

Minister for Treasury and Resources

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Mr C Webb
Executive Director
Jersey Competition Regulatory Authority
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Dear Mr Webb

Class I postal services licences – consultation

I am responding to the JCRA's initial notices, in respect of the granting of proposed licences to Citipost and Hub Europe.

As Minister for Treasury and Resources, I represent the States shareholding in Jersey Post. I am concerned for the long term value and financial sustainability of the company and its operations. I have asked the Board to advise me of the impact of the issuing of these licences on the company's finances and operations.

I continually challenge the company to drive through efficiencies and innovate. The Board's recent review of the business and resulting restructuring has demonstrated a desire to continually improve and be an efficient, high quality postal company. In principle, I welcome competition in the market as an additional driver of efficiencies.

However, the Board has advised me that the issuing of these licences is likely to have a significant impact on Jersey Post's operations and in particular the company's ability to meet its Universal Service Obligation (USO). As shareholder I require the company to operate in a financially sustainable manner. The company inter alia, has to generate sufficient revenue to fund its operations, including its USO. Jersey Post is currently self funding, but is dependent on the large letter and packet service as an integral part of the overall business. I am advised the issuing of additional licences potentially puts the funding of the USO at serious risk.

The current economic and financial climate makes it essential that Jersey Post continues to be self financing. In addition, the States of Jersey investment in the company is significant and as with all States investments I expect it to deliver an appropriate financial return. I cannot contemplate a situation where the company successfully obtains a public subsidy to meet its USO.

I would ask that you consider these issues in your licence determination.

Yours sincerely



Senator Philip Ozouf
Minister for Treasury and Resources

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