

Title:

Mr

Forename:

Michael

Surname:

Brooks

Representing:

Organisation

Organisation (if applicable):

Community and Regional Planning Services (a small business)

What do you want Ofcom to keep confidential?:

Keep nothing confidential

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

There is one other point to raise. A few years ago, Royal Mail introduced pricing of letters and packets by size as well as by weight. The claimed justification for this was that anything larger than standard letter size required manual handling, which was more costly. Greater automation should be able to eliminate this cost difference in respect of letters up to C4 size ('large letter'). So why not put Royal Mail on notice that it would be expected to automate its operations sufficiently over the next 6-7 years such that by the end of this period the cost of handling 'large letters' should be no more than that of standard letters and that the price differential between the two should then be eliminated (at least for weights up to 100g). C4

envelopes are much used by businesses and (although there was some compensation in the form of increased weight allowance) the introduction of the 'large letter' differential introduced considerably increased costs for many businesses.

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

Yes.

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?:

Yes. The Universal Service must be preserved and at present Royal Mail is the only postal organisation that can provide it.

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.:

No. Price control should be retained for both 1st and 2nd class letters and also for 'large letters', all up to 100g. For the ordinary domestic and small business user, Royal Mail effectively has a monopoly, as these users cannot take advantage of special contracts, bulk mailing discounts or competition offered by other carriers. If the cost of 1st class mail is not capped, Royal Mail will take advantage and charge an excessive price for this service: if that causes it to dwindle (they will say), so what? The 'backstop' mentioned in para 1.46 is only a fallback for those not prepared to pay the 1st class price but will of course result in a worse service (taking an additional two working days).

Having said that, I do appreciate that postage rates need to rise substantially, for the reasons given in the consultation paper: it is just that there should be a ceiling. I suggest that a RPI+X formula be adopted for 1st class mail, operating from an initial level, not unlike that applying to regulated rail fares.

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

Yes, with the exception of the question of the matter of the price cap, as in our answer to Question 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.:

Yes.

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.:

Yes.

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

Yes.

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.:

I have not answered this question.

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.:

I have not answered this question.

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.

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.:

Yes.

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?:

Yes.

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?:

Yes.