhage of £1 million a year.

### **6.1.3 The Deputy of St. John:**

Will the President confirm that the States of Jersey owns 100 per cent of the post office? Secondly, given that the States of Jersey own the markets and we subsidise rents within the market - and I do not think he is taking notice of what I am saying - would it not be sensible to reduce the rental of the post office so we keep a footfall within that market, because that was the idea of the market? Also will he tell us what is the new rental they will be paying at the Co-op?

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

I think the Deputy perhaps hankers after a former time when he asked the President. The President of Postal Services is no longer. Jersey Post is an incorporated entity and needs to run on a proper commercial basis. But I can confirm that the States of Jersey does own 100 per cent of Jersey Post and there are no intentions to change that. I do, however, need to engage with Jersey Post in order that they can continue to fund their operations and they can continue to provide the services that are valued by Islanders. I do not think any Member of this Assembly would suggest that there should be a subsidy to Jersey Post in terms of providing those services. We need to ensure that Jersey Post can continue to deliver what they need within the commercial arrangements. What I will agree with the Deputy is that I need to work and ask Property Holdings to seize the opportunity of this vacant unit in the Central Market and if necessary incentivise an alternative use which will be a vibrant attraction to draw people into the Central Market. Change is inevitable. This is a change that must be made. Let us try and make an opportunity out of it rather than holding something which simply cannot be justified back. The rental, I am advised, is an initial rent for a 9-year lease from 2004 was set at £12,500. Currently the rental is £13,726.

### **6.1.4 The Deputy of St. John:**

The rental for the new premises at the Co-op, please?

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

The arrangement as I am advised in relation to the Co-op is not a rental. As Jersey Post is changing its retail model, it is not simply a rental for a site. It is a partnership with the Co-op in the same way that, for example, there is a partnership at the airport. The airport now has full postal services but that is done on a commission basis with airport staff running the services. It is a different model but it is a more efficient model which does not lose as much money.

### **6.1.5 The Deputy of St. John:**

Can the Minister give us a costing of this, please?

### **The Bailiff:**

Sorry, Deputy, there are a lot of Members who want to ask questions and we are going to have to call it to a halt at some stage. Deputy De Sousa.

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

Does the Minister not consider that the terminology used by Jersey Post on their website to make this announcement is very misleading? It does say that there are no redundancies to come, whereas

the employees are on short-term contracts of 6 months. These people will not be offered jobs. These people will effectively be made redundant.

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

I have been, I have to say, satisfied with all the ways that Jersey Post has dealt with some difficult announcements over the last few months. The way in which this announcement was made I think there are some opportunities for learning and improvement. The way in which it was announced, I have had discussions with Jersey Post about it and I do agree that there are going to be effectively some job losses as a result of it. They are not permanent job losses but they are job losses. I do not think that we should be sending the message to Jersey Post that they should not be making the necessary commercial changes that they need to make to maintain the valued services that Islanders need. Jersey Post cannot be maintained in aspic. They must change, they must modernise in order to deliver the universal service obligation. Some difficult decisions are necessary. This is one example of it but I do agree that it needs to be communicated properly.

**6.1.7 Connétable D.W. Mezbourian of St. Lawrence:**

I have not heard the Minister explain how closing the outlet in the Central Market and opening one at the Co-op will save money at all. I wonder if he will give the comparisons, please, Sir.

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

I think I should say that Jersey Post is not a States department. It is a separately incorporated entity and I am standing here answering questions as the shareholder representative for Jersey Post. So some of the detail of this, if Members wish me to, I would need to engage in discussions with Jersey Post. This is an urgent question. What I can say is that Jersey Post temporarily took over running of the Central Market post office 2 years ago and placed the staff on a 12-month contract. Prior to this Jersey Post employed an independent sub-postmaster and I understand that that individual retired. I cannot really give any more details apart from the fact that this is a commercial decision and the closure of the Central Market and the reopening of a new postal service in the Co-op in Don Street will obviously be losing less money or will certainly deal with the loss of the Central Market post office.

[12:15]

**The Connétable of St. Lawrence:**

I would like to take the Minister up on his offer to find that information and I ask him to secure the information and relay it to all Members, please.

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

I am happy to do that but I need to be clear to the Assembly that Jersey Post have made this decision and we need to work with the relevant parties in order to deal with the consequences of that. Most importantly that is working with Property Holdings who I have already spoken to, as I have said, this morning to find an alternative use for this site which will benefit and enhance the Central Market, something which all Members, I think, think is extremely important.

**The Connétable of St. Lawrence:**

My question still remains, Sir.

**6.1.8 Deputy G.P. Southern:**

In his initial response to the question the Minister mentioned other wide ranging changes. Is he in a position to announce what those changes are and when might he be or when will Jersey Post be publishing these other wide ranging changes which hopefully will not affect the universal service obligation?

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

There are discussions within Jersey Post about how to deal with a number of challenging issues as a result of the decline in the traditional postal market. One of them is the retail strategy. I do not have notice of exactly when that will be finalised. It will inevitably be within the next few months, maybe in the early part of next year. Change is going to be required within the Jersey Post network and I say that there is also going to be a need for discussions about the universal service obligation. That needs to happen between the J.C.R.A. and Economic Development and we will assist where necessary.

**6.1.9 Deputy M. Tadier:**

I think that first of all the Minister seems to mislead the House. He presumes to speak for Members in the entirety when he says: "I do not think there is any Member here who would want to subsidise Jersey Post." I think clearly there is the Deputy of St. John and myself who would be quite happy to subsidise rent in the market, and I presume there are other Members. The real issue is, and I hope the Minister will agree, that by bringing competition in and giving out the most profitable parts of the cake to businesses, while we are left with the non-profit making parts to deal with, we are going to have to subsidise Jersey Post even more. Will the Minister explain, if he is against subsidy, why is he promoting competition on what is effectively not simply a business but also a public service and utility?

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

I think that it is perhaps unfortunate the announcement of the closure of the Central Market post office is being linked to this issue which is a separate issue about the licensing decision in relation to bulk mailers. I can understand why Members want to take the 2 things together but they are very separate. I can say that the issue of the Central Market is not simply about rent. It is a bigger issue, as I understand it, in relation to the retail operation there. I do not think that Jersey Post would simply - which they are not in a position to do - change their position on this if there was a rent-free position. I think we need to understand that there is a radical change going on in the postal business. I do not purport to speak for all Members in relation to subsidy of Jersey Post. If there is a requirement to subsidise in future the universal service obligation then that would be a matter for the States in the Annual Business Plan. But, together with the other priorities that we have in health and education, I do not think that we would be saying to Jersey Post, or are in a position of saying to Jersey Post, that we would subsidise them over allocating money to health or education, *et cetera*. I think Jersey Post need to live within their means but we need to help.

**The Bailiff:**

I am sorry, I know Members want to ask a lot of questions. I am going to allow 2 more, which I had seen, and then we will return to Deputy Shona Pitman. The Deputy of Grouville.

**6.1.10 The Deputy of Grouville:**

I know what the Minister has just said but if the market is opened up any new companies coming in will be coming from the U.K. and therefore not paying tax and they will be trading against Jersey Post. Has the Minister got any forthcoming plans that we have all been waiting for that can make a level playing field for the Jersey companies versus the U.K. counterparts that come in and create the competition?

**The Bailiff:**

Deputy, I am sorry, that clearly is an important question but this is an urgent question in relation to the Central Market and I think it goes much wider than that, so I think it is a question for another day. The Constable of St. Helier.

**6.1.11 The Connétable of St. Helier:**

The traders in the Central Market must be truly confounded by the way they are being treated by the States. **[Approbation]** We have an investment in the refurbishment of the roof of hundreds of thousands of pounds, which we all welcome. At the same time they seem to be being deprived of one of their anchor tenants. Would the Minister tell us what communication has been carried out by Property Holdings with the Market Traders Association and their members and does he have confidence in Property Holdings and in the way they have carried out this?

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

There are clearly issues that the Assistant Minister who is responsible for property identified this morning which we need to work with Ministerial colleagues to deliver on property matters. Clearly everything is not working at the speed at which we would want. However, on this issue let me be absolutely clear, this is not an issue where the finger should be pointed at Property Holdings. They received the information about this change from me this morning when I asked them what they were going to do or whether they were aware of it. They were not aware in relation to the closure of the market post office but they will be working in order to find a solution for the Central Market, and I agree completely with the Constable that we have got to find a positive future for the Central Market which also gets value out of the States investment in the roof, *et cetera*. So, we cannot hold change back, we need to regard this as an opportunity, and I hope that he will work with us with his very good Town Centre Manager in order to help find a retailer that will wish to take the space.

**6.1.12 Deputy S. Pitman:**

Following on from the Constable's question, does the Minister himself know what effect and concern this will have on market traders? I suspect that this decision has been made as part of the aims of the Minister in increasing privatisation of public utilities. My final question is does the Minister know when the decision was made to close this sub-office?

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

May I just say that there is no intention of privatising Jersey Post and indeed any decision in relation to sell-off of any utilities will be a matter for this Assembly to take. I am very sympathetic to the market traders in relation to the closure of the post office. If it is of assistance for the market traders I am more than happy to attend a meeting with Deputy Le Fondré and Property Holdings to try and find an opportunity and to find a way forward in relation to this site, that this is seized as an opportunity, together with the offices above, to find a new anchor tenant which is going to attract people and increase vibrancy in the market. If the Deputies of the area wish to get involved in those discussions then let us do that.

**The Bailiff:**

That concludes oral questions on notice. Now we come to questions to Ministers without notice and the first period is to the Minister for Home Affairs. Deputy Lewis.