

Mr. Gavin Knoptt  
**PRIVATE & CONFIDENTIAL**  
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Dept Competition Policy  
OFCOM  
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29<sup>th</sup> December 2011

Dear Mr Knoptt,

RE: Consultation – “Securing the Universal Postal Service”

With reference to the current consultation due to close for responses on the 5<sup>th</sup> January I would like to provide the following feedback.

Yodel has previously responded to various Postcomm consultations related to the future commercial operations of the Royal Mail. A fundamental part of all these responses concern related to the need to ensure genuine accounting separation and cost transparency across Royal Mail's operations.

The Postcomm proposals to relax certain price restrictions without having confirmed that appropriate measures are in place to prevent unfair cross subsidisation was in my mind the wrong order of events.

The main points of most concern are:

- Ofcom do not appear to want to proactively regulate the postal sector and hence there is an opportunity for Royal Mail to operate in an anti-competitive manner and restrict wider competition in the postal market.
- Cross-subsidisation of unregulated traffic streams by regulated traffic streams does not appear to have been addressed and therefore the concern is that Ofcom will not control or manage the obvious competitive implications that could arise.
- It appears that Ofcom will only use accounting separation as a way of ensuring Royal Mail do not achieve “excessive” margins rather than as a tool to monitor and control any anti-competitive behaviour.
- The only remedy open to Royal Mail's competitors to protect them from such anti-competitive behaviour would be a statutory investigation by the Office of Fair Trading/Competition. This would inevitably be a lengthy process and even if the Royal Mail is found to be guilty of anti-competitive behaviour, the damage caused to other competitors may already be irretrievable.

I would also like to comment on the process of consultation being undertaken by Ofcom. The documentation provided is produced in such volume that it makes it difficult to ascertain the key points of debate. The speed at which additional consultations are then added impedes alignment and clarity of objective. As an example the additional consultation paper “Review of Regulatory Conditions: Postal Regulation” was issued on the 13<sup>th</sup> December and closing dates for responses is 31<sup>st</sup> January.

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All those in the industry know that November and December are the busiest time for us all and publishing a 135 page document that needs careful and considered review at this time does not allow for this objective to be achieved.

Should you wish to discuss any of these points please feel free to contact me

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Adam Smith', with a long horizontal line extending to the right.

Adam Smith  
Marketing Director