

## **Consultation: Securing a Universal Postal Service.**

**To: Gavin Knott.**

My Details: Bill Harvey Convenor.

Representing: Scottish Churches Rural Group (SCRG) – The Scottish Churches Rural Group represents the Rural interests of most the Churches in Scotland.

I confirm that the correspondence supplied is a formal consultation response and you may publish in full on Ofcom's website, and I authorise Ofcom to make use this information in this response to meet its legal requirements. I confirm I have read this declaration.

### **Our Response:**

**Our following responses are in bold type:**

**We in the Scottish Churches Rural Group stress the need to maintain a universal postal service in Rural areas of Scotland and in Britain.**

**We feel that the price of a second class stamp needs to be frozen. Already many in Rural areas have not been sending Christmas cards this year because of the present price.**

5.86 In conclusion, therefore, having performed further analysis as described above and considered all the responses to consultation, we are considering the following assumptions in coming to our proposals for a regulatory framework:

- The integrated universal service network defines the appropriate boundaries of the business which is central to the provision of the universal service. **Would agree.**
- Royal Mail's ability to execute and deliver on its business plan is of primary importance to the achievement of a financially sustainable universal service, and there remains significant downside risk to the delivery of the plan. **Would agree.**
- A regulatory framework which provides sufficient safeguards against downside risk, coupled with the intrinsic efficiency incentives underpinned in Royal Mail's business plans, is likely to provide the best opportunity to deliver sufficient cost saving pressures. **Would agree but there is a need to protect services in Rural areas when we talk about cost savings.**
- An indicative EBIT margin range of 5% to 10% is appropriate and consistent with the need for Royal Mail to earn a reasonable commercial rate of return commensurate with the level of risk within the business. **Would rather see this held from 5% to 7% as it is s service. If increases continue they will lose more market share.**

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.

**Would stress the need for price control if we are to maintain a universal postal service. Would suggest that Ofcom should be responsible for maintaining this regulating price. Would also suggest that the Westminster Government relooks at its proposals to privatise Royal Mail.**

Question 6.3: Do you agree with Ofcom's proposals to put in place regulatory safeguards as described above? If not, please provide reasons. **Disagree with Ofcom's proposal to give Royal Mail total commercial freedom. We see the need to keep a watch and regulate prices.**

Question 6.4: Do you agree with Ofcom's proposals to put in place a monitoring regime? If not, please provide reasons. **Disagree with the timing of this especially as further research is required into affordability and monitoring.**

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. **Would disagree we feel that the second class letter price needs to be frozen otherwise the use of second class post will totally collapse.**

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. **Disagree would suggest that Ofcom needs to be there to constantly monitor developments and react to them as it happens.**

Question 7.1: Do you agree with our approach to assessing end-to-end competition? If not, please give your reasons. **Would suggest that Royal Mail needs to be protected by Westminster Government and Ofcom in its provision of a universal postal service.**

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. **Can only see extra cost in this proposal. It would be better for the extra cost proposed to go to helping Royal Mail secure a universal postal service.**

Question 7.3: Do you agree with Ofcom's proposals in respect of regulating margin squeeze? If not, please give reasons. **Would suggest that Royal Mail needs to be protected by Westminster Government and Ofcom in its provision of a universal postal service.**

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. **Would be against and form of zonal pricing.**

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. **Would support Royal Mail in its suggestions.**

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. ? **Would disagree because of the extra cost that would be incurred by Royal Mail.**

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? **Would disagree because of the extra cost that would be incurred by Royal Mail.**

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? **Would disagree because of the extra cost that would be incurred by Royal Mail and also because it would give unfair advantage for competitors of Royal Mail.**

**Bill Harvey 4 January 2012.**