

POSTAL SERVICES ACT 2000
SECTION 14
NOTICE
OF PROPOSAL TO MODIFY THE CONDITIONS OF
THE USO LICENCE AND THE STANDARD
LICENCES AND THE DHL EXPRESS LICENCE

Whereas –

- (1) Royal Mail Group Limited (“Royal Mail”), registered in England and Wales with company number 4138203 and having its registered office at 148 Old Street, London EC1V 9HQ, is the holder of a licence that requires it to provide a universal postal service with universal postal obligations (the “USO Licence”) granted to it on 23 March 2001 by the Postal Services Commission (the “Commission”) under section 11 of the Postal Services Act 2000 (the “Act”) and amended on 1 April 2003, 2 November 2005 and 25 May 2006.
- (2) The companies listed below (the “Standard Licence Holders”) are the holders of licences (each, a “Standard Licence”) granted to them on various dates between 15 December 2005 and 11 April 2007 by the Commission under section 11 of the Act:

Challenger Security Services (Admin) Limited, registered in England and Wales with company number 2814516 and having its registered office at 55 Kentish Town Road, London NW1 8NX

Citipost AMP Limited, registered in England and Wales with company number 3451070 and having its registered office at 16 Gunnery Terrace, Cornwallis Road, Royal Arsenal, London SE18 6SW

DHL Global Mail (UK) Limited, registered in England and Wales with company number 2110134 and having its registered office at Ocean House, The Ring, Bracknell, Berkshire RG12 1AN

DX Network Services Limited, registered in England and Wales with company number 5026914 and having its registered office at DX House, Ridgeway, Iver, Buckinghamshire, SL0 9JQ

Fedex UK Limited, registered in England and Wales with company number 1541168 and having its registered office at Parkhouse East Industrial Estate, Newcastle-under-Lyme, Stafford ST5 7RB

Intercity Communications Limited, registered in England and Wales with company number 2674891 and having its registered office at 64-70 Vyner Street, London E2 9DQ

Racer Consultancy Management Services Ltd, registered in England and Wales with company number 2855523 and having its registered office at Turret House, 327 Banbury Road, Oxford OX2 7PL

Red Star Parcels Limited, registered in England and Wales with company number 3095533 and having its registered office at St David's Way, Bermuda Park, Nuneaton CV10 7SD

Royale Research Limited, registered in England and Wales with company number 3517482 and having its registered office at Record House, 235 Record Street, London SE15 1TL

Secure Mail Services Limited, registered in England and Wales with company number 4072377 and having its registered office at DX House, Ridgeway, Iver, Buckinghamshire, SL0 9JQ

Secured Mail Limited, registered in England and Wales with company number 5551055 and having its registered office at 209 Liverpool Road, Southport PR8 4PH

Target Express Parcels Limited, registered in England and Wales with company number 1675659 and having its registered office at Target Express House, Riverbank, Meadows Business Park, Blackwater, Camberley, Surrey, GU17 9AB

The Mailing House Group Limited, registered in England and Wales with company number 1967974 and having its registered office at Nelson Park, Nelson Way, Cramlington, Northumberland NE23 1JY

TNT Post UK Limited, registered in England and Wales with company number 4417047 and having its registered office at 1 Globeside Business Park, Fieldhouse Lane, Marlow, Buckinghamshire, SL7 1H7

UK Mail Limited, registered in England and Wales with company number 2072003 and having its registered office at Express House, 464 Berkshire Avenue, Slough, Berkshire SL1 4PL, and

Zip Mail Limited, registered in England and Wales with company number 5740444 and having its registered office at 2nd Floor, 47 Chancery Lane, London WC2A 1RF.

- (3) DHL Express (UK) Limited (formerly known as Securicor Omega Express Limited), registered in England and Wales with company number 02275780 and having its registered office at Orbital Park, 178-188 Great South West Road, Hounslow,

Middlesex TW4 6JS is the holder of a licence which enables it to provide a restricted postal service (“the DHL Express (UK) Limited Licence”), granted to it on 22 May 2002 by the Commission under section 11 of the Act.

- (4) Taken together, Royal Mail Group Limited, the Standard Licence Holders and DHL Express (UK) Limited are referred to in this notice as the “Licensees”.
- (5) The Licensees are being asked whether they consent to the proposed modifications to their licences as set out in this notice.

The Commission hereby gives notice as follows –

1. The Commission proposes, in the exercise of its functions under section 14 of the Act and subject to consideration of representations made in accordance with this notice and not withdrawn, to make the following modifications to the USO Licence, the Standard Licences and the DHL Express (UK) Limited Licence, namely -
 - (a) to delete paragraphs 1 to 3 inclusive of Condition 9 in Schedule 2 to the Standard Licences and to delete paragraphs 1 to 3 inclusive of Condition 10 in Schedule 2 to the DHL Express (UK) Limited Licence,
 - (b) to re-number existing paragraphs 4 and 5 of Condition 9 in Schedule 2 to the Standard Licences as paragraphs 1 and 2 and to re-number existing paragraphs 4 and 5 of Condition 10 in Schedule 2 to the DHL Express Licence as paragraphs 1 and 2,
 - (c) to delete the reference to paragraph 4, previously in paragraph 5 of Condition 9 in Schedule 2 to the Standard Licences and of Condition 10 in Schedule 2 to the DHL Express (UK) Limited Licence, and to insert in its place a reference to paragraph 1,
 - (d) to delete paragraph 2 of Condition 10 in Schedule 2 to the Standard Licences and to delete paragraph 2 of Condition 11 in Schedule 2 to the DHL Express (UK) Limited Licence and to delete paragraph 2 of Condition 20 in Schedule 2 to the USO Licence and to insert the following text in the place of paragraph 2 of Condition 10 in Schedule 2 to the Standard Licences:-
- “ 2. The amount payable under paragraph 1 in respect of a relevant year shall be, if the Licensee’s turnover excluding access payments in the preceding relevant year, from activities which apart from this Licence would be prohibited by section 6(1) of the Act, exceeded £10 million, calculated by –
 - (a) taking the total recoverable costs,
 - (b) adding to that amount the amount (if any) determined by Postcomm (in consultation with the Competition Commission) as having been

incurred by the Competition Commission in the preceding relevant year in connection with references made to it under section 15 of the Act, and

- (c) multiplying the amount calculated as aforesaid by the factor –

$$\frac{A}{B} ,$$

where –

“A” is the Licensee’s turnover excluding access payments in the preceding relevant year, from activities which apart from this Licence would be prohibited by section 6(1) of the Act, and

“B” is the turnover excluding access payments in that year of all holders of licences granted under the Act, from activities which apart from those licences would be prohibited by section 6(1) of the Act.”

and to insert the following text in place of paragraph 2 of Condition 11 in Schedule 2 to the DHL Express (UK) Limited Licence and paragraph 2 of Condition 20 in Schedule 2 to the USO Licence:-

“2. The amount payable under paragraph 1 in respect of a relevant year shall be, if the Licensee’s turnover in the preceding relevant year, from activities which apart from this Licence would be prohibited by section 6(1) of the Act, exceeded £10 million, calculated by –

- (a) taking the total recoverable costs,
- (b) adding to that amount the amount (if any) determined by Postcomm (in consultation with the Competition Commission) as having been incurred by the Competition Commission in the preceding relevant year in connection with references made to it under section 15 of the Act, and
- (c) multiplying the amount calculated as aforesaid by the factor –

$$\frac{A}{B} ,$$

where –

- “A” is the Licensee’s turnover in the preceding relevant year, from activities which apart from this Licence would be prohibited by section 6(1) of the Act, and
- “B” is the turnover in that year of all holders of licences granted under the Act, from activities which apart from those licences would be prohibited by section 6(1) of the Act.”

- (d) to delete the following text in paragraph 6 of Condition 10 in Schedule 2 to the Standard Licences and paragraph 5 of Condition 11 in Schedule 2 to the DHL Express (UK) Limited Licence and paragraph 5 of Condition 20 in Schedule 2 to the USO Licence:-

“ “minimum sum” in relation to a relevant year, means £1,000, ”

2. The effect of the proposed modifications in this notice is that there is no requirement in the:-

- (i) Standard Licence or the DHL Express (UK) Limited Licence for a Licensee to establish and maintain in force arrangements for the purpose of ensuring that if the Licensee ceases to carry on business as a postal operator, postal packets in its care at the time of such cessation, the conveyance of which requires a licence under the Postal Services Act 2000 (“the Act”), may be delivered to such places to which they are addressed,
- (ii) Standard Licence for a Licensee whose turnover excluding access payments in the preceding year, from activities which apart from the licence would be prohibited by section 6(1) of the Act, did not exceed £10 million, to pay any amount to Postcomm.
- (iii) USO Licence or the DHL Express Licence for a Licensee, whose turnover in the preceding year, from activities which apart from the licence would be prohibited by section 6(1) of the Act, did not exceed £10 million, to pay any amount to Postcomm.

3. The reasons for the proposed modifications in this notice are that the Commission considers that they further the interests of users of postal services by promoting effective competition between postal operators by removing barriers to competition and ensuring that regulation of the postal market is proportionate. The Commission considers that it should seek to create conditions that enable competition in the market between a wide range of businesses, since this is important to the vitality of the market and to the market’s ability to provide customers with the services they want.

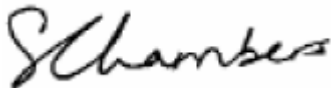
4. Representations regarding the proposed modifications may be made to the Commission within the period commencing on and including the date of this notice and ending on and including the thirtieth day after the date of this notice.
5. Representations regarding the proposed modification should be made in writing to -

The Postal Services Commission
Hercules House
Hercules Road
London
SE1 7DB

marked for the attention of Adam Swinburn.

Fax: 020 7593 2142, Email: adam.swinburn@psc.gov.uk.

6. Telephone enquiries regarding the proposed licence may be made to Adam Swinburn on 020 7593 2192.



Sarah Chambers
Chief Executive
authorised by the Commission

Dated: 16 January 2008