

**2.4 Deputy G.P. Southern of the Minister for Economic Development regarding plans to restructure Jersey Post:**

When was the Minister informed of the plans to restructure Jersey Post?

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

On 6th January.

**2.4.1 Deputy G.P. Southern:**

Can the Minister assure Members that the restructuring will not result in a deterioration of the universal service provision and, in particular, has the Minister received any assurances that post offices or sub-post offices will not be closed or otherwise affected by this process?

**Senator A.J.H. Maclean:**

No, I cannot. All I can say is quite simply that the Jersey Postal Service is working with the regulator, the J.C.R.A. (Jersey Competition Regulatory Authority), in discussions with matters surrounding the universal service obligation, for example, and all matters relating to postal services to ensure that the best possible service is delivered to ensure they maintain the good quality of customer service that is currently delivered.

**2.4.2 Deputy G.P. Southern:**

Has there been any meeting between the Jersey Post and J.C.R.A. over these 2 issues - the universal service obligation and the opening of post offices?

**Senator A.J.H. Maclean:**

That is a matter that the Deputy would need to direct towards the J.C.R.A. or Jersey Post themselves.

**2.4.3 Deputy G.P. Southern:**

Is it not the case that the Minister can direct the J.C.R.A. to take a look at this particular issue, and will he do so?

**Senator A.J.H. Maclean:**

At this stage I would have no intention of directing the J.C.R.A. to do so. I would expect the Jersey Postal Service to engage with the J.C.R.A. as is their requirement if they were required to make any changes to the universal service obligation.

**2.4.4 Deputy P.J. Rondel of St. John:**

I am taken aback by the reply to the Deputy, given that the Minister has only known about this since 2nd January, which is of concern, because I have had postmen knocking on my door about reforms longer than that, considerably longer. Will the Minister please inform Members how many reforms have taken place within the Postal Department in recent years, of which I am aware as a former member of that committee, how many there have been. I sincerely hope he can give us those numbers of reforms. Also, will he give us details of the remuneration paid to the Managing Director and directors of the board and whether or not they received a gratuity after 12 months, i.e. a gratuity being a bonus within that, given our postmen have not received pay rises yet?

**Senator A.J.H. Maclean:**

I thank the Deputy for his questions. With regard to the second question - the matter of the pay structure for the Managing Director and the directors - that really is a question that should be directed to the Minister for Treasury and Resources. Of course he is responsible as the shareholder, and I am sure if he is so inclined he would be more than delighted to provide the information to the Deputy. As far as reforms are concerned, the most relevant reform was in 2006 with the introduction of the Postal Services Law which was approved by this Assembly which incorporated Jersey Post. That set the footing for a much more well-structured, incorporated body to operate in a commercial manner to ensure its sustainability. What we have to bear in mind is that the retail aspect of Jersey Post is currently losing nearly £1 million a year. It is essential that that organisation modernises itself and ensures that it is not a drain on public finances. We cannot afford further drains on public finances in the current circumstances where we face structural deficit in a matter of a year or so.

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

As the Minister has yet again refused to answer the question I will put it again. Will he please give details of the remuneration package of the Managing Director and directors? He should be aware, he has a responsibility for this department on those figures, otherwise why is he answering a question that should be directed to the Minister for Treasury and Resources? He, as the Minister with the responsibility for this department, must know chapter and verse about it.

#### **Senator A.J.H. Maclean:**

The Deputy should be aware there is a separation of duty in this regard. The Minister for Economic Development has responsibility from a regulatory perspective, through the J.C.R.A., but not the matter that he particularly asks. If he refers to the question asked by Deputy Southern, it is indeed about the restructuring of Jersey Post, not about pay grades or indeed payments made to the Managing Directors or other directors.

#### **2.4.6 Deputy S. Pitman of St. Helier:**

Will the Minister concede that the policy of increasing competition to our utility companies will just mean more redundancies in our utility companies? Also, would he not admit that to increase competition against our publicly-owned utilities will decrease States responsibility, which will be in line with the Minister for Treasury and Resources' policy of privatisation?

#### **Senator A.J.H. Maclean:**

No, I do not agree with the Deputy at all. I think that, first of all, we have an effective regulator in the J.C.R.A. which is there in place to ensure that entities such as Jersey Post are properly regulated. I think that duty is carried out very effectively and I think that by opening up the market in the way that it has been ... this is not something that is unique to Jersey, it is happening elsewhere in the world. We cannot swim against the tide, we should not seek to swim against the tide. What we should do is ensure that we have fair competition and sustainable competition and that is what I believe is currently being delivered.

#### **2.4.7 Deputy S. Pitman:**

The Minister did not answer my first question. Will he not concede that if we continue to increase competition or allow competition of our utility companies that there will be more redundancies in our utility companies? Further, will he not admit,

as I have asked, that there will inevitably be less need for States publicly-owned utility companies if we increase competition?

**Senator A.J.H. Maclean:**

It is not a foregone conclusion that just through competition it is going to lead to redundancies. Nevertheless, I think, and also the Deputy should bear in mind, the current economic climate that we are having to operate in which ensures that - as a by product - that all businesses are finding the conditions for trade extremely difficult and extremely challenging. On that basis, cost reductions in operations of businesses is something that one would expect to see. It is unfortunate, nobody likes to see anybody losing their job but unfortunately, in these current climates, that is something that one would unfortunately see. As far as Jersey Post is concerned, I do not believe there is a direct link in this case, although public sector organisations such as this do have to operate in a more commercial manner.

**2.4.8 Senator J.L. Perchard:**

Given the suggestion by the Minister to the Deputy of St. John that he should refer his question on the levels of remuneration of senior management to the Minister for Treasury and Resources, is he content that the shareholder representative - the Minister for Treasury and Resources - holds the board of directors of Jersey Post properly to account for the levels of remuneration paid to senior management?

[10:30]

**Senator A.J.H. Maclean:**

I believe he does but, again, I would suggest that if the Senator requires confirmation he should perhaps speak directly to the Minister himself. But as far as I am concerned, I am perfectly content.

**2.4.9 Senator J.L. Perchard:**

I wonder how the Minister for Economic Development could answer that question categorically, when he admitted in his answer he does not know the levels of remuneration that the senior managers of Jersey Post are being paid?

**Senator A.J.H. Maclean:**

First of all, I did not admit that. But secondly, I was merely answering the question that I have the utmost confidence in the Minister for Treasury and Resources to carry out his functions in an effective way, as I have witnessed on many other occasions.

**2.4.10 Deputy J.A. Martin of St. Helier:**

Could the Minister answer whether it is really good practice where the post office is trying to get rid of 80 jobs, return 50 for a lot less wage, when we have people from Income Support sitting down there with the post to make up their money. How is this possibly saving the States any money and is it really making people want to go out to work? It is absolutely ridiculous.

**Senator A.J.H. Maclean:**

First of all, these 2 issues are separate insofar as what Jersey Post have sought to do is to ask for expressions of interest for voluntary redundancy. I should say that they have already had, I believe, 71 of such expressions in a very short period which I think is encouraging. I would also add, while saying that, that I have been encouraged

by the way in which the postal service management, in particular, and the Communication Workers Union have worked very closely together. In fact, I saw a quote which was of interest, a publicly delivered quote in the media from the Communication Workers Union which said these redundancies are being dealt with in an open, fair and manageable way. I think that that is an encouraging point. But as far as the Deputy's question about the 80 requests or expressions of interest for voluntary redundancy, it is quite simply that the company itself will be advertising for new posts which are different posts, part-time posts, and of course anybody can apply.

**2.4.11 Deputy J.A. Martin:**

I wish the Minister would do his homework, they are not different posts, they are exactly the same job. In fact some of them are even higher-skilled, less pay. So please do not try and pull the wool over my eyes and would the Minister not get his facts right - 50 new jobs doing the same work, if not higher skills, less money. That is what the post office is openly offering and I do not know where his communication he is reading, but that is what I am being told and that is from the horse's mouth - being a postman.

**Senator A.J.H. Maclean:**

It is quite correct that the posts are being re-advertised; there are posts which are part-time posts which are being advertised. That may well be doing the same function but as a part-time individual and, yes, they are at market rates. That is quite correct. But I should add that the Communication Workers Unions representing the workers of Jersey Post, in conjunction with the management, have agreed this particular plan. We are living in a world where we have to look to the future, we are looking for the long-term sustainability of Jersey Post and because of that difficult decisions have had to be taken by the management of Jersey Post to ensure that the business is sustainable in the long term and the jobs are maintained.

**2.4.12 Deputy G.P. Southern:**

Now that the Minister has admitted reluctantly he has responsibility for regulation of the post office through the J.C.R.A., will he seek from the J.C.R.A. assurance that universal service obligation and post offices will not be affected by these proposed changes and return to this House in short order with a statement to that effect?

**Senator A.J.H. Maclean:**

No, I will not. What I will do is that I will ensure that the Jersey Competition Regulatory Authority carry out their function as they are empowered to do and that is to discuss with Jersey Post, requirements that Jersey Post may be putting forward for potential changes to the universal service obligation in regards to the future sustainability of their business.

**Deputy G.P. Southern:**

Supplementary if may, Sir?

**The Bailiff:**

Please do not let out an expression like that.

**2.4.13 Deputy G.P. Southern:**

I do apologise, Sir, and so I will put it formally. What universal service obligation does this Minister have to this House?

**Senator A.J.H. Maclean:**

I am not entirely sure what the Deputy is referring to in particular. I am more than happy to answer the questions that are put to me to the best of my ability and that is what I believe I have done.