

Additional comments:

DX has great reservations about the application of administrative charges to any postal operators other than Royal Mail. Most of Ofcom's work is necessary because Royal Mail is a massively dominant service provider in the postal sector and needs to be regulated as such. It is, therefore, regulation of Royal Mail that drives Ofcom's costs and it is only right that Royal Mail should pay most if not the entirety of Ofcom's costs. Even if other operators were to win greater market shares (measured on a net revenue basis) it is likely that a disproportionate amount of Ofcom's resources would be directed to regulating Royal Mail.

In any case, Ofcom is only authorised to levy charges on services within the scope of the universal service and these are almost wholly provided by Royal Mail.

Question 1: What are your views of the basis on which turnover from letter services is currently calculated for the purposes of administrative charges? In particular, would it be appropriate to include turnover from access services within the calculation? Please provide reasons for your views. :

It is not appropriate to include turnover from access services within the calculation. Indeed, it is not appropriate to include turnover from any bulk mail services (of which access services are a variety) because bulk mail services are not within the scope of the universal services and Ofcom is not authorised to impose charges on services outside the scope of the universal service.

The Postal Services Act 2011 (PSA2011) authorises Ofcom to impose charges on postal operators providing services within the scope of the universal service. These services are defined in the Postal Services (Universal Postal Service) Order 2012 (USPO) in which the definition of each services commences with the words "One or more domestic single piece services ..." It is clear that the universal service only applies to single piece services.

The PSA2011 defines the scope of the universal service in section 40. This contains several provisions that ensure that services are within the scope of the universal service even though they lack certain features of that service. However, there is no provision to the effect that a service would fall within the description of a service set out in the USPO but for the fact that it is not a single piece service.

Bulk mail services are not described in the USPO; bulk mail services are not single piece services; there is no provision that says that a service would fall within the description of a service set out in the USPO but for the fact that it is not a single piece service; bulk mail services therefore are not within the scope of the universal service; access services are bulk mail services; access services are therefore not within the scope of the universal service. Ofcom is therefore not authorised to apply charges to access services.

Question 2: Is tracking now a standard feature of letter services so that it should be removed from the current definition of premium services? Please provide reasons for your views. :

It is not relevant whether tracking is a standard feature of letter services (which it is not). As described in the response to question 1, Ofcom is only authorised to apply charges to services

within the scope of the universal postal.

The USPO says that neither priority services nor standard services "include provision of a tracking facility". A service other than a registered or insured service is therefore outside the scope of the universal service if it includes a tracking facility. TNT's tracked service and similar services provided by other operators would therefore appear to be outside the scope of the universal service and Ofcom appears to not be authorised to apply charges to them.

Furthermore, TNT's tracking facility would appear to be a feature of a bulk mail service upon which, as argued in the response to question 1, Ofcom has no authority to levy a charge.

Question 3: Do you think that turnover from access services, if taken into account for the purposes for administrative charging, should be calculated on the basis of gross revenue or on the basis of net revenue (after the deduction of access charges to Royal Mail)? Please provide reasons for your view. :

The previous discussion makes it clear that DX does not believe that Ofcom has the authority to levy charges on access services. However, any charges must only be on the basis of net revenue, in order to avoid multiple charges. This net revenue should be after the deduction of charges paid to any chargeable operator, not just Royal Mail.

Question 4: Is the minimum turnover threshold of £10 million from the provision of letter services still appropriate? If you consider it should be raised or lowered, please specify the threshold you consider would be more appropriate and why?

A minimum threshold is still appropriate because the levy is an entry barrier. The threshold should be raised substantially in line with price inflation in the postal market.

Question 5: What are your views on adopting a linear charging rate rather than progressive charging rates and why?

Linear charging appears reasonable provided there is an adequate turnover threshold.

Question 6: What are your views on the relevant turnover ceiling? Is there a case for its removal or do you think the level at which it is set should be changed? Please provide reasons for your views. :

There should not be a turnover ceiling in the postal sector.

Question 7: What are your views on harmonising our approach to recovering our regulatory costs of licence variations and transfers in the TV and radio sectors? Do you have a preference for recovering these costs through separate fees or via the annual broadcasting licence fees that we charge? Please provide reasons for your views. :

n/a

Question 8: What are your views on setting a specific fee for change of control of a Channel 3 or Channel 5 licence?

n/a

Question 9: What are your views on adopting a linear charging rate rather than a progressive charging rate for the calculation of radio licence fees? If your preference is for a progressive charging rate, please indicate whether this should be structured in a similar way to the current progressive charges for TV broadcast licensees. :

n/a

Question 10: What are your views on setting a specific fee for change of control of local analogue licences?

n/a

Question 11: What are your views on setting a minimum fee for analogue licences which would otherwise be charged a zero fee?

n/a

Question 12: What are your views on the removal of the current charging bands so that the administrative charge is calculated as a single fixed percentage of relevant turnover? Please provide reasons for your views:

n/a

Question 13: Is the minimum relevant turnover threshold for the networks and services sector set at the appropriate level? If you think it should be revised, please say what alternative threshold you consider might be appropriate and your reasons for that view. :

n/a

Question 14: Do you generate turnover from the sales of bundled services which fall within more than one of the regulatory categories identified in the 2005 SoCP? If so, please provide details of your allocation method between each of the regulatory categories for the purposes of your returns of relevant turnover to Ofcom and the extent to which the guidance that Ofcom has provided on the definition of relevant activity in relation to the provision of networks and services and on the definition of relevant turnover in the broadcasting sectors has informed the approach you have taken.:

n/a

Question 15: If we were to review the current levels of fixed fees that we set, what do you consider would be an appropriate basis of calculation? Please provide reasons for your views. :

n/a