



Joint statement from BIS, Postcomm and Ofcom

Postal Services Bill

Following publication of the Postal Services Bill by the Government, this statement sets out how both Postcomm and Ofcom will carry out their respective roles before and after regulatory responsibility for the postal sector transfers to Ofcom. Postcomm and Ofcom will work together both to secure a smooth transition with minimal disruption for industry, users and staff and also to progress ongoing work to change the current regulatory framework prior to and following Royal Assent of the new Bill.

Roles of Postcomm and Ofcom

The Postal Services Commission (Postcomm) is the regulator for the postal market established under the Postal Services Act 2000. It exercises its functions in the manner which it considers is best calculated to ensure the provision of a universal postal service and, subject to this and among other duties, to further the interests of users of postal services, wherever appropriate by promoting effective competition between postal operators.

The Office of Communications (Ofcom) is the independent regulator and competition authority for the UK communications industries, established under the Office of Communications Act 2002, with responsibilities across television, radio, telecommunications and wireless communications services. Ofcom has a duty to further the interests of citizens and consumers in relation to communications matters and to further the interests of consumers in relevant markets, where appropriate by promoting competition.

Postal Services Bill

The Postal Services Bill (published today by the Government and available at <http://www.bis.gov.uk/policies/business-sectors/postal-services/postal-services-bill-2010>) provides for the transfer of Postcomm's regulatory responsibility for the postal sector and its staff to Ofcom. The Bill will require Ofcom to carry out its postal services functions in a way that it considers will secure the provision of a universal postal service. In doing so, Ofcom will be required to have regard to the need for the universal postal service to be financially sustainable and efficient. In addition the Bill will replace the existing licensing regime for providers of postal services with a general authorisation system, subject to regulatory conditions imposed by Ofcom, as already applies to communications providers.

Regulatory process

In the period leading up to the transfer of regulatory responsibility for postal services, Postcomm and Ofcom have agreed to work together as far as practicable to maintain regulatory stability for both postal users and operators, with a view to providing as much confidence and certainty as possible for the future direction of regulation and to ensure a

smooth transition. Ofcom will have responsibility for implementing a new regulatory framework when the Bill comes into effect. In the meantime, Postcomm remains the regulator for the postal sector and continues to be the contact for postal industry stakeholders.

Amending the price control framework for Royal Mail

Postcomm is currently undertaking a programme of work to revise the existing regulatory framework for post. Postcomm aims to conclude an interim price control for 2011/12 and has consulted on a range of proposals including measures to improve cost transparency and provide for accounting separation. Postcomm also intends to progress further work covering aspects of wholesale and retail price regulation, the access regime more generally, financial accounting of Royal Mail and the scope of the universal service. Ofcom will ensure a smooth transition of this work to deliver a new price control – to take effect from spring 2012 – with Ofcom taking over the process when the new Act enters into effect.

Postcomm, Ofcom and Government are confident that Postcomm's work in this area can be progressed in a way that maintains the momentum for much needed change to the regulatory framework prior to and following Royal Assent.

Governance

Nigel Stapleton, Postcomm's Chairman, will be standing down as Chairman as planned when his appointment ends in January 2011. An Interim Chair appointment will be made from within the current Postal Services Commissioners and Ofcom Board with the aim of ensuring a seamless transition between the two regulators and the two regimes.

Timetable

The Bill is subject to Parliamentary approval. Following Royal Assent the date for the transfer of regulatory responsibility for the postal sector from Postcomm to Ofcom will be set by the Secretary of State for Business, Innovation and Skills.

Postcomm and Ofcom look forward to working together to ensure a smooth transfer of regulatory responsibility and both are confident this will result in the delivery of an effective price control which will offer regulatory certainty to all stakeholders.

Ofcom will fulfil its new regulatory responsibilities for mail when they are agreed by Parliament. Ofcom expects its work to focus initially on completing the 2012 price control and access regime for mail, and determining the scope of the regulatory conditions that will apply to Royal Mail and to other postal operators under the new general authorisation regime.

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