



Independent advice on the Postcode Address File

6th September 2011

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Dear Chris,

Postal regulation: Transition to new regulatory framework

I am writing to provide the response from the Postcode Address File Advisory Board (PAB) to your July consultation. This response may be made public and attributed to the Postcode Address File Advisory Board.

The PAB was established in 2007 as a decision made following a review by Postcomm of Royal Mail's management of the Postcode Address File (PAF). The purpose of the PAB is to give independent advice to the Address Management Unit of Royal Mail on behalf of PAF users. PAB members cover independent postal operators, value added resellers of PAF, web based companies, mail users and public sector users. It is independent of Royal Mail and Postcomm. Through involvement with users of PAF at a senior level and encouragement to potential users, PAB aims to tender reliable and relevant advice to promote a wide use of the PAF, on a fair basis, to the overall well-being of the UK.

Ofcom's consultation includes the proposal to take forward the existing obligations on Royal Mail (RM) set out in Condition 22 of its licence by way of a Direction issued under s.116(5)&(6) of the Postal Services Act 2000. That Direction is proposed to be worded so as to include all the necessary parts of Condition 22.

The PAB supports that proposal but believe that those conditions are not enough on their own because there are regulatory decisions applying to PAF which are additional to Condition 22.

The final report published by Postcomm in April 2007 following its review of how RM was managing PAF included a number of decisions which covered, for example:

- A definition of PAF
- Creation of the advisory board
- Ring-fencing of PAF within RM
- Allowed profit margin and re-investment of any excess profit

In September 2010 Postcomm undertook a consultation on how well the regulatory arrangements for PAF were working, including the decisions taken in 2007. Postcomm's decisions resulting from that consultation were published in April 2011 and included for example further clarification of the re-investment of any excess profit earned by RM in managing PAF.

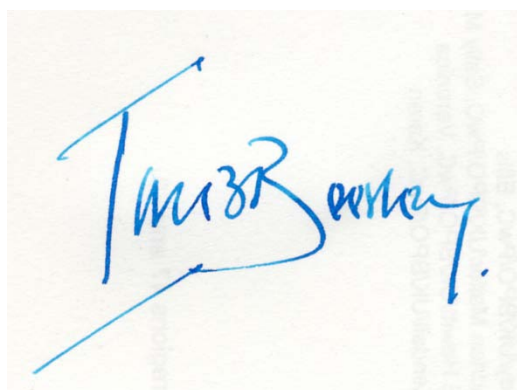
PAB therefore believes Ofcom must ensure that the 2007 and 2010/2011 regulatory decisions must also be carried forward to the regulatory framework which will replace the RM licence on 1st October.

PAB suggests that this might be done by either:

- a) Including in the proposed Direction all the necessary Postcomm decisions from 2007 and 2010/2011; or
- b) Stating explicitly in the Direction that the 2007 and 2010/2011 decisions continue to apply

Unless this is done PAB is concerned that these important decisions which have established the PAB and its remit and which guide PAB's oversight of RM's management of PAF may be seriously damaged, to the detriment of PAF and PAF users.

Regards,

A handwritten signature in blue ink, appearing to read 'Tim Breen', is written over a light blue grid background.

Chairman

Postcode Address File Advisory Board.