

Title:

Mr

Forename:

Jonathan

Surname:

Prime

Representing:

Organisation

Organisation (if applicable):

YELLOW JERSEY DELIVERY LTD

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What additional details do you want to keep confidential?:

No

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

Additional comments:

Question 5.1: Do you have any comments on the approach set out above to assess the financial impact of end-to-end competition on the universal service and/or do you consider that any other approach would be appropriate?:

Question 6.1: Do you agree with our approach to assessing the need for intervention in relation to end-to-end competition? Do you consider that any other approach would be appropriate?:

Question 6.2: Do you have any comments on the factors that we would need to take into account when considering the types of intervention that may be suitable?:

Thank you for allowing us to submit (albeit belatedly!) our opinions on the subject of intervention. We are one of a tiny number of small postal delivery companies and currently provide a full end-to-end service namely collecting, sorting and delivering our customers' mail in Coventry.

Firstly, we are not convinced that the need for intervention should apply to all end-to-end providers.

It must be recognised just how difficult it is to succeed in establishing an end-to-end service, competing not only against Royal Mail's national network but also against multinational Down Stream Access operators who (by virtue of their use of Royal Mail) are able to win business based on their national reach. Whilst there are lots of locally based organisations who welcome a cheaper and alternative service eg. charitable groups, their mail output is not large. Much of the bulk (and profitable) business mail that a small operator would love to be able to deliver locally will never come their way eg. from banks, franchised companies etc, as it is handled by DSA operators. Therefore the placing of additional hurdles in the path of the smaller operator, in the form of the methods of intervention discussed in the Consultation Document, would be incredibly restrictive. A larger competitor would, however, be able to cope with such methods due to its greater financial power and volumes of mail handled.

Secondly if, once the Consultation process is completed, it is decided that intervention is to apply to all parties, we believe that proportionality is key. We feel that where any methods of intervention are used, they must be proportionate in relation to the size of the operator.

For example the suggestion of imposing General Universal Service Conditions would definitely need to be tailored to the levels at which each competitor is operating. The requirement to deliver on a specific minimum number of days per week will be easier to achieve for a larger operator which has plenty of postal volume with which to feed its daily operations. Smaller competitors would struggle to fulfil this obligation, finding that more frequent delivery rounds vastly reduce the volumes of mail delivered each time (and thus affect profitability). Likewise, the requirement to cover a certain percentage of the surrounding suburban and rural areas where an operator chooses to deliver to a city must be imposed in accordance with the volumes of mail that the operator handles in these areas. Royal Mail already has an established delivery network which enables it to deliver in less dense/less profitable areas, whereas a new entrant with much lower volumes will struggle to compete.

CONCLUSION

Overall, we are not against the principle of intervention per se as we believe it is vital to preserve the Universal Service - indeed all end-to-end competitors attempting regional or national deliveries will have to use Royal Mail's network at some stage for delivery of those letters that they are unable/unwilling to deliver themselves. However we believe that if any of these measures of intervention were introduced, Ofcom would need to implement them on a sliding scale in relation to the operational size of the service provider. For the smallest operators who deliver modest volumes in a single geographic area, the threat to the Universal Service would be minimal and therefore we believe that no interventionary measures would

be required.

As the company develops its network into other areas, either slowly via winning new customers itself or more quickly by allowing a DSA company to access its network, then intervention could be introduced on a proportional scale so as not to completely impede development of the business.

Jonathan Prime
Director

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Question 7.1: Do you have any comments on the interventions we have discussed in the draft guidance? Are there any others that may be appropriate? Are there particular circumstances where you consider one potential intervention would be more appropriate than another?: