

Consultation response form

Please complete this form in full and return via email to richard.orpin@ofcom.org.uk or by post to:

Richard Orpin
Ofcom
Riverside House
2A Southwark Bridge Road
London SE1 9HA

Consultation title	Recovering postal regulation and consumer advocacy costs
Full name	Graham Cooper
Contact phone number	[X]
Representing (delete as appropriate)	ONEPOST
Organisation name	ONEPOST
Email address	[X]
We will keep your contact number and email address confidential. Are there any additional details you want to keep confidential? (delete as appropriate)	Nothing
For confidential responses, can Ofcom publish a reference to the contents of your response?	N/A

Your response

Question 1: Do you agree that revenues from single piece end-to-end letter delivery services should be taken into account for the purposes of setting administrative charges? Please give your reasons.

Yes, however we believe that there is no justification to change the current allocation of charges and that there are very good reasons why Royal Mail should continue to cover all the costs of Regulation.

1. The postal market is dominated by Royal Mail – Ofcom’s own figures show that they accounted for 99% of letter deliveries and over 96% of revenue. It is this monopoly that means that regulation is necessary and it is therefore appropriate that the company that creates the need for Regulation should pay for it.
2. Ofcom’s primary duty is securing the Universal Service and Ofcom’s own figures shown that the vast majority of its costs – 85% - are directly related to this and should be covered by the provider of the Universal Service.
3. Unlike Access operators who operate in an intensely competitive market and have very limited opportunities to recover any cost increases Royal Mail can – and does - easily recover the cost of Regulation in its prices to its customers. If the cost of Regulation to Royal Mail was reduced we would see any decrease in prices so the net result would be to increase the profitability of the monopoly at the expense of its competitors.

We would also suggest exploring other ways to fund Regulation such as being able to use fines to help offset the costs as happens in some other markets.

<p>Question 2: Do you agree that revenues from bulk mail and access services should be taken into account for the purposes of setting administrative charges? Please give your reasons.</p>	<p>No. Mainly for the reasons given above that the majority of costs are around the Universal Service which has nothing to do with bulk or access mail. We also believe that all costs relating to the Citizens Advice Bureau are irrelevant since we understand that these relate to consumer issues such as letter delivery, parcels and Post Office problems – none of which have any relation to bulk or access mail.</p> <p>We cannot agree with your statement that these proposed changes “ensure that Ofcom’s costs of postal regulation are recovered from those postal operators that are either subject of or benefit from Ofcom’s work”. We don’t deny that we – and other Access operators – benefit from Ofcom’s work however this only represents a tiny proportion of the overall costs and – as we have already stated – wouldn’t need to be incurred at all if Royal Mail completely dominate the market!</p>
<p>Question 3: Do you agree that turnover from access revenues should be calculated on a net basis (i.e. after the deduction of access charges to Royal Mail)? Please give your reasons.</p>	<p>See our responses to Questions 1 and 2 – we cannot see any justification to include access volumes to calculate administration charges nor any reason why Royal Mail should not continue to cover all the costs of regulation.</p>
<p>Question 4: Do you agree that turnover from parcel services should not be taken into account for the purpose of setting administrative charges? Please provide your reasons.</p>	<p>We don’t believe that any change in the allocation of administrative costs is necessary. If Ofcom’s decision following this consultation is to change the allocation of the costs of Regulation then there would be a case for these being allocated in proportion to the time and resource used on the different segments of the market if a detailed breakdown could be provided.</p>
<p>Question 5: Do you agree that the minimum revenue threshold for payment of administrative charges should be lowered to £5m? Please explain why.</p>	<p>See our responses to Questions 1 and 2 – we cannot see any justification to include access volumes to calculate administration charges nor any reason why Royal Mail should not continue to cover all the costs of regulation. If Ofcom’s decision following this consultation is to change the allocation of the costs of Regulation then we believe that a threshold of £5m is far too low and will discourage rather than encourage competition.</p>

Question 6: Do you agree with the proposed changes to CP1 that are set out in Annex 6? Please provide your reasons.

No – as previously stated we do not believe that CAB costs are relevant to either bulk or access mail. The proposed change to CP1 is therefore not either “objectively justifiable” nor “proportionate”.

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