

5.19 Deputy G.P. Southern of the Minister for Economic Development regarding the costs and benefits of the Jersey Competition Regulatory Authority's (J.C.R.A.) proposal to grant postal licences to 2 new postal operators:

Will the Minister inform Members of his assessment of the costs and benefits of the J.C.R.A. proposal to grant postal licences to 2 new postal operators?

Senator A.J.H. Maclean (The Minister for Economic Development):

In the absence of all the facts it is not for me to speculate on the potential costs and benefits at this stage. Following the public consultation I expect, as I am sure Members do, that the J.C.R.A.'s final decision must include the potential impact of any additional postal licences on Jersey Post's continuing ability to operate on a sustainable basis. I expect Jersey Post to submit a robust impact analysis to the public consultation to inform the J.C.R.A.'s decision. I have spoken to Jersey Post and I am confident that their submission to the consultation will outline the consequences of the award of additional licences, in particular on employment and financial sustainability of their operations. It is this review that will determine the potential impact of competition in this area of the market and whether such competition would be in the public interest at this time.

5.19.1 Deputy G.P. Southern:

I am surprised that the Minister has not received information already on the potential impact of this proposal. However, he has earlier said that he will wait for the impact of an efficiency study some time this summer before the J.C.R.A. should expect to act. Will he take that time period to call for extensive talks between all the affected parties, including States Members, so we can fully comprehend the pros and cons of this issue?

[12:00]

Senator A.J.H. Maclean:

I will certainly be informed by the results of the consultation process which, as the Deputy and Members will be aware, concludes at the end of this particular month. Following that there is the efficiency review which I have also stated that I am interested to see the results of. At the end of that period, if indeed the limited powers that I have as Minister with regard to this issue require any form of guidance, then indeed within the law it states that such guidance when and if given will be a matter that will be brought and notified to the Assembly.

5.19.2 Deputy D.J. De Sousa:

Bearing in mind what has happened with telecoms and the fact that the States have 4 different companies that they have shares in with that, are we not in danger here of competition for competition's sake?

Senator A.J.H. Maclean:

I would certainly hope that that is not the case. Competition in an economy is a very positive influence upon consumer prices. I think the key is sustainability. What we need to make certain is that whatever competition is delivered that it has a sustainable and positive effect on consumers and is not detrimental to businesses. It is getting that fine balance right which is absolutely important.

5.19.3 Deputy J.A. Martin:

The Minister said that this would be taken into consideration. I think this is a very wide debate. Everybody knows, even 5 years ago, the up and coming fulfilment industry - and let us be clear this is the only part the 2 licensees want, the profit making part - is really going to affect the whole postal system in Jersey. Can the Minister for Economic Development ensure somehow that we have this debate in the States? It is a very big decision. Do we have a 2 a week delivery in St. Ouen or St. Mary? If that is the way the States want to go and the public want to go so be it but under the way I am reading it can the Minister confirm the States will have no say in the matter?

Senator A.J.H. Maclean:

I am not saying that the States will have no say in the matter; the Deputy is absolutely right. There are 2 issues here and in fact the Deputy is referring, I believe, to the universal service obligation and the effects that competition could have upon that particular provision. That is a debate that most certainly should be had and indeed will need to be had in the future. It is a consideration not just for Jersey Post but indeed for postal services in other parts of the world. There is a significant pressure on postal services. As volumes have dropped postal services are finding that their costs are rising and profitability is falling. It is a problem and certainly needs to have further debate.

5.19.4 Deputy M.R. Higgins:

As Chairman of the Economic Affairs Scrutiny Panel I have been lobbied by quite a number of Members and others who are very concerned about the impact on postal. At our next meeting we are going to be discussing conducting a review of this. Would the Minister give an undertaking to the House that he would ensure that no decisions were made if we did go ahead with a review so the House and everybody else, the public, could be fully aware of all the implications, done by an independent panel within the States?

Senator A.J.H. Maclean:

The Deputy, as Chairman of the Economic Affairs Scrutiny Panel, is of course at absolute liberty to review any aspects of the work undertaken by and responsibilities of Economic Development and I have always and will continue to support any reviews that he and his committee wish to undertake.

The Bailiff:

I am afraid we are out of time now. Deputy Southern, do you wish to ask the final question?

5.19.5 Deputy G.P. Southern:

Final supplementary, if I may, Sir. Will the Minister assure the House that whatever the outcome of this consultation he will bring the results to this House for a decision, in particular in light of the opinion of Mr. Brown of the J.C.R.A. that the question of whether it is better to have a monopoly for Jersey Post or it is better to have a competitive market is a political decision which he does not have a view on?

Senator A.J.H. Maclean:

I am more than happy to give an undertaking that the House will be involved and will have the information presented to them with regard to the outcome of the consultation

process and also the wider impacts of universal service obligations and so on in due course.