

3. Post Office (Amendment) Bill 2013 – Second Reading approved

Mr Corkish to move:

That the Post Office (Amendment) Bill 2013 be read a second time.

The President: We turn now to the Post Office (Amendment) Bill 2013.
I call on Mr Corkish to take the Second Reading.

Mr Corkish: Thank you, Madam President.

I briefly outlined the purpose of the Post Office (Amendment) Bill 2013 at the First Reading.

This Bill amends the 1993 Post Office Act. It was commissioned by the Board of the Post Office after discussion, and in conjunction with the Department of Economic Development. The Department undertook the public consultation over the proposed legislative changes and published the results. Following this process the Bill was amended to take account of the responses received, which has resulted in the Bill in front of us today.

The Post Office Act 1993 constitutes a statutory body called the Isle of Man Post Office and makes provision for the operation by it of the postal system in the Island. The object of the Bill is to update the 1993 Act in order to bring the powers of the Post Office into line with developments in communications in the last 20 years, and to enable advantage to be taken for future developments.

Under the 1993 Act, the Post Office has a general duty to convey letters in the Island with a corresponding exclusive privilege in that field, but has the power to carry on certain other activities mainly relating to postal and banking services. The general duty is not affected by this Bill. However, with technological advances – particularly the growth of electronic mail and electronic messaging services in the past 20 years – many postal services around the world have largely ceased to be profitable.

The Bill extends the scope of the Post Office's powers to cover wide areas of logistics, communications and financial services, so that it can operate with a degree of freedom similar to that enjoyed by other postal undertakings in the British Isles and Europe. Previous legal opinion raised some concerns over whether the Post Office *can* undertake services that may not be linked to its general duty. The opportunity has been taken to address this issue.

Madam President, it is important that Members are clear over the need for and the intended purposes of the Bill: the fact that the Post Office has been successful in the past does not indicate it can stand still.

This is an enabling Act, providing clarity to the Post Office on what activities it can undertake, similar to the Act which it updates, and which has stood the test of time.

The diversification that was pursued by the Post Office in recent years is vital to protect the future of the Post Office, the services it provides and provide opportunities to generate economic benefits for the Island.

The introduction of this Bill is brought forward now to allow revenues to be sought whilst leaving open future potential options for the review and operating model of the Post Office, such as corporatisation. Consideration of future operating models of the Post Office will be a matter for the Council of Ministers to consider, and ultimately Tynwald Court. It is not therefore a matter for this Bill.

It is essential that wider issues on the future of the Post Office do not delay opportunities to increase revenues and that the universal service obligation – the duty to provide services for the conveyance of letters – continues to be viable.

Madam President, I beg to move that the Post Office (Amendment) Bill be read a second time.

The President: The Hon. Member, Mr Crowe.

Mr Crowe: I beg to second, and reserve my remarks, Madam President.

The President: The Hon. Member, Mr Turner.

Mr Turner: Thank you, Madam President.

I think the Post Office is – not just here but also across the water – one of the country's best-loved institutions. I think it is important they are able to adapt: it is a balance of having organisations which are... although the Post Office is one of the few profitable areas of Government, it is important that we do still have a body that is under, effectively, the public ownership.

Although I am an advocate of privatisation, I am keen in the small community that key services – such as electricity, water and indeed in this case, the Post Office – should very much remain within the ownership and control of the public, in terms of under a governmental level.

As I said, it is important that they have the powers to be able to adapt and offer new services – I think suggestions of possibly going into banking may be something they would consider. I think the public would have confidence in that sort of structure.

The one thing I do think they should look at is the piles of junk that they put through the letterbox every week which feeds my wheelie bin. Maybe there should be a system of being able to opt out of some of that. But that is just a comment.

I fully support the Post Office in their endeavours here to modernise their legislation to give them scope for further services, especially in this fast-changing environment.

The President: The Hon. Member, Mr Coleman.

Mr Coleman: Thank you, Madam President.

I, too, fully support this and I just have a couple of comments, really.

One was that I was at a meeting – as I think other people were last night, Hon. Members – to do with a credit union. It was suggested at the meeting I was at that possibly one of the places that a credit union could operate from was a post office – all of the post offices, all the sub-post offices, essentially. That is my first point, and that was not necessarily a question but I think this Bill would facilitate that sort of transaction.

The second thing is: is this a prerequisite for you to be able to handle the benefits, using the card system that has been put forward by DSC, or could you have done that without this going through?

Mr Downie: Madam President.

The President: The Hon. Member, Mr Downie.

Mr Downie: Thank you, Madam President.

It is interesting we are having this debate regarding this Bill today, after last week in another place the Post Office receiving a huge vote of confidence and an opportunity now to look at the future options available for the Post Office, including the importance of distributing social and welfare benefits in a much more up-to-date and a technological way.

I would sincerely hope that in supporting the Bill that is before us today, it will give the Post Office, its administration, a much broader spectrum of avenues they want to go down to generate new business. And I think that this Bill is really at the nub of the matter.

I would also like to support the comments that have been made by my hon. colleague, Mr Coleman. A lot of people in the Isle of Man just will not be able to have bank accounts, for

whatever reason banks will not find some of the very small savers and borrowers attractive to them in their present model. If credit unions are introduced into the Isle of Man I think the Post Office could be well placed to offer a facility like that, and link it with the benefit system and Social Security, and so on.

So as far as I am concerned, I am fully supportive of the Bill and I can see a whole range of benefits and bringing the whole system up to date.

The President: The Hon. Member, Mr Wild.

Mr Wild: Thank you, Madam President.

Just to give the Bill my full support as a practical piece of legislation, in my view, will allow the Post Office to exploit and develop viable commercial opportunities going forward.

The President: The mover to reply.

Mr Corkish: Thank you, Madam President.

I firstly thank Mr Turner for his support of the Bill. Yes, increasingly across the water certainly, the Post Offices are being used now by many of the major banks as outlets – in fact the Post Office, as you probably know, does act as front of house for some banks here on the Isle of Man.

He also mentioned junk mail, which is not unusual to be directed to the Post Office. We have an obligation to deliver what we have to deliver and junk mail comes under that – we have to deliver, the mail must get through.

Mr Turner: Keeps the incinerator going.

Mr Corkish: Mr Coleman, yes, there was a meeting last night – which I could not get to – regarding a Credit Union.

The Bill before us today, yes, it is an enabling Bill, and it does not prevent the Post Office from offering banking services. We actually say ‘money services, including banking services...’ that includes a people’s bank and credit unions. And the Post Office *is* a cash business so we would welcome any proposal that allowed it to generate increased revenue through its network of Post Offices.

Regarding the credit card – and in another place last week we discussed this. The card system is usable for many areas of Government... and, I forget the actual question part that you did say. Was it ‘Is this Bill requisite?’

The President: Required.

Mr Coleman: Would this be a prerequisite to enable you to do that? In other words, do you need to get this through before you can offer those sorts of card services?

Mr Corkish: Yes, would be the answer, although we are in protracted talks now with the Department of Social Care, that this introduction would be useful both to them and for the future of the Post Office.

I thank Mr Downie for his support, too, underlining the value of the Post Office network to the Isle of Man, and that was again highlighted by the unanimity of vote in Tynwald Court last week and yes, the Post Office is very much attuned to diversification of business.

Again, I thank my colleague Mr Wild for his support of this Bill.

Thank you, Madam President.

The President: The motion is that the Post Office (Amendment) Bill 2013 be read a second time. Those in favour, please say aye; against no. The ayes have it. The ayes have it.

Post Office (Amendment) Bill – Clauses considered

The President: Clauses. Clause 1.

Mr Corkish: Thank you, Madam President.

Specific clauses of the Bill: clause 1 gives the Bill its short title. No express provision is made for the commencement of the Bill as it will come into force on the day when Royal Assent is announced to Tynwald, in accordance with the Interpretation Act 1976, section 10.

Madam President, I beg to move clause 1 of the Post Office (Amendment) Bill.

Mr Crowe: I beg to second, Madam President, and reserve my remarks.

The President: The motion is that clause 1 do stand part of the Bill. Those in favour, please say aye; against no. The ayes have it. The ayes have it.

Clause 2 deals with the substance of the Bill.

Mr Corkish: Thank you, Madam President.

Yes, indeed, clause 2 makes the principal amendments of the 1993 Act, in order to update the powers of the Isle of Man Post Office. Its purpose is to take account of changes over the last 20 years in the commercial environment in which the Post Office operates – particularly in the way information is conveyed – and also potential changes in the future.

Clause 2(1) is introductory.

Clause 2(2) amends section 2 of the 1993 Act to clarify the relationship between the Post Office's main duty under section 2(1) and its powers under section 4. The amendment inserts a new section 2(3A) and, as I have already commented, this is in order to explicitly set out that the Post Office's powers are not linked to its duty to provide a universal service.

Continuing with the clauses: clause 2(3) replaces section 4(1) of the 1993 Act, which lists powers of the Post Office – in other words, things which it *may* do but is not required to do.

The new list is deliberately wide compared with the present list and it is worth mentioning that several of the following items overlap.

Section (a) covers the conveyance, transmission, storage, custody, handling, delivery or management, by physical or electronic means, of a variety of items which I will briefly run through: part (i) is for postal packets; part (ii), any kind of goods which can be anything from packets and parcels to shipping containers; part (iii) is money, which includes money electronically transferred as well as cash; part (iv) covers intangible property, including electronic documents; and part (v) information, which covers electronic data

Moving on to parts (b) to (j): these cover a range of powers of postal services; money services which includes banking services; wholesale and retail sales of stamps, which are provided by the existing philatelic service; document and data handling, including storage; mail preparation, such as packing and addressing of mail in bulk; electronic communication of information, such as sounds and images, which is a new and deliberately wide class of services; identity verification; commercial transactions; business support and transaction processing, with or for other enterprises, which introduces a new and wide class of activities; and, finally in this section, services of any kind for Government entities within or outside the Island.

Having dealt with clause 2(3), we move on to clause 2(4) which inserts a new section 4A in the 1993 Act, enabling the Post Office's legal duties or powers to be updated in the future, if required, without the need for further primary legislation.

As part of this section, section 4A(1) enables the Department of Economic Development to make an order amending section 4(1), so as to reduce or increase the Post Office's powers. The

ability, Madam President, for the Department to change powers is limited by section 4A(2) which requires the Department to consult the Post Office before making such an order.

Further limitations apply in section 4A(3)(a), which enables the order to include consequential and other provisions and to amend legislation if needed, but is controlled by part (b), that requires Tynwald approval for such an order. Final approval by Tynwald was included following the conclusion and consideration of the consultation process.

Clause 2(5) makes a minor amendment to section 13, which provides that any scheme of charges and other terms relating to any of its services must not limit any legal liability of the Post Office, or amend the law of evidence, for example, by raising a conclusive presumption that it has acted properly. It is made that this does not apply to 'registered post' or any similar service provided under section 19, which enables a scheme providing for such a service to limit the Post Office's liability for compensation for the loss of a packet.

Madam President, I beg to move clause 2 of the Post Office (Amendment) Bill.

Mr Crowe: I beg to second, Madam President.

I would just support this Bill and this clause in particular which is the nub of the whole Bill, and say I am very pleased to see this brought forward. In a former life, and working with Mr Corkish, we went through the early stages of this Bill and it is very nice to see it in its form now, which gives the Post Office the power and brings it up to date.

Twenty years ago I do not think we had any e-mail system working, and with the digital revolution taking over and this will enable the Post Office to move with the times.

So it is very good from an expansion point of view and widening the parameters of the Post Office, not only to the Isle of Man but elsewhere as well to take on work from other places, other countries. And whilst at the top level is the importance of new business for the Post Office, there is also the community level which nobody will ever lose sight of because it is... we always like to think the Post Office is the heart of the communities in the Island and support the local communities to a great extent.

So, I think, long live the Post Office and may these powers help in its business formulation.

A Member: Hear, hear.

The President: The Hon. Member, Mr Turner.

Mr Turner: Thank you, Madam President.

As the Hon. Member Mr Crowe said, this is the detail of this particular Bill and I think it gives the Post Office the ability to continue evolving its services.

I know I was up at the Sorting Office last night, having had a bit of an eBay clear out, so a few pounds had gone into the Post Office coffers. The investment in the centre up there has been superb, it is a far more easy-to-use service now with the new counter and the post office boxes up there.

I would ask the Hon. Member, that whilst we all accept the services the Post Office now provides, some are in competition with the private sector, you have got currency exchange... and these are all services that the Post Office should be providing. But I would just hope that in any new venture they look at, they do see where there will be a crossover in the private sector and see what impact that is going to have. Whilst I, in supporting this, agree that they have to adapt and provide more services that people want, because they are at convenient locations across the Island, they should also be mindful that if there are services being provided out there in the community, that may well be affected detrimentally – they should have a proper assessment as to whether that is an area that they do want to venture into at that particular time. So I would like that assurance but again, fully supportive of this Bill going forward and wish the Post Office every success for the future.

The President: The mover to reply.

Mr Corkish: Thank you, Madam President.

Firstly, I thank my hon. friend, Mr Crowe, for his support and his understanding of the work of the Post Office. He is a former chairman of the Post Office and understands and acknowledges the strengths and challenges that the Post Office has.

I thank Mr Turner, too, for his support. The Post Office has been in competition with the private sector for the vast majority of its products and services for a long time. There is nothing new there.

The focus for diversification is off-Island to generate investment – the Island is relatively small, of course, for what we need to do.

The Department of Economic Development works closely with the Post Office and is mindful of the impacts upon local business, the Board are very aware and sensitive to that. So no change is proposed to the powers available to the Minister of the DED to direct the Board. The Board are always mindful of the current level of Island competition when considering new products – and from a commercial point of view, better to introduce new products and services rather than try to enter an established market, unless that market acts as inefficient.

I think that addresses the questions raised, Madam President. I beg to move clause 2 of the Post Office (Amendment) Bill.

The President: The motion is that clause 2 do stand part of the Bill. Those in favour, please say aye; against no. The ayes have it. The ayes have it.

Clause 3.

Mr Corkish: Thank you, Madam President.

The last clause of the Bill, clause 3, provides for the automatic repeal of the Bill the day following the day when it comes into force. This is simply to keep the statute book tidy, by clearing off legislation which is spent. The amended Post Office Act 1993 will remain in force.

So, Madam President, I beg to move clause 3 of the Post Office (Amendment) Bill.

Mr Crowe: I beg to second, Madam President.

The President: The motion is that clause 3 do stand part of the Bill. Those in favour, please say aye; against no. The ayes have it. The ayes have it.

That concludes consideration of the public business on our Order Paper, Hon. Members.

The Council will now sit in private.