

cc AD.



PRIME MINISTER  
POSTAL SERVICES

*at the by hand*

*Speed me*

*Ann Amstutz*

*Sir Keith's response to  
colleagues' comments - in  
particular, he intends to  
widen two derogations  
slightly. Content but he  
should make an oral statement  
(draft at Flag 4) next*

1 I have been reflecting on comments made by colleagues on my *note?*  
minute to you of 20 June 1980. As a result I intend to remove  
the requirement that charities delivering Christmas cards  
should make a charge of up to a maximum of half the second  
class postage rate. In addition, I do not intend to require  
private express couriers to register with my Department.

2 I recognise that in any attempt to clarify the definition  
of a letter care will have to be taken to avoid making  
matters more restrictive. I believe that the removal of  
doubt which such clarification has as its objective will be  
beneficial to those wishing to establish competing services  
in certain areas. I would see as the most likely means of  
making this clarification an indication of what would not be  
included in the Post Office's exclusive privilege, rather  
than an attempt to reach an all-embracing and precise  
definition of a letter.

3 In my letter to John Biffen on 4 July I proposed to widen  
the scope of the criteria against which the Post Office's  
performance might be assessed with a view to making further  
derogations. My suggested formulation of looking at Post  
Office performance as a whole would I am sure be preferable  
to committing ourselves too closely to particular aspects of  
performance such as quality of service.





4 John Nott links the question of criteria for derogation with the Post Office's response to the MMC report. I understand that work is well advanced between officials and the Post Office, that the Post Office has accepted the large majority of the recommendations, and has made a constructive and positive response throughout. In addition work has already been put in hand on the review of targets and objectives that I mentioned as desirable in my letter to John Biffen. With this in mind, and in view of the pressures of the parliamentary timetable at this time of year, I would prefer not to defer my statement on the monopoly as a whole until this work is finally completed, but refer to an early publication of the response to the MMC report.

... 5 Unless colleagues have any views to the contrary I propose to make a statement on the lines of the attached redraft early in the week of 14 July.

6 I am copying this minute to Cabinet Colleagues, Minister of Transport and Sir Robert Armstrong.

Department of Industry  
Ashdown House  
123 Victoria Street

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K J  
10 July 1980





#### DRAFT ANNOUNCEMENT ON THE POSTAL MONOPOLY

With permission, Mr Speaker, I should like to make a statement about the postal monopoly.

The House will recall that on 2 July 1979 I stated that if cooperation to improve postal services were not manifest it would be necessary to review the Post Office's monopoly for the carriage of letters, and that I would be calling for reports of possible modifications to that monopoly, their practicability and implications, by the end of the year.

I have received a report from the Chairman of the Post Office and a report from officials in the Department who consulted widely with persons and organisations throughout the United Kingdom with an interest in the postal service. In addition My Rt Hon Friend the Secretary of State for Trade referred the Inner London Letter Post to the Monopolies and Mergers Commission. The Commission's report was laid before Parliament on 31 March, and published on 1 April. The Government has been discussing with the Post Office its response to this report, and I intend to lay before Parliament shortly the Post Office's programme of action to meet the Commission's recommendations.

Members of the House will be aware of the widespread criticism of the postal service, particularly in the summer of 1979. I am glad to say that recently the quality of service to the customer as measured by the statistics furnished by the Post Office has shown a marked improvement, particularly in April and May this year. The service is now close to the Post Office's own target. It has moreover been encouraging to hear of the decision of the Union of Communications Workers to discuss with the Post Office measures to improve productivity and to bring about more efficient working.





However it has for some time been clear that the monopoly is more extensive than is sensible and that there are uncertainties in some of the key definitions in the Post Office Acts of 1953 and 1969. I have therefore decided that some changes are desirable. In coming to that decision I have taken into account the views expressed by those whom we consulted in the course of our review, the Post Office's own report on the monopoly, the views expressed by the Monopolies and Mergers Commission, and the quality of service received by the customer.

There are certain categories of mail which it would be beneficial to remove from the monopoly. When the necessary legislation has been enacted I intend to relax the monopoly with respect to:

a Time sensitive/valuable mail. Private operators will be free to carry such mail provided they charge a minimum fee of £1.00, subject to review by the Secretary of State.

b Document Exchanges. At present the document exchanges established in a number of the larger cities are able only to operate an exchange of mail at a common centre, and may not transport mail in bulk between those centres. It is intended to amend the law so as to enable them to do this.

c Christmas Cards. The Government proposes to amend the law so as to allow charitable organisations to deliver Christmas cards. In addition the Government proposes to amend the law relating to the monopoly in a number of other fields:-

i The Definition of a Letter. It is intended with the help of the Post Office to specify that a number of items are excluded from the definition of a letter so that those wishing to compete with the Post Office will not be deterred by confusion about the precise





extent of its exclusive privilege.

ii Part Carriage by Private Operators. It is intended to amend the law to allow that where a letter at some stage goes through the Post Office network it may be carried for part of its journey by private carriers provided that it is first stamped. This will enable the large customer some freedom to avoid his mail being handled in those parts of the Post Office network known to give rise to delays.

iii Delivery by Wholly Owned Subsidiary. At present there is no obstacle to individuals or companies delivering mail on their own account, but it appears that a wholly owned subsidiary cannot deliver mail on behalf of its parent, or of other companies in the same group. It is intended to amend the law to rectify this anomaly.

iv Addressed Advertising and other new market demands. The Government will watch how the Post Office reacts to such market demands and will, if justified, make appropriate relaxations of the monopoly.

Finally, the Government will seek to amend the law relating to the Post Office letter monopoly in order to provide powers for the Secretary of State to make further relaxations in respect of certain categories of mail. In addition we shall seek powers to remove the monopoly either in a local area or nationally. Such powers would apply in the event of industrial action within the Post Office resulting in a cessation or serious decline in the quality of service, or, after due warning, in the event of unsatisfactory performance for other reasons within the Post Office's control.

/Taken ...





Taken together these measures clarify the law, open up to competition some parts of the postal monopoly where it has been represented to me that alternative services would be of benefit to the customer, and safeguard the general interest of the customer by making it clear that the letter monopoly is a privilege which the Post Office needs continually to justify through the quality of the service it provides. I have in addition initiated a review of whether the Post Office's targets for the quality of service for first and second class mail are sufficiently rigorous. I have discussed these changes with the Post Office and believe the measures will stimulate greater efficiency within the postal service.

These changes will require legislation and the Government will bring proposals before the House in due course.