

Representing:

Organisation

What do you want Ofcom to keep confidential?:

Keep organisation confidential

If you want part of your response kept confidential, which parts?:

name and organisation

Ofcom may publish a response summary:

Yes

I confirm that I have read the declaration:

Yes

Ofcom should only publish this response after the consultation has ended:

You may publish my response on receipt

Additional comments:

We would be very disappointed to see such relaxation of regulation. Royal Mail is still a monopoly provider and, as such, customers need protection from it.

The majority of elderly customers do not have the option nor the will to transact online and should not be left to bear further significant Royal Mail price increases.

The regulator would be failing by interpreting its duties so narrowly, as has been proposed in the consultation document.

Within the Mail Order industry and in Direct Marketing generally there are clear and measurable relationships between unit postage costs, the volumes of mailings and resulting profit - further price increases will definitely tip the balance further away from mailings.

Competition has definitely brought benefits in terms of efficiencies and focus and it is important to protect upstream choice and competition. We would support a fully competitive Marketplace including alternative final mile delivery networks.

As a business user we are very concerned that the Royal Mail has developed its Revenue Protection function rather than its Account Management function. When we have inadvertently documented a mailing as 101g when it was 98g due to human error Royal Mail have charged the higher rate and refused to accept their live sample packs as evidence - even though they have insisted on receiving such samples to justify an Admail rate. However in other cases they discount RM approved documentaiton and insist on using live samples to justify removing discount (this in the case of mailings with an apparently high proportion of

incomplete postcodes). There is no unbiased complaints process and no true competition that would normally encourage a supplier to take a more reasonable and long term view in such cases.

We would welcome a stronger approach to dispute resolution from OFCOM, as well as their recognising the role of healthy competitive field in reducing complacency and unreasonableness by the Royal Mail.

Question 5.1: Do you agree with the assumptions set out in paragraph 5.86 above? If not, please set out your reasons.:

The Universal Service delivery targets are higher than the average in Europe and are not compatible with generating the targeted EBIT returns in the context of declining volumes (and increasing salary costs).

The Royal Mail business plan should develop to respond to changes in the trading environment that its customers live and operate in and not be protected from downside risk by looser and less frequent regulation on pricing.

Question 6.1: Do you agree with our proposal to impose a regulatory condition on Royal Mail to require it to provide the universal service as set out above? If not, what alternative approach would you suggest?:

No, the Universal Service target delivery levels need to be reviewed through consultation with customers in full sight of accompanying price implications.

Question 6.2: Do you agree that a price control is not an appropriate option at present for regulating Royal Mail's prices? If not, please explain why and how a price control could be implemented effectively.:

Price control is vital for regulating Royal mail's prices.

Failure of the regulator to impose price control on the monopoly service provider is likely to impede cost efficiencies as well as drive more customers away from the mail service. Price control is also one tool for management to use to curb excessive pay demands.

Contrary to point 7.67 we consider that it is absolutely necessary to impose price control to address the risk of excessive pricing.

It is part of the regulators job is to develop and implement effective price controls.

Question 6.3: Do you agree with Ofcom's proposals to put in place regulatory safeguards as described above? If not, please provide reasons.:

6.3 Please see 6.2.

Question 6.4: Do you agree with Ofcom's proposals to put in place a monitoring regime? If not, please provide reasons.:

Yes

Question 6.5: Do you agree with Ofcom's proposals for an index-linked safeguard cap on standard letters from 45p to 55p? If not, please provide reasons.:

Agree with an indexed safeguard but the price range proposed for a Second class stamp is far too high (you appear to be proposing a minimum price of 45p which represents a 25% increase on today's price and is virtually the current First class price). Indexed safeguards should be applied to other services.

Question 6.6: Do you agree with Ofcom's proposal that the approach outlined above remains in place for seven years? If not, please provide reasons.:

No, seven years is too long.

Question 7.1: Do you agree with our approach to assessing end-to-end competition? If not, please give your reasons.:

The effect of your proposed approach to competition is not clear. There is no competing end to end service and there is unlikely to be significant end to end competition for some years to come. For regulation to strangle such enterprises at birth in order to avoid perceived threats to elements of the universal service would be counter-productive. A clear incentive to reduce costs in the final mile would come from effective competition as you outline in 7.4.-7.6,

Question 7.2: Do you agree with Ofcom's proposals to impose an obligation on Royal Mail to provide access at the Inward Mail Centre? If not, please give reasons.:

Yes

Question 7.3: Do you agree with Ofcom's proposals in respect of regulating margin squeeze? If not, please give reasons.:

Yes

Question 7.4: Do you agree with our approach concerning the Terms and Conditions for access, including the role of equivalence and the regulation of zonal pricing? If not, please give your reasons.:

Yes

Question 8.1: Do you agree with the objectives for regulatory financial reporting that we have set out above? Please provide details to support your response. :

Yes, although not with the underlying proposal of greater freedom to increase prices.

Question 8.2: Do you agree that our regulatory financial reporting proposals, set out in this section and the supporting Annex, are appropriate and proportionate? Please provide reasons and evidence to support your views.:

No Comment

Question 8.3: Do you agree with our proposals on the rules and requirements contained in the draft Regulatory Accounting Guidelines and do you consider that they are likely to provide an appropriate and proportionate level of cost transparency and accounting separation?:

No Comment

Question 8.4: Do you agree with our proposals set out above in relation to accounting separation? Are there any further risks that you think Ofcom needs also to consider in making decisions in this area? To the extent that you consider there to be risks associated with our proposals, how do you consider they might best be addressed?:

No Comment