

Consultation Response



The Consumer Council for Northern Ireland response to the Ofcom's further consultation: Recovering postal regulation and consumer advocacy costs

The Consumer Council

1. The Consumer Council is a non-departmental public body (NDPB) established through the General Consumer Council (Northern Ireland) Order 1984. Our principal statutory duty is to promote and safeguard the interests of consumers in Northern Ireland.

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2. The Consumer Council welcomes the opportunity to respond to Ofcom's further consultation: recovering postal regulation and consumer advocacy costs, which proposes amendments to the relevant regulatory condition (CP1) to clarify that only turnover relating to domestic services, and not international letters and parcels, should be included when calculating relevant turnover.
3. The Consumer Council's general view on the revised Ofcom proposals as detailed above, remains the same as previous responses. Namely, that whilst we have an interest in how costs are recovered to fund our statutory functions it is not appropriate for us to comment on who funds the postal consumer advocacy function. The qualifying level and mechanisms for costs incurred for funding of these statutory functions are a matter for UK Secretary of State for Business, Energy and Industrial Strategy (BEIS) and Ofcom.
4. Further we believe that it is important that any changes to CP1 should be effective to allow The Consumer Council the freedom to work on the issues of most importance to consumers within its remit, without undue influence from funders.
5. The Consumer Council has noted that Ofcom remain of the opinion that international mail should be excluded from the scope of CP1. Ofcom focused on domestic mail because it did not believe that issues relating to international mail services materially drove the work of the Consumer Advocacy Bodies (CABs). Although it acknowledged this does not mean that CABs will not on occasion deal with queries or issues relating to international mail.
6. Due to our unique location within the UK, Northern Ireland's postal consumers' reliance on cross-border mail, with the Republic of Ireland and beyond, is particularly important. International inbound parcel¹ volumes reached 284 million items in 2017-18, an increase of 30% year-on-year².

¹ Where the parcel is sent from outside the UK and delivered in the UK.

² Ofcom – Annual Monitoring Update on the postal market (2017-2018)

https://www.ofcom.org.uk/data/assets/pdf_file/0027/128268/Annual-monitoring-update-postal-market-2017-18.pdf

Around one in seven (13%) of Northern Ireland consumers have placed an order with an EU retailer in 2017³.

7. The Consumer Council has previously undertaken policy work on international mail and parcels, including its Border Post Report⁴ in 2017, which evaluated the consumer and business consumers' experience of cross-border postal services. We have also ensured the Northern Ireland consumer's voice is heard at a European level on international mail with engagement with and consultation responses for the European Commission⁵ and European Regulators Group for Postal Services^{6 7}.
8. Further, the forthcoming exit from the European Union leaves much uncertainty around many areas, including cross-border parcel services. Without a deal, custom charges and postal handling fees could potentially increase as many consumers already favour shopping outside domestic boundaries. The Consumer Council has committed in its forward work programme for 2019-20 to investigate this cross-border issue.
9. With the outline of our previous and future work on international postal services and the anticipated growth of cross-border e-commerce⁸, we would seek reassurance from Ofcom that any decision regarding the framework to recover consumer advocacy costs does not restrict or prohibit advocacy work in this important area.

Conclusion

10. The Consumer Council's has a clear and agreed statutory remit to protect consumers of postal services, therefore our funding should be reflective of the work we do and sufficient to undertake our role adequately to protect consumers. We would therefore seek reassurance the framework for the recovery of fees does not hinder our important work in international mail and parcels.

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³ Consumer Council for NI, Border Post Nov 2017 - <http://www.consumercouncil.org.uk/publications/border-post-a-report-on-cross-border-mail-delivery/>

⁴ <https://www.consumercouncil.org.uk/node/1072>

⁵ <https://www.consumercouncil.org.uk/node/913>

⁶ <https://www.consumercouncil.org.uk/node/865>

⁷ <https://www.consumercouncil.org.uk/policy-research/publications/developments-postal-sector-and-implications-regulation>

⁸ <https://londonlovesbusiness.com/31-per-cent-growth-in-cross-border-ecommerce-sales/>