

## Your response

Question	Your response
<p><b>Question 1: Do you agree with our proposed changes to the intermediary exclusion in the definition of ‘relevant parcels postal service’ and the deletion of intermediary exclusion for the definition of ‘relevant letters postal service’ in CPC1? Please include your reasoning and relevant evidence in your response.</b></p>	<p>Confidential? – ¥/ N</p> <p>We agree with Ofcom’s proposed changes. It is important that the recovery of costs is fair to all stakeholders. We noted Ofcom’s concerns that an <i>“inconsistent interpretation of the meaning of intermediaries by different operators would not adhere to our guiding principle of fairness for the cost recovery mechanism”</i>. Para 3.11.</p> <p>As we have set out previously (see, for example our May 2018 response to a previous consultation) we do not agree with Ofcom’s decision to exclude Access operator revenue.</p>
<p><b>Question 2: Do you agree with our proposed introduction of the bundled turnover allocation requirement in CPC1? Please include your reasoning and relevant evidence in your response.</b></p>	<p>Confidential? – ¥ / N</p> <p>We agree with Ofcom’s amendments to clarify and provide certainty. It is important that the cost recovery basis is fair. We know that postal services are not ‘free’, and Ofcom’s approach recognises that.</p>
<p><b>Question 3: Do you agree with our proposed change to the definition of ‘relevant parcel’ in CPC1? Please include your reasoning and relevant evidence in your response.</b></p>	<p>Confidential? –¥/ N</p> <p>We agree with the proposed change to correct a discrepancy in Ofcom’s definition of ‘relevant parcel’ as parcel-sized items can weigh less than 750g.</p> <p>Royal Mail welcome Ofcom’s recognition that <b>we voluntarily provided all parcel revenue, including revenues of parcel-sized items that weight less than 750g</b>. We take compliance with regulatory obligations very seriously, including the spirit as well as the letter of the legislation.</p> <p>In reference to other operators, Ofcom notes that <i>“we are not aware that they excluded small lightweight parcels from the relevant revenues they reported for the purpose of the cost recovery mechanism.”</i> Para 3.37. It would be helpful to understand to what extent other operators under-declared and to what extent Royal Mail over paid.</p>