

Green Paper

Executive Summary

The paper considers how postal delivery services are paid for. It argues that having fulfilment businesses or the taxpayer subsidising the USO is not fair and that the system should be changed to make it pay for itself. To do this Jersey Post will have to cut costs. This means reducing the number of collections and deliveries as well as closing traditional post offices and replacing them with other services. The Treasury Minister has ruled out providing a taxpayer subsidy to support the present USO, which JP states is losing £5m a year.

The USO is under significant pressure not only in Jersey, but also Britain and most other countries. Because people are not sending letters as much as before, the post office is not generating enough income to pay for itself so something has to change. The most important change has been through the use of email, but competition in postal services has also had an effect. Since 2003, total mail volumes have declined by 4% per year.

The JCRA is currently considering applications for licences for bulk mail services from two businesses. This is being seen by some as having potentially disastrous consequences for the maintenance of the USO by Jersey Post. This is not the case. The issues are there already. If the licences are granted this may accelerate what would already happen, but the issue is not about new licences, it is about the cost and sustainability of the USO.

In summary the current position is -

- Postal volumes have declined sharply, and will continue to decline. The retail post business in Jersey is making a loss and if there are no changes to the current arrangements this loss will accelerate. Jersey Post as a corporate body is in no position to fund this loss.
- The fulfilment business has over the last few years provided additional profits which have enabled the retail postal service loss to be financed, but this is not an option going forward.
- There is not an obvious case for public funding of retail postal services, and the Treasury Minister has made it clear that this is not an option.
- There is no significant scope for other providers of postal services to provide a subsidy sufficient enough to maintain the USO.
- This leaves only a reduction in service. The question is what sort of reduction should there be. The paper offers three options & asks for others
- An enhanced collection service consisting of daily collections from a small number (no more than about six) of collection points with next day delivery to the UK and delivery on the next delivery day in Jersey.

- Offering daily deliveries in exchange for a fixed monthly charge. This option would probably be attractive to a number of businesses, but probably not to many householders.
- Offering daily deliveries to all addresses in exchange for a fixed monthly/quarterly charge. This would be similar to the standard charge levied by other utility companies such as electricity, telephone, gas and water to access their networks. If such a charge were to be introduced, we recognize that it would be complex to implement.

The Minister would like you to consider all aspects of the USO, but particularly:

1. Is the analysis of the market in sections 2 - 4 correct? If you believe it is not correct what evidence can you provide to support your view?
2. The Treasury Minister has ruled out providing a taxpayer subsidy to support the present USO. Do you agree? If not, what is the justification for the taxpayer funding the USO?
3. Do you agree with the analysis of why cross subsidisation from other postal services to fund the USO is not viable? If you do not agree, what evidence can you provide to support your arguments?
4. Do you agree that the only viable solution is to reduce substantially, probably by around half, the current collection and delivery service? If not, what other viable solutions can you suggest?
5. Do you agree that part of this solution should include changing the way postal services are accessed, by improving availability, but removing the requirement for a traditional sub post office? If not, what other viable solutions can you suggest?
6. If you had a choice between deliveries three days a week or five days a fortnight, bearing in mind that the latter would be accompanied by marginally lower costs, do you have a preference?
7. If collection and delivery services are substantially reduced would you favour a daily collection facility from a limited number of collection points?
8. If delivery and collection services are significantly reduced would you favour mail recipients having the option to pay a fixed commercial charge in exchange for daily deliveries?
9. Do you have any other comments?