

RESPONSES TO POSTCOMM'S CONSULTATION LETTER OF 19 FEBRUARY 2008 FOLLOWING ROYAL MAIL'S REQUEST FOR AN EXEMPTION FROM CONDITION 7 NOTIFICATION REQUIREMENTS FOR THE ROYAL MAIL PARTS EXPRESS SERVICE

Postcomm received a total of 4 responses following the consultation letter published in February 2008.

All respondents are listed below, except for any who requested that their names or their responses be kept confidential. All non-confidential substantive responses can be viewed below.

TNT Post
Postwatch
Royal Mail
Mail Competition Forum

1. TNT Post

On Parts Express we have no reason to question or confirm the description of the segment as stated in the proposed decision.

The proposal for a separate statement in the regulatory accounts goes some way to ensuring no bundling but, if aggregated, this is unlikely to give adequate clarity on the actual pricing per customer so is unlikely to be of much assistance in assessing if there has been bundling.

If motivated by market share more than profit - and there are good grounds to fear that this is sometimes the case - the risk of low pricing on these or other condition 7 exempt services grows and is a concern as it will not be possible to detect.

2. Postwatch

Postwatch has no formal objection to Royal Mail being exempt from condition 7 requirements in relation to the above services.

3. Royal Mail

Royal Mail welcomes Postcomm's current consultation and 'minded-to' position that it holds with regard to Royal Mail's application for exemption of Parts Express from publication and notification aspects of Condition 7. Royal Mail's responses to Postcomm's questions are listed below.

a. the strength of competition within the field service and parts distribution sector for small and large businesses;

Royal Mail believes that the Parts Express market is effectively competitive. Since making its application Royal Mail has lost or failed to secure 3 of the five contracts that were contained within Annex 1 of that application. This is a clear indication that customers have choice in the field service and parts distribution sector.

b. any potential negative impact of an exemption for Royal Mail from the pre-notification obligations for new products and product changes for the Parts Express product;

Royal Mail does not believe that there will be any negative impact of an exemption. Customers will be able to benefit from Royal Mail being able to supply services without the 3 month pre-deployment time lag which will improve choice and customer satisfaction.

c. whether it is appropriate to exempt Royal Mail from its obligation to publish non standard terms of contracts won through a competitive tendering process that only includes the Parts Express service (or another service that has by Direction been exempted from the publication requirements of Condition 7 (5) (b));

Royal Mail believes that it is entirely appropriate to exempt Royal Mail from the obligation to publish certain details of contracts won through a competitive tendering process in a competitive marketplace with Parts Express.

d. whether it is appropriate to exempt Royal Mail from its obligation to publish non standard terms of all Parts Express contracts.

Royal Mail agrees with Postcomm's minded-to decision that it is appropriate for Royal Mail to be exempted from its obligation to publish non standard terms of all Parts Express contracts.

4. Mail Competition Forum

We would also take this opportunity to reiterate two points which we believe should apply as a matter of course to all requests by Royal Mail for exemptions under Condition 7. The MCF has ongoing concerns about the ability of Royal Mail to bundle the prices of different products to anti-competitive effect. For this reason the publication provisions of Condition 7.5(b) should be kept in place in all circumstances other than competitively awarded contracts related solely to the single product in question. Second, each such product should always be made subject to a requirement that separate accounts should be produced in respect of it.