



Commission for
Communications Regulation

Postal Strategy Statement **2015 > 2017**

Reference: ComReg 15/18
Date: 24/02/2015



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Introduction from the Chairperson

The Communications Regulation (Postal Services) Act 2011 ("2011 Act") fully opened the Irish postal market to competition in August 2011. ComReg's role in the regulation of the postal services market is set by the 2011 Act and, in particular, the subset of postal services called the universal postal service, to be provided by An Post until 2023. ComReg's overarching statutory remit is to ensure the provision of an affordable universal postal service that meets the reasonable needs of all postal service users. ComReg has a limited statutory remit to regulate An Post's postal services which are not universal postal services. ComReg has no role to regulate An Post in its capacity as a provider of various non-postal products and services including those which are provided at "post offices" as these are outside the definition of "postal services" and therefore such services are outside the regulatory remit of ComReg.

Since our last Postal Strategy Statement, ComReg has implemented much of the regulatory framework required by the 2011 Act, which, in particular, included setting a 'de minimis' specification of the universal postal service and implementing a price-cap mechanism for these universal postal services.

This Postal Strategy Statement is a forward-looking document that serves as a framework for action by ComReg over the next two years, and is aimed at the successful delivery of identified strategic priorities.

Since our last Postal Strategy Statement, the postal services market has further evolved and we have witnessed significant changes both at home and abroad including:

1. A continued decline in letter volumes; according to An Post, its letter volumes have fallen by 32% since 2007 and An Post is currently forecasting further declines of c.4% per annum. Consequently, An Post, as the universal postal service provider and the market leader in the delivery of letters, must take steps to address this decline and its consequences in order to ensure the continued availability of the universal postal service.
2. A significant threat to traditional mail volumes arising from electronic substitution. The major sources of addressed letters continue to be Government, financial services, and utilities; all have and continue to examine alternative electronic means of communicating with their customers. Consequently, there is a need for innovation and efficiency in the delivery of letters and alignment with postal service user needs in order to minimise this volume of letters to be lost to electronic substitution.
3. Ever more significant opportunities arising from the rapid growth of fulfilment of online transactions and from potential growth in advertising mail (direct mail). In particular, there has been increased competition and innovation in the delivery of packets and parcels, with particular emphasis on the convenience of delivery.

Given all of the above, in order for post to remain relevant and competitive as a medium of communication, postal service providers must be even more cost effective and innovative, while continually aligning and re-aligning their postal services to postal users' needs.

This changing environment sets challenging tasks for stakeholders including the authorised postal service providers and the DCENR¹ as the policy lead for the sector. It is also vital that regulation is predictable, consistent, and transparent. ComReg has and will continue to do its part by setting the appropriate level of regulation to ensure the sustainable provision of a universal postal service, while providing all postal service users (consumers, small businesses, and large organisations) with the choice, quality, and innovation offered by a liberalised postal services market.

Kevin O'Brien
Chairperson

¹ Department of Communications, Energy, and Natural Resources

01: ComReg's strategy sets out how we will pursue our goals

The Commission for Communications Regulation ("ComReg") is the independent regulator for the postal sector. ComReg is required by law to publish a strategy statement every two years.

We use the statement for two main purposes:

1. To give postal service users, postal service providers and other stakeholders and interested parties guidance about the future regulatory priorities and approach;
2. To provide ComReg management with a tool that we can use to help us allocate our scarce resources in a way that has the greatest impact on our organisational goals.

This Strategy Statement does not pre-judge any future decisions by ComReg nor does it in any way bind or limit ComReg from exercising its full discretion in making any future decisions, in accordance with the applicable law and based upon what ComReg considers to be the relevant facts.

For the purposes of this strategy, we have identified four high-level goals:

1. Ensure the provision of a universal postal service;
2. Promote the interests of postal service users;
3. Promote the development of the postal sector;
4. Be an effective and agile organisation².

In this Strategy Statement, for each of the high-level goals, we:

- Identify strategic priorities for ComReg, so that they can best be delivered over the coming two years;
- Describe the actions we plan to undertake to address those strategic priorities. These actions are not mutually exclusive.

² This is set out in ComReg's Strategy Statement for the electronics communications sector (ComReg Document No. 14/75) dated 17 July 2014. This applies for ComReg's strategy for the postal sector and does not require to be addressed again in this Postal Strategy Statement.

02: Strategy at a glance

ComReg’s Postal Mission

Through effective and relevant regulation, our mission is to ensure the provision of an affordable high-quality universal postal service; to promote the interests of postal service users; and to promote the development of the postal sector by facilitating the development of competition and innovation in postal service provision.

ComReg’s Values

- Integrity
- Impartiality
- Effectiveness
- Excellence
- Transparency

Ensure the provision of a universal postal service	Promote the interests of postal service users	Promote the development of the postal sector
Our Priorities	Our Priorities	Our Priorities
Protect the stability of the universal postal service by applying effective and proportionate regulation	Protect postal service users by ensuring postal service providers comply with their obligations	Provide information regarding the provision of postal services in Ireland
Protect the stability of the universal postal service by considering all possible means to ensure the efficient provision of the universal postal service	Empower postal service users by ensuring the availability of appropriate information	Facilitate the development of the postal sector by acting in accordance with our mandate set by legislation
A universal postal service that meets the reasonable needs of postal service users by ensuring that the universal postal service provider complies with its obligations	Protect postal service users by ensuring complaints and redress procedures provided are transparent, simple, inexpensive, and enable disputes to be settled fairly and promptly	Facilitate the development of the postal sector by applying effective and proportionate regulation



03: Our Mandate

3.1 An overview of our areas of responsibility

ComReg's statutory functions and objectives in relation to the regulation of postal services are set out in the 2011 Act³.

ComReg's statutory functions are:

1. To ensure the provision of a universal postal service that meets the reasonable needs of users; and
2. To monitor and ensure compliance by postal service providers with obligations imposed by them by or under the Communications Regulation Acts 2002 to 2011 in relation to the provision of postal services⁴.

ComReg's statutory objectives are:

1. To promote the development of the postal sector and, in particular, the availability of a universal postal service within, to and from the State at an affordable price for the benefit of all postal service users⁵;
2. To promote the interests of postal service users; and
3. Subject to 1 above, to facilitate the development of competition and innovation in the market for postal service provision⁶.

³ <http://www.irishstatutebook.ie/pdf/2011/en.act.2011.0021.pdf>

⁴ Section 10 (ba) and (c) of the Communications Regulation Act 2002

⁵ Postal service users are both the senders and receivers of postal services

⁶ Section 12(c) of the Communications Regulation Act 2002

In order to achieve these statutory objectives, ComReg must take all reasonable measures including the following:

- 1.** Establishing such monitoring and regulatory procedures for the purposes of ensuring compliance by postal service providers with the obligations imposed on them by or under the Communications Regulation Acts 2002 to 2011 as are necessary to secure the provision of a universal postal service;
- 2.** Ensuring that postal service users may avail of a universal postal service that meets their reasonable needs;
- 3.** In so far as the facilitation of competition and innovation is concerned, ensuring that postal service users derive maximum benefit in terms of choice, price and quality; and
- 4.** In so far as the promotion of the interests of postal service users within the Community is concerned –
 - a.** Ensuring a high level of protection for postal service users in their dealings with postal service providers, in particular by –
 - i.** Ensuring the availability of simple and inexpensive dispute resolution procedures carried out by a body that is independent of the parties involved, and
 - ii.** Consulting and cooperating with the Competition and Consumer Protection Commission as appropriate.
 - b.** Addressing the needs of specific social groups, in particular, disabled postal service users.⁷

This Strategy Statement sets out ComReg’s proposed high level goals, priorities, and the actions it plans to take in the period 2015 to 2017 to meet its statutory obligations. These specific actions are detailed in chapters 5, 6, and 7 which follow.

⁷ Section 12(2A) of the Communications Regulation Act 2002

3.2 Regulating postal services

The EU Regulatory Framework for the postal sector is primarily concerned with ensuring the provision of a universal postal service in a market without barriers to competitive entry. The universal postal service plays a key role in meeting the social, economic, business, and legal needs of the nation. Once a letter is posted, there is a presumption in law that the letter will be delivered to the addressee in the ordinary course of post. This means that, amongst other things, quality of service standards must be consistently high; there must be easy access to postal services and daily collection and delivery in accordance with Section 16 of the 2011 Act. Our mandate in regulating the postal sector is set out in the 2011 Act which transposes the 1997 Postal Directive⁸ (last amended by the Third EU Postal Directive of 2008⁹).

There are three categories of postal services which are subject to regulation under the 2011 Act:

- 1.** The universal postal service as defined in section 16 of the 2011 Act¹⁰ which must be provided exclusively by An Post for the first twelve years of the 2011 Act, subject to review by ComReg after the first seven years.
- 2.** Postal services which fall within the scope of the universal postal service on the basis that they meet any one of the three criteria set out in section 37(1) of the 2011 Act and by reference to ComReg’s guidelines¹¹. According to section 37(1) of the 2011 Act this category does not include document exchange or express or courier services.
- 3.** Other postal services; this being a residual category comprising postal services that are not part of the two previous categories.

⁸ Directive 97/67/EC of the European Parliament and of the Council of 15 December 1997 on common rules for the development of the internal market of Community postal services and the improvement of quality of service

⁹ Directive 2008/6/EC of the European Parliament and of the Council of 20 February 2008 amending Directive 97/67/EC with regard to the full accomplishment of the internal market of Community postal services

¹⁰ Further specified by ComReg in SI 280 of 2012

¹¹ ComReg Document No. 12/81a dated 26 July 2012

The 2011 Act grants certain rights and imposes certain obligations on providers of postal services, depending on the type of service being provided - i.e. whether it is a universal postal service, or a service within the scope of the universal postal service, or a residual category of postal service. The particular type of service being provided thus determines the specific rights and obligations that shall apply to the provider of that service.

Of course, any undertaking may also provide services which are not in fact a postal service, as that term is defined in the 2011 Act, and which therefore are not subject to any form of regulation by ComReg under the 2011 Act. Also, all financial and other non-postal services which are provided at "post offices" are outside the definition of "postal services" and therefore such services are outside the regulatory remit of ComReg.

3.3 International participation

At an international level, ComReg participates in the European Regulators Group for Postal Services (ERGP). The ERGP serves as a body for reflection, discussion and advice to the European Commission in the postal services field. It also aims at facilitating consultation, coordination and cooperation between the independent national regulatory authorities in the Member States, such as ComReg, and between those authorities and the European Commission, with a view to consolidating the internal market for postal services and ensuring the consistent application of the Postal Services Directive.

3.4 Regulatory accountability

We are keenly aware of the importance of accountability for an independent regulatory body.

ComReg's accountability framework ensures independent, transparent and evidence-based regulation. Our use, where appropriate, of public consultation procedures, Regulatory Impact Assessments (RIAs), and our Postal Expert Advisory Group¹² ensures that the views of all stakeholders are considered in our decision making process. It also ensures that the impact of our decisions is proportionate, effective, and in the broad interests of all stakeholders.

ComReg is audited by the Comptroller and Auditor General (C&AG) who, in turn, reports on our financial performance to the Public Accounts Committee of Dáil Éireann. The Government Statement on Economic Regulation¹³ emphasises the need for effectiveness and efficiency in the business of regulation. ComReg is subject to parliamentary scrutiny by relevant Oireachtas Committees and is required to prepare and present a Postal Strategy Statement every two years.

¹² The Postal Expert Advisory Group provides strategic guidance on developments, innovations, and regulation in the postal sector. The members of this group have extensive experience of postal issues and of advising on key economic and regulatory issues.

¹³ Available at: http://www.taoiseach.gov.ie/eng/Publications/Publications_2011/Government_Statement_on_Economic_Regulation.pdf

3.5 Resourcing for effective regulation

The level of staffing of ComReg's postal regulation team¹⁴ is low relative to other European National Regulatory Authorities ("NRAs") responsible for postal regulation. Regardless of population size, ComReg has to conduct the same regulatory tasks as other NRAs. Therefore, given similar workloads on NRAs regardless of population size, ComReg requires appropriate staffing and expertise to do this. This is supported by WiK Consult¹⁵ in its report to the European Commission which noted that "...a NRA requires a basic minimum level of resources to do its job, including, on average, a staff of about 9 to 10 persons. The relatively low level of resources available to NRAs in some medium to small postal markets, and even more in very small markets, suggests that these NRAs may lack the minimum tools needed to regulate postal markets effectively."

14 Currently, the postal regulation team is c.3 FTEs directly employed with economic and legal assistance from the wider ComReg office when required.

15 At page viii of WiK Consult's study for the European Commission "The Role of Regulators in a More Competitive Postal Market" dated September 2009

04: ComReg's strategic priorities reflect the current and future environment



04: ComReg's strategic priorities reflect the current and future environment

In setting the high level goals, priorities, and actions of this Strategy Statement, ComReg needs to consider the strategic context and environment related to each high level goal.

4.1 High Level Goal #1: Ensure the provision of the universal postal service

ComReg's function includes ensuring the provision of a universal postal service that meets the reasonable needs of postal service users.

As established by the 2011 Act, An Post has been designated as universal postal service provider for the provision of universal postal service within the State for the period to 2023.

In addition to providing the universal postal service, An Post also provides various other commercial services, often through the post offices which form part of its postal network. These include, by way of examples, various financial and social welfare services. An Post also provides a range of postal services which are not universal postal services. ComReg has no role to regulate An Post in its capacity as a provider of various non-postal products and services. An Post therefore has full commercial freedom to ensure that its non-universal postal services and other commercial services are financially viable.

The 2011 Act has set the universal postal service to mean that on every working day¹⁶, there is at least one clearance and one delivery to the home or premises of every person in the State. The 2011 Act also generally set the universal postal services to be provided.

¹⁶ Except for working certain days that An Post sought a derogation—see ComReg D14/14 dated 15 December 2014

As required by the 2011 Act, following a public consultation, ComReg, in its Regulations¹⁷, further specified these universal postal services.

In these Regulations, ComReg has set a 'de minimis' universal postal service to meet postal service users' needs that would not be met by competition at an affordable price. This approach minimises the regulatory burden on An Post as it is only subject to detailed regulatory control in relation to its universal postal services and it has appropriate regulatory freedom and commercial flexibility in relation to its other postal services.

Though the postal sector is fully liberalised and open to competition, An Post has maintained a high market share, in particular in the mailing of letters. Incumbent postal service providers, such as An Post, have a number of competitive advantages such as ubiquity of network and service offering, ability, brand strength¹⁸, and consumer trust. It can be argued that providing the universal postal service offers the additional competitive advantages of brand / corporate reputation enhancements, VAT exemption, and customer life cycle benefits.

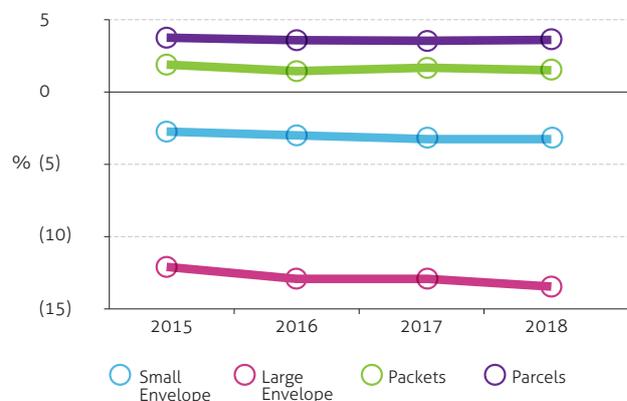
In the period since the last Postal Strategy Statement, mail volumes have continued to decline both in Ireland and abroad. An Post has stated that it is responding to the decline in mail volumes, which relates both to mail as universal postal services and other commercial mail, through a combination of cost savings and the development of new revenue streams. Notwithstanding, An Post has necessarily increased postage rates in order to ensure the provision of the universal postal service on a sustainable footing¹⁹.

Declining letter mail volumes

According to An Post, letter volumes have declined by 32% since 2007. This decline in letter volumes is forecast by An Post to continue at the rate of c.4% per annum²⁰.

The following sets out An Post's volume growth rate assumptions for its various domestic postal offerings. As can be seen, An Post is forecasting a continued and significant ongoing decline in its letter (small and large envelope) volumes. Interestingly, An Post also forecasts growth in its volumes for packets and parcels, but the scale of the decline in letter volumes easily outstrips this growth. Therefore, the decline in letter volumes (small and large envelope) will continue over the period of this Strategy Statement.

Domestic Growth Rate %



Source data: An Post – see Figure 4 in ComReg Document No. 14/59

17 Communications Regulation (Universal Postal Service) Regulations 2012 (SI 280 of 2012) available at http://www.comreg.ie/_fileupload/publications/SI_280_of_2012.pdf

18 For example, An Post was recognised as having the third Best Reputation for an Indigenous Irish Organisation in the latest RepTrak survey available at <http://ddfhb.ie/updates/2014/05/07/reprtrak-2014>

19 <http://www.anpost.ie/AnPost/MainContent/About+An+Post/Media+Centre/Press+Releases/2014/Rates+2014.htm>.

20 See Figure 5 in ComReg Document No. 14/59 'Response to Consultation and Decision on price cap control for universal postal services' (http://www.comreg.ie/_fileupload/publications/ComReg1459.pdf)

04: ComReg's strategic priorities reflect the current and future environment

Reducing cost base

With a declining letter mail volume there is a need to also reduce the cost base in order to have a sustainable business model.

This has been recognised by An Post's Chief Executive when he stated "Decreasing volumes create significant challenges for An Post. While revenue is directly proportional to volume, the amount of effort and cost required to deliver multiple letters to a particular address is virtually the same as delivering one letter. Despite the drop in volumes, all delivery routes still have to be covered under the USO model and so these costs can be considered largely fixed. The challenges posed to the viability and ongoing profitability of the Mails business are clear."²¹

An Post states that it will continue to implement change programmes to reduce its cost base. To date, An Post's programmes have mainly concerned more efficient working arrangements and automation. However, automation systems require volume to remain viable and this needs constant attention by An Post.

Increasing parcel volumes

Though letter volumes may be declining, the growing popularity of online shopping has contributed to a significant increase in the volumes of parcels being delivered. The parcel market in Ireland is already very competitive with a number of operators in play. However, An Post's share of the growing parcel market is much lower than its share of the letters market.

According to Accenture²², service providers that rework their legacy mail letter networks into parcel networks will be better positioned to take advantage of the growing e-commerce wave.

However, there is also a challenge to service providers in online retailers delivering their own parcels. Therefore service providers need to slash costs and resultant prices, and invest in new technology and services, if they are to withstand the challenge of new entrants, such as online retailer Amazon, in the parcel delivery market.²³

Consequently, to take advantage of the increasing parcel volumes requires constant attention by An Post.

Electronic substitution

It is generally accepted that the decline in letter volume is due in part to the ready availability of electronic substitutes. Customer information that in the past would have been sent by post is now widely available through Government²⁴ and company websites. Therefore, it appears that the greatest threat to An Post's postal business does not come from other providers of postal services but lies outside of the postal sector – i.e. substitutable electronic methods of communication. Furthermore, once a portion of mail business has been lost to an electronic substitute it is likely to be a permanent loss, as business customers would likely have to re-engineer their internal processes to take account of the switch to an electronic substitute.

In Ireland approximately 80% of postal transactions are business-related and the top 30 large postal service users (e.g. banks, utilities, government) account for the vast majority of mail sent. In this respect, ComReg notes that since "e-Day"²⁵ public sector bodies no longer use cheques in their dealings with businesses and as a result there should be fewer cheques in the postal system.

21 At page 14 of An Post's Annual Report 2013 available at <http://www.anpost.ie/AnPost/MainContent/About+An+Post/Annual+Reports/about-annualreports.htm>

22 'Achieving High Performance in the Postal Industry' - Accenture Research and Insights 2013

23 <http://uk.reuters.com/article/2014/12/01/uk-europe-parcels-idUKKCN0JF2BY20141201>

24 The Government is currently in a process to deliver eGovernment. See <http://per.gov.ie/wp-content/uploads/eGovernment-2012-2015.pdf>

25 19 September 2014 - <http://circulars.gov.ie/pdf/circular/finance/2013/01.pdf>

In 2013, ComReg commissioned research on the postal needs of Small and Medium Enterprises ("SMEs")²⁶ and large postal service users²⁷; this research provided a number of interesting findings in relation to electronic substitution. Of the SMEs surveyed, many predict that their usage of electric forms of communications would continue to increase over the next two years. Furthermore, 73% of SMEs currently receive payment by post, but 80% of those would prefer to receive this payment electronically. Of the large postal service users surveyed, many noted that about 20% of their mail sent/received has been replaced by electronic means over the past two years. The large postal service users surveyed cited cost-effectiveness as the key motivator for electronic substitution. Increases in postal charges were identified as posing problems for these postal users who, in response, are reducing mail volumes sent or are switching to electronic methods, rather than finding an alternative (and cheaper) postal service provider. Interestingly, the large postal users surveyed believed that there would be a slowdown in the rate of switching to electronic means in the coming years.

Price cap for universal postal services

During the period of the last Strategy Statement, ComReg made a price cap decision²⁸ for An Post's universal postal services. This price cap decision took account of a number of issues and particularly the matters of declining letter volumes, increased parcel volumes, and the rate of electronic substitution.

The price cap decision sets an upper limit on the amount by which An Post may adjust its prices for its universal postal services, during the 5 years of the price cap control (June 2014 – June 2019). The price cap decision therefore does not set actual prices for An Post's universal postal services, but only sets an uppermost limit on the extent to which An Post may adjust its prices. Therefore, An Post has the freedom to set its prices for those services below the price cap if it so chooses.

Consequently, given information asymmetries, it is for An Post to assess what an appropriate price increase should be within the limits set by the price cap decision and whether any price increase would be likely to have an adverse effect on its profitability, due to resultant greater decline in mail volume.

In making its price cap decision, ComReg was cognisant of its overarching statutory function to ensure the provision of a universal postal service that meets the reasonable needs of postal service users. The universal postal service remains essential to the economy, and to society as a part of national infrastructure. But falling volumes, brought about by a fast changing technological and social environment, are in danger of producing an uncontrollable spiral of rising unit costs leading to higher prices and hence even greater decline. In this regard, the price cap decision should enable An Post to bring the price-controlled universal postal services back to profitability while also remaining affordable, provided that An Post meets or betters the efficiency target which forms part of the price cap decision. If An Post at least meets the efficiency target then, based on current data, it is forecast to make a return (above efficient operating and capital expenditure) of c.€58 million from provision of the universal postal service over the 5-year period of the price cap control, thereby underpinning and strengthening the provision of the universal postal service. ComReg, in setting the efficiency target, has endeavoured to ensure that the efficiency target sufficiently challenges An Post while remaining achievable.

Following ComReg Decision D13/13²⁹, and in keeping with the thrust of the 2011 Act generally, the price cap decision focuses solely on the universal postal services. An Post therefore has full commercial freedom to ensure that its other postal services and business activities are financially viable; consequently the profitability or otherwise of other parts of An Post's mail and other businesses are for An Post itself to address.

26 ComReg Document No. 13/67a dated 9 July 2013

27 ComReg Document No. 13/107 dated 19 November 2013

28 ComReg Document No. 14/59 dated 18 June 2014

29 ComReg Document No. 13/82 dated 6 September 2013

04: ComReg's strategic priorities reflect the current and future environment

Ensuring the provision of the universal postal service

Against this strategic context and environment, Chapter 5 provides further details on ComReg's proposed priorities and actions to continue to ensure the provision of the universal postal service.

4.2 High Level Goal #2: Promote the interests of postal service users

ComReg's function is to ensure the provision of a universal postal service that meets the reasonable needs of postal service users. In this regard, the objectives of ComReg include promoting the interests of postal service users which includes:

1. ensuring a high level of protection for postal service users in their dealings with postal service providers; and
2. addressing the needs of specific social groups, in particular, disabled postal service users

Consequently, in setting its strategy, ComReg must ensure that the interests of postal service users are protected and that postal service users are empowered to make informed choices regarding postal services. In doing so, ComReg notes that the needs of postal service users can vary greatly, depending on whether they are households or businesses for example. However, generally, ComReg considers that postal service users require postal services that are affordable, reliable, high quality and that meet their varying needs.

Changing postal service user interests

Generally, all postal service users have moved some of their communications to electronic channels and are using the postal service far less as a result. For example, many residential consumers are increasingly undertaking administrative tasks using the internet rather than post. However, there still remains many postal service users who are reluctant or unable to use electronic means of communications for varying reasons and the interests of these postal service users must be protected.

Similarly, ComReg considers that SMEs, while frequently using email as a primary means of communication, still require a postal service with quality guarantees as it remains an important means of conducting business e.g. invoicing for payment³⁰. The needs of these postal service users must also be protected.

Equally, there are some heavy postal service users (for example, large businesses, utilities, banks, Government) that value flexibility and choice in their use of postal services. For example, developments in technology can now make it more efficient for these large postal users to undertake the sorting to delivery office themselves rather than contracting the postal service provider to do it. This suggests that more focussed services with complementary reduced pricing are of value to such postal service users. Therefore, the interests of these postal service users must also be protected in order to facilitate commercial negotiation of bespoke postal services in order to avail of these cost savings.

The effects of e-commerce and online shopping are also being felt. The interests of postal service users have materially changed as postal service users are sending and receiving far more packets and parcels as online shopping and electronic commerce continues to grow. This is a positive development for personal choice and flexibility, especially for those postal service users who are based in rural locations.

³⁰ See SMEs Postal Users Survey - ComReg Document No. 13/67a dated 9 July 2013

Keeping postal service users protected and informed

The 2011 Act introduced provisions to ensure that postal service users are adequately protected and informed. Having a clear and consistent approach to compliance is essential to ensure that postal service providers fully meet their obligations to postal service users. ComReg will endeavour to ensure that postal service users are fully informed regarding terms and conditions, complaints and redress procedures, and the procedures to resolve disputes where they arise. Such an approach should pre-empt the development of any systemic issues or failings that might negatively impact on postal service users.

Chapter 6 provides further details on ComReg's proposed priorities and actions to protect and empower postal service users.

4.3 High Level Goal #3: Promote the development of the postal sector

ComReg's objectives include promoting the development of the postal sector and facilitating the development of competition and innovation in the market for postal service provision.

Challenging economic environment

As set out earlier, postal service providers face an increasingly challenging economic environment. Further, for those postal service providers that do not have the benefit of scale, the relative low volume of mail in Ireland may result in higher unit costs which may make it difficult for such providers to compete. ComReg believes that postal service providers have little option but to be even more customer-focussed, finding markets to fulfil in order to find opportunities for profit. Postal service providers will need to be flexible and innovative to adapt to further declines in postal letter volumes or to grasp any new opportunities that may arise in the changing postal sector.

As will be the case for the universal postal service provider, ComReg considers that postal service providers more generally will also need to be efficient in the provision of postal services to meet the needs of users.

Changing postal sector

The changing and dynamic postal marketplace will mean that postal service providers will need to be even more customer oriented by moving away from the more traditional process orientation employed by the postal industry over many decades.

Growing parcel market

The Boston Consulting Group³¹ contends that the growing parcel market will soon be larger overall than the declining mail market. They further note that margins in the parcel market could be higher than the traditional mail business.

This evolving parcel market in Ireland has already seen the provision of kiosks³² and collection points where a postal user can collect their parcels 24/7 – this service is likely to expand with increased purchases from the internet all of which require a secure delivery point that can accommodate a parcel and, if required, the return of purchased goods by the customer.

31 At page 39 - http://www.ipc.be/~media/Documents/PUBLIC/Brochures/IPC-BCG_Focus%20on%20the%20Future.ashx

32 For example, Parcel Motel (<http://www.parcelmotel.com/>)

04: ComReg's strategic priorities reflect the current and future environment

Postcodes

Over the period of this Postal Strategy Statement, a postcode system³³ called "Eircode" will be implemented by DCENR in accordance with the requirements set by Government.

According to Eircode³⁴, the Eircode system will identify an address making the delivery of goods and services to homes or businesses easier and should also improve logistics and distribution planning as an Eircode will accurately identify delivery and pick-up points; accordingly this is particularly useful for the 35% of addresses in Ireland without a name or number. However, as the Eircode is only planned to launch mid 2015, and as its use will be voluntary³⁵, it is unclear, at this stage, as to the extent Eircode could present opportunities for market development and market efficiencies.

Use of postal service providers

In 2013, ComReg commissioned research on the postal needs of SMEs²⁶ and large postal service users²⁷. This research resulted in some interesting findings in relation to the use of postal service providers.

Of the SMEs surveyed:

- 98% use An Post as their main postal service provider
- While 90% are aware of other postal service providers, just a third of these actively use an alternative postal service provider
- Most that use An Post remain reluctant to use other providers with almost 8 in 10 stating that they are unlikely to use a provider other than An Post in the next 12 months.

Of the large postal service users surveyed:

- All use An Post as their primary postal service provider with 40% having using another postal service provider at some stage in the past 12 months.

Given the above, it is clear that the competitive postal services market, although liberalised and fully open to competition since August 2011, is still in its relative infancy.

Securing the trust of postal service users

ComReg considers that both new entrant and existing postal service providers must secure and retain the trust of postal service users in order to develop and expand their businesses. ComReg recognises that this is a particularly challenging task for new entrants competing against the ubiquitous An Post brand which is generally highly regarded, trusted, and respected¹⁸. Consequently, it is essential that every postal service provider upholds their obligations under the 2011 Act to draw up and implement codes of practice which are transparent, simple, inexpensive, and enable disputes to be settled fairly and promptly, so as to ensure that the interests and trust of postal service users is secured so that competition can develop. ComReg will play its part by ensuring compliance with such obligations³⁶.

33 ComReg has no role in the implementation of the postcodes system

34 <http://www.eircode.ie/benefits/overview>

35 Source: DCENR presentation to Oireachtas Committee - 19 November 2014

36 See ComReg Document 14/06 'Complaints and Redress Procedures: Guidelines for Postal Service Providers'

Access requirements

While entry into the postal sector, as a labour intensive network business, requires relatively little capital investment and few sunk costs, there are advantages still to be gained from achieving economies of scale. Consequently, ComReg considers that there are mutual benefits for the universal postal service provider and postal service providers generally through facilitating access to the universal postal service provider's postal network on a non-discriminatory basis.

Where commercial negotiations between a postal service provider and the universal postal service provider cannot agree on access to the universal postal service provider's postal network, The Competition and Consumer Protection Commission³⁷ and / or ComReg³⁸, in accordance with their varying remits, may intervene in order to resolve any disputes.

Regulatory certainty

Providing regulatory certainty is at the core of ComReg's approach to the work that it undertakes to promote the development of the postal sector by facilitating competition and innovation. Further details on ComReg's proposed actions in this area are provided at Chapter 7.

37 As ComReg does not have competition law powers in relation to the provision of postal services

38 ComReg's Dispute procedures for access by a postal service provider to the postal network of a universal postal service provider are set out in ComReg Document No. 12/111 dated 12 October 2012

05: Ensure the provision of the universal postal service



05: Ensure the provision of the universal postal service

ComReg has a statutory function to ensure the provision of a universal postal service that meets the reasonable needs of postal service users. Furthermore, ComReg has a statutory objective to promote the availability of a universal postal service within, to, and from the State at an affordable price for the benefit of all postal service users.

Arising from the 2011 Act, An Post is the designated universal postal service provider for the period 2 August 2011 – 1 August 2023.

ComReg sets out below its priorities for the period of this Strategy Statement.

5.1 PRIORITY: Protect the stability of the universal postal service by applying effective and proportionate regulation

ComReg recognises that a co-ordinated and clear regulatory framework relating to the provision of universal postal services is beneficial in providing regulatory certainty so that the universal postal service provider can take the necessary actions to ensure and provide a stable provision of the universal postal service. In this respect, during the period of the last Postal Strategy Statement, and as required by the 2011 Act, ComReg, among other things, implemented two key pieces of the regulatory framework to ensure the provision of the universal postal service:

Setting the specification of the universal postal service

In ComReg Document 12/81 (D08/12, SI 280 of 2012), following a public consultation, ComReg set a 'de minimis' affordable universal postal service to meet postal service users' needs that would not be met by competition. This approach minimised the regulatory burden on An Post as the current universal postal service provider as it is only subject to detailed regulatory control in relation to its universal postal services. By setting a 'de minimis' universal postal service, An Post enjoys the appropriate level of regulatory freedom and commercial flexibility in the delivery of its other postal services.

Setting the price cap mechanism

In ComReg Document 14/59 (D05/14), following two rounds of public consultation, ComReg made a decision to set a price cap for the universal postal services, provided by An Post. As required by the 2011 Act, this price cap will have effect for 5 years and its design sets an upper limit on the amount by which An Post may adjust its prices for its universal postal services, during those 5 years. The decision therefore did not set actual prices but only set an uppermost limit on the extent to which An Post may adjust its prices. Therefore, the price cap control enables An Post to manage and adjust its universal postal service prices while making a reasonable return on the efficient provision of the universal postal service. Consequently, the price cap decision by ComReg should³⁹ protect the stability of the universal postal service over the next 5 years.

Over the period of this Postal Strategy Statement, ComReg plans to further the implementation of the 2011 Act by the following actions:

Accounting Direction

The 2011 Act sets out the right for ComReg to make a direction on the universal service postal provider to keep separate accounts for each postal service it provides which is part of the universal postal service and which is not part of the universal postal service where ComReg is satisfied that competition in the market for postal services is not fully effective.

In ComReg Document 13/82 (D13/13), ComReg formed the opinion that the universal postal services specified in the Communications Regulation (Universal Postal Service) Regulations, 2012 (S.I. 280 of 2012) constitute a separate market and that there is no effective competition in that market. Over the period of this Postal Strategy Statement, ComReg will review the existing Accounting Direction⁴⁰ and, following a public consultation, decide on a revised Accounting Direction pursuant to the 2011 Act. A revised Accounting Direction will be set to meet the requirements of the 2011 Act⁴¹, in particular, to provide information to assess compliance or otherwise with the price cap decision and the tariff requirements of the 2011 Act.

Quality of service target

The availability of an efficient, high quality postal service on par with the best in Europe is a key objective for a modern competitive society such as Ireland's. ComReg sees quality of service as being crucial in building consumer confidence in postal services and central to enabling business in Ireland to better operate.

In Ireland, all of the universal postal services that are provided at a single piece tariff offer a basic, but nevertheless high quality, level of service for postal packets deposited at an access point for delivery to addressees at their home or premises. Domestic postal packets should be delivered on the next working day after the day of posting.

³⁹ Subject to actual volume declines matching or being less than the decline forecast for the price cap and An Post meeting or beating the efficiency target set.

⁴⁰ Document 06/63 dated 8 December 2006
⁴¹ Including but not limited to sections 28, 29(1)(a), 30, 31 of the 2011 Act

05: Ensure the provision of the universal postal service

Over the period of this Strategy Statement, ComReg will review the existing quality of service target decision⁴² and will consider the putting in place of a revised quality of service target (if required) pursuant to the 2011 Act.

Access Points

ComReg has issued a Direction⁴³ that sets minimum access points to meet the postal service users' right of access to universal postal services.

Over the period of this Strategy Statement, subject to resource availability, ComReg, pursuant to section 16(10) of the 2011 Act, plans to review the existing Access Points Direction and consider the putting in place of a new access points Direction pursuant to the 2011 Act.

Actions arising from Priority 5.1

Protect the stability of the universal postal service by applying effective and proportionate regulation

ACTIONS

- 5.1.1 Consult and decide on a new Accounting Direction that reflects current circumstances.
- 5.1.2 Consider the quality of service target.
- 5.1.3 Consider the Access Points Direction (subject to resource availability).

5.2 PRIORITY: Protect the stability of the universal postal service by considering all possible means to ensure the efficient provision of the universal postal service

The universal postal service provider, in common with all postal service providers, faces a challenging future in the context of declining letter volumes and changing user needs. This requires, at a minimum, that the universal postal service provider be agile and flexible in order to adapt its structure and cost base to reflect new realities.

ComReg is required by the 2011 Act:

- to take account of whether the universal postal service was provided in a cost-efficient manner if a universal postal service provider makes a claim to seek funding for its net cost arising from its provision of the universal postal services. In making any claim to seek funding for its net costs, An Post would set out how it would re-optimize its postal operation in the absence of the Universal Service Obligation ("USO") – i.e. it would identify the changes to postal services that An Post would make if it operated on an unconstrained commercial basis. This would be informed by An Post's own commercial knowledge and reflects how An Post would seek to reorganise its postal operations, absent the current USO, so as to maximise profits. If An Post makes any such application, ComReg would publish a non-confidential version of An Post's application and would consult publicly on the matter to seek the views of interested parties and to set out ComReg's views.

Given that the price cap mechanism introduced in June 2014 allows An Post to recover its efficient costs arising from the provision of the universal postal service, ComReg considers that it is likely

⁴² Document 04/56 dated 1 June 2004

⁴³ Document 03/50 dated 13 May 2003

that a request to seek any net cost arising from the universal postal service may realistically only be for the period from the enactment of the 2011 Act (2 August 2011) to July 2014 when ComReg's price cap decision took effect⁴⁴. Furthermore, and as set out clearly by the 2011 Act, if any net cost is found by ComReg to be an unfair financial burden, it would, in the main, fall to An Post to fund, given the current limited competition to An Post in the provision of postal services that fall within the scope of the universal postal service.

Notwithstanding the above, ComReg would, as required by the 2011 Act, and in accordance with its Decisions D09/13⁴⁵ and D15/13⁴⁶, determine whether any request for funding for the net costs (if any) of providing the universal postal service (a) represents a net cost to the universal postal service provider (b) represents an unfair financial burden on the universal postal service provider. ComReg would take into account whether the universal postal service provider is complying with its obligations relating to the provision of the universal postal service in a cost-efficient manner.

- to ensure that its price cap decision provides incentives for the efficient provision of the universal postal service. ComReg provided these incentives in its price cap decision of June 2014 (ComReg Decision D05/14). In making this decision, ComReg set the efficiency target at a level and trajectory which should sufficiently balance the need to ensure the continued provision of the universal postal service against the requirement that universal postal services remain affordable.

Actions arising from Priority 5.2

Protect the stability of the universal postal service by considering all possible means to ensure the efficient provision of the universal postal service

ACTIONS

- 5.2.1 Ensure any claim by the universal postal service provider for funding of the net cost (if any) relating to the provision of the universal postal service is based on the methodology set by ComReg.
- 5.2.2 Consult and determine whether any claim by the universal postal service provider for funding of the net cost (if any) relating to the provision of the universal postal service is provided in a cost-efficient manner.
- 5.2.3 Ensure that the universal postal service provider is complying with its obligations relating to the provision of the universal postal service in a cost-efficient manner.

⁴⁴ ComReg has agreed to extend, to 31 December 2016, the deadline in respect of An Post's net cost requests (if any) for the financial years 2012, 2013, and 2014. See Information Notice 15/13 dated 12 February 2015.

⁴⁵ 'Response to Consultation and ComReg's determination on the form and the manner of any net cost request by the universal postal service provider under section 35 of the 2011 Act' dated 25 July 2013

⁴⁶ 'Response to Consultation and Decision on how to assess and finance any unfair financial burden on the universal postal service provider' dated 4 December 2013

05: Ensure the provision of the universal postal service

5.3 PRIORITY: A universal postal service that meets the reasonable needs of postal service users by ensuring that the universal postal service provider complies with its obligations

Arising from the 2011 Act, a universal postal service provider is required:

1. To provide a universal postal service in accordance with the obligations imposed by or under the Communications Regulation Act 2002 to 2011;
2. To provide identical services to postal service users under comparable conditions; and
3. To comply with the terms and conditions of its universal postal services provision.

Pursuant to the 2011 Act, where ComReg is of the opinion that a universal postal service is failing, or has failed, to comply with any of the universal postal service requirements, it may give a direction to the universal postal service provider to ensure compliance.

In this respect, ComReg monitors the universal postal service provider's compliance with its regulatory obligations, either in response to complaints, or following investigations on its own initiative. ComReg may then take appropriate enforcement action, as necessary, to correct non-compliance.

This is particularly important because the universal postal service provider, as provided for by the 2011 Act, is immune from liability in respect of loss or damage suffered by a postal service user because of:

- Any failure or delay in providing, operating or maintaining a universal postal service, or
- Any failure, interruption, suspension or restriction of a universal postal service.

ComReg's monitoring in respect of universal postal service provision will include the following:

Pricing

We will ensure that An Post's pricing of its universal postal services comply with (1) the price cap⁴⁷ and (2) the tariff requirements of the 2011 Act which are:

- Prices must be affordable and be such that all postal service users may avail of the services provided
- Prices must be cost-oriented, that is to say, that prices must take account of, and reflect the costs of, providing the postal service or part of the postal service concerned
- Prices must comply with the uniform tariff requirement which applies throughout the State to any postal service provided at a single piece tariff
- Tariffs must be transparent and non-discriminatory.

Separated accounts

ComReg will continue to monitor compliance by An Post with the Accounting Direction⁴⁰ and the new Accounting Direction that is planned to be put in place over the period of this Strategy Statement.

Quality of service

ComReg will continue to monitor compliance by An Post against the current standard and any revised standard set over the period of this Strategy Statement.

Minimum access points to universal postal services

ComReg has issued a Direction⁴³ that sets minimum access points to meet the postal service users' right of access to universal postal services. ComReg will monitor the universal postal service provider's compliance with this and any new direction set over the period of this Strategy Statement.

⁴⁷ ComReg Decision D05/14

Terms and conditions for universal postal services

ComReg will monitor to ensure that the universal postal service provider meets its universal postal service in accordance with its terms and conditions⁴⁸. Where the universal postal service provider proposes to change its terms and conditions for its universal postal service, we will consider the reasonable needs of postal service users and ensure that the revised terms and conditions do not have a significant adverse effect on users.

Complaint and redress procedures

As required by the 2011 Act, the universal postal service provider must draw up and implement a code of practice setting out procedures, standards and policies with respect to the handling of complaints from postal service users, in particular, complaints, relating to loss, theft, damage or quality of service. We will monitor the universal postal service provider's complaints and redress procedures for compliance.

Terminal dues

As required by the 2011 Act, in order to ensure the cross-border provision of the universal postal service, An Post is required to ensure that its agreements on terminal dues for intra-Community cross-border mail complies with the following requirements:

- Terminal dues shall be fixed to the costs of processing and delivering incoming cross-border mail
- Levels of remuneration shall be related to the quality of service achieved
- Terminal dues shall be transparent and non-discriminatory.

We will monitor the universal postal service provider's compliance with section 29 of the 2011 Act.

Actions arising from Priority 5.3

A universal postal service that meets the reasonable needs of postal service users by ensuring that the universal postal service provider complies with its obligations

ACTIONS

- 5.3.1 Monitor the pricing of the universal postal service for compliance with the price cap and tariff requirements.
- 5.3.2 Monitor universal service provider's separated accounts for compliance.
- 5.3.3 Monitor universal service provider's quality of service for single-piece mail for compliance.
- 5.3.4 Monitor number of access points to universal postal service for compliance.
- 5.3.5 Monitor the universal postal service provider's terms and conditions for compliance.
- 5.3.6 Monitor the universal service provider's complaints and redress procedures for compliance.
- 5.3.7 Monitor the universal service provider's terminal dues for compliance.

⁴⁸ ComReg is currently in a consultation process in relation to this matter.



06: Promote the interests of postal service users

ComReg has a statutory objective to promote the interests of postal service users. In particular, ComReg must ensure a high level of protection for postal service users in their dealings with postal service providers.

This includes:

1. ensuring appropriate codes of practice are drawn up and implemented by postal service providers
2. ensuring the availability of simple and inexpensive dispute resolution procedures carried out by a body independent of the parties involved
3. consulting and co-operating with the Competition and Consumer Protection Commission as appropriate
4. addressing the postal needs of specific social groups, in particular, disabled postal service users.

With this in mind, ComReg considers that ensuring the availability of clear and transparent information can greatly empower postal service users to respond directly to situations they consider to be less than satisfactory. Nevertheless, ComReg must always be ready to step in with firm action focused on rectifying any unfair or unreasonable treatment of postal service users.

6.1 PRIORITY: Protect postal service users by ensuring postal service providers comply with their obligations

Proactive monitoring of obligations and the undertaking of investigations are essential components of our postal service user protection brief.

The 2011 Act empowers ComReg to give Directions:

1. where postal service providers, including the universal postal service provider, are found to be non-compliant in relation to their complaints and redress procedures.
2. to the universal postal service provider to modify its terms and conditions for its universal postal service or where ComReg is of the opinion that the universal postal service provider is failing, or has failed, to comply with certain requirements of the 2011 Act.

Complaints and redress procedures

As required by the 2011 Act, all authorised postal service providers must implement a code of practice setting out procedures, standards, and policies with respect to the handling of complaints from postal service users, in particular, complaints relating to loss, theft, damage, or quality of service.

As clear and unambiguous codes of practice⁴⁹ are critical to protect postal service users, ComReg, under the 2011 Act, may direct postal service providers to make such alteration or additions to these codes of practice as ComReg considers appropriate. This measure, where appropriate, helps ensure that postal service providers respect and uphold their obligations to protect postal service users.

In order to protect postal service users, under the 2011 Act, ComReg may direct postal service providers to comply with such measures that are required to resolve a dispute between a postal service provider and postal service user(s). This measure, where appropriate, appropriately aids in the redress for unresolved disputes⁵⁰.

Terms and conditions for the universal postal services

At the time of making this Strategy Statement, terms and conditions for the universal postal services have not been approved by ComReg. ComReg has been engaging with An Post in an effort to assist An Post to produce a set of terms and conditions, which it could notify to ComReg. In November 2014 An Post notified a set of terms and conditions to ComReg. ComReg will shortly consult on these terms and conditions, with a view, subject to timely engagement by An Post, to approving a set of terms and conditions in the second half of 2015.

As required by the 2011 Act, the terms and conditions for the universal postal services⁵¹ must set out how An Post will ensure its compliance with the obligations imposed on it by the 2011 Act and includes:

1. how postal service users may avail of the universal postal services
2. procedures for dealing with complaints made by postal service users relating to the universal postal service provision.

49 See ComReg Document No. 14/06 for ComReg's guidelines on complaints and redress procedures

50 ComReg is currently consulting on these procedures, see ComReg Document No. 14/87

51 ComReg is currently in a consultation process on this.

06: Promote the interests of postal service users

ComReg may, following a public consultation process, give a direction to An Post, currently the sole universal postal service provider, requiring it to modify its terms and conditions where ComReg considers that the terms and conditions of the universal postal service:

1. require appropriate modification having regard to the obligations imposed on the universal service provider and the reasonable needs of postal service users
2. that a proposed amendment by the universal service provider may have a significant adverse effect on postal service users

Also, generally, where ComReg is of the opinion that the universal service provider is failing, or has failed, to comply with any of the requirements relating to terms and conditions, ComReg may give a direction to ensure compliance.

These measures are designed to help ensure that the universal service provider complies with its obligations in relation to the terms and conditions of universal postal services in order to protect postal service users.

Tariff requirements and price cap decision for universal postal services

As required by the 2011 Act, the universal postal service provider in the provision of a universal postal service must comply with tariff requirements which include that prices should be affordable, cost-oriented, uniform, transparent, and non-discriminatory. The universal postal service provider must also comply with the price cap decision⁵² made by ComReg.

Where ComReg is of the opinion that the universal service provider is failing, or has failed, to comply with any of the tariff requirements and/or its price cap decision, ComReg may give a direction to the universal service provider to ensure compliance.

This measure helps ensure that the universal service provider respects and upholds its obligations in relation to the pricing of universal postal services in order to protect postal service users.

Quality of service standards for single piece mail as the universal postal service

Quality of service standards are necessary to ensure that postal service users receive the appropriate priority service for which they have paid. As required by the 2011 Act, ComReg regularly monitors compliance by the universal postal service provider in this regard.

Where ComReg is of the opinion that the universal postal service provider has not met the quality of service standards it may give a direction to the universal postal service provider to take corrective action.

This measure helps ensure that the universal service provider respects and upholds its obligations in relation to the quality of service for single piece universal postal service in order to protect postal service users.

Consult and co-operate with the Competition and Consumer Protection Commission

The Competition and Consumer Protection Commission is responsible for the enforcement of a wide range of consumer legislation. As noted in the 2011 Act, ComReg will help ensure a high level of protection for postal service users in their dealings with postal service providers by consulting and co-operating with the Competition and Consumer Protection Commission as appropriate.

Actions arising from Priority 6.1

Protect postal service users by ensuring postal service providers comply with their obligations

ACTIONS

- 6.1.1 Ensure all postal service providers respect and uphold their complaint and redress procedures.
- 6.1.2 Ensure universal postal service provider respects and upholds its terms and conditions.
- 6.1.3 Ensure that the universal postal service provider complies with the tariff requirements and price cap decision for its universal postal services.
- 6.1.4 Ensure that the universal postal service provider complies with the quality of service standards for its single-piece universal postal services.
- 6.1.5 Consult and co-operate with the Competition and Consumer Protection Commission if or when required.

6.2 PRIORITY: Empower postal service users by ensuring the availability of appropriate information on postal services

We recognise that postal service users must be adequately informed if they are to correctly select postal services that suit both their needs and budget. ComReg engages with postal service providers to help ensure that appropriate information is constantly available to postal service users.

Information on postal services

ComReg ensures the provision of appropriate information on postal services by maintaining a register of authorised postal service providers and this is accessible via ComReg's website⁵³. The register contains information such as what postal services are on offer which is taken from each postal service provider's notification to ComReg. This information ensures that postal service users are informed of the choices available to them from a range of postal service providers.

Complaints and redress procedures

Arising from the 2011 Act, every postal service provider must implement a code of practice setting out procedures, standards, and policies in respect to the handling of complaints from postal service users, in particular, complaints relating to loss, theft, damage, or quality of service.

ComReg will continue to ensure that the codes of practices set by the respective postal service providers are sufficient and contain appropriate information to secure effective protection of postal service users. ComReg has already set its Guidelines on this⁵⁴.

53 http://www.comreg.ie/postal/regulation_of_authorized_providers.545.html

54 ComReg Document No. 14/06 dated 28 January 2014

06: Promote the interests of postal service users

Terms and conditions for the universal postal service

ComReg will ensure that the terms and conditions for the universal postal services contain the appropriate information to meet the reasonable needs of postal service users and their right to seek appropriate redress.

Actions arising from Priority 6.2

Empower postal service users by ensuring the availability of appropriate information

ACTIONS

- 6.2.1 Ensure appropriate information on postal services is available for postal service users.
- 6.2.2 Ensure that postal service providers' complaints and redress procedures contain appropriate information.
- 6.2.3 Ensure terms and conditions for universal postal service contain appropriate information.

6.3 PRIORITY:

Protect postal service users by ensuring complaints and redress procedures provided are transparent, simple, inexpensive, and enable disputes to be settled fairly and promptly

All postal service providers are obliged to implement a code of practice setting out procedures, standards and policies with respect to the handling of complaints from postal service users. ComReg has ensured that service providers have an appropriate complaints-handling code of practice which should inform postal service users of their rights, of the process that will be followed in the event of a complaint, and of the remedies available to them which may include reimbursement or compensation, or both, as appropriate.

ComReg will continue to drive improvements in consumer complaint handling by postal service providers so that issues can be resolved in a timely manner without postal service users having to request ComReg, or a person appointed by ComReg, to resolve disputes which remain unresolved after due completion of all the procedures of the applicable postal service provider's code of practice.

Therefore, ComReg will conduct the similar actions as Priority 6.2 above but with the focus for this Priority on ensuring redress and timely resolution of complaints.

Complaints and redress procedures

We will ensure that the codes of practice put in place by all postal service providers, including the universal postal service provider, are an effective complaint handling process that ensures customer redress and timely resolution of complaints.

We have implemented dispute resolution procedures⁵⁵ in order to resolve complaints and facilitate redress between postal services users and postal service providers where necessary.

Terms and conditions for the universal postal service

We will continue to ensure that the terms and conditions meet the reasonable needs of users and their right to seek appropriate redress and timely resolution of complaints. This is particularly important as a universal postal service provider is immune from liability in respect of certain losses or damage⁵⁶.

Actions arising from Priority 6.3

Protect postal service users by ensuring complaints and redress procedures provided are transparent, simple, inexpensive, and enable disputes to be settled fairly and promptly

ACTIONS

- 6.3.1 Ensure that postal service providers' complaints and redress procedures are transparent, simple, inexpensive, and enable disputes to be settled fairly and promptly.
- 6.3.2 Ensure that An Post's terms and conditions for its universal postal services include effective complaint handling process.

55 ComReg Document No. 15/07 dated 29 January 2015

56 In accordance with s.26 of the 2011 Act

07: Promote the development of the postal sector



07:

Promote the development of the postal sector

A competitive and sustainable market is key to providing postal service users with the best available postal services at the best prices, and affording all postal service providers with opportunities to maintain and grow their businesses.

ComReg has a statutory objective to promote the development of the postal sector and to facilitate the development of competition and innovation in the market of postal service provision.

7.1 PRIORITY: Provide information regarding the provision of postal services in Ireland

To promote the development of the postal sector, ComReg provides information regarding the provision of postal services in Ireland.

ComReg maintains a register of authorised postal service providers and this is accessible via ComReg's website⁵³. The register contains each postal service provider's notification to ComReg. This information ensures that postal service users are informed of the choices available to them from a range of postal service providers which, in turn, helps promote the development of the postal sector.

Subject to resource availability, ComReg intends to publish further research and market data on the postal sector in Ireland. ComReg considers its ability to explore through market research where the postal sector is changing, where innovation in the postal sector has and will occur, is important to fully understand the sector. ComReg would continue to publish any such research so that all stakeholders can benefit from the findings.

ComReg has commissioned research on the growing parcel sector as public information available on this sector is currently limited and out-of-date. ComReg intends to publish the results of this research in 2015.

Subject to resource availability, ComReg would anticipate conducting further research on the postal sector in Ireland in late 2015/2016; likely examining the issue of electronic substitution on the postal sector.

Actions arising from Priority 7.1

Provide information regarding the provision of postal services in Ireland

ACTIONS

- 7.1.1 Continue to maintain and publish register of authorised postal service providers and services offered.
- 7.1.2 Undertake and publish research that provides relevant market data to the postal sector (subject to resource availability).

7.2 PRIORITY: Facilitate the development of the postal sector by acting in accordance with our mandate set by legislation

To develop a competitive and sustainable postal services market, it is important that postal service providers can compete on a fair basis with the universal service provider to ensure that postal service users derive maximum benefits in terms of choice, price, and quality.

ComReg, as sectoral regulator, facilitates this by acting in accordance with its mandate set out in the 2011 Act. This includes:

- ensuring that that the universal postal service provider cannot cross-subsidise. ComReg has issued an Accounting Direction to An Post to minimise this risk and ComReg will ensure that An Post is in compliance with that Direction and that any new Accounting Direction issued over the period of this Strategy Statement continues to reflect this requirement.
- liaising and providing assistance to the Competition and Consumer Protection Commission where competition law issues arise noting that unlike other sectors regulated by ComReg, ComReg does not have competition law powers in the postal sector.
- acting in accordance with its dispute resolution procedures⁵⁷. ComReg will resolve, where necessary and appropriate, disputes between postal service providers and the universal postal service provider in relation to access to the postal network of the universal postal service provider.

07: Promote the development of the postal sector

Actions arising from Priority 7.2

Facilitate the development of the postal sector by acting in accordance with our mandate set by legislation

ACTIONS

- 7.2.1 Ensure An Post is compliant with its Accounting Direction.
- 7.2.2 Liaise and provide assistance to the Competition and Consumer Protection Commission where competition law matters arise in the postal sector.
- 7.2.3 Where required, act in accordance with ComReg's dispute resolution procedures relating to disputes between postal service providers and the universal postal service provider in relation to access to the postal network of the universal postal service provider.

7.3 PRIORITY:

Facilitate the development of the postal sector by applying effective and proportionate regulation

ComReg sees much benefit in providing regulatory certainty to postal service providers that in turn facilitates competition and innovation in the postal sector. In this context, much of this has been done over the period of the last Strategy Statement which included setting the Postal Regulatory Framework, in particular, providing regulatory certainty in relation to:

- How and in what form a postal service provider should make a notification to ComReg in relation to its intention to provide postal services
- Guidelines on postal services within the scope of universal postal service
- Guidelines on Complaints and Redress Procedures that postal service providers must draw up and implement.

Over the period of this Strategy Statement, ComReg will continue to apply effective and proportionate regulation.

When making further regulations, in accordance with the 2011 Act, ComReg will continue to provide regulatory certainty by providing the timeframe of ComReg's proposed actions in ComReg's annual action plan⁵⁸. Furthermore, ComReg will continue to consult publicly on these actions as appropriate⁵⁹ in order to seek and consider the views of all interested parties.

At an international level, ComReg participates in the ERGP. ComReg will continue to input into the ERGP and will continue to consider the output of ERGP to ensure that ComReg continues to apply effective and proportionate regulation.

Actions arising from Priority 7.3

Facilitate the development of the postal sector by applying effective and proportionate regulation

ACTIONS

- 7.3.1 Continue to consult publicly on ComReg's proposed regulations in the postal sector.
- 7.3.2 Set out our indicative timeframes for actions in relation to the regulation of the postal sector.
- 7.3.3 Continue to participate in ERGP and consider output of ERGP.

58 See Annual Action Plan for 2014/15 @ http://www.comreg.ie/_fileupload/Publications/AnnualActionPlan2015.pdf

59 In accordance with ComReg's procedures – see Document No. 11/34 dated 6 May 2011



08:

Indicative timing of actions

In the course of this Strategy Statement, ComReg has discussed a number of actions it plans to undertake over the life of this Postal Strategy Statement.

Given the appreciable workload, it will not be possible to implement these actions simultaneously. Necessarily this can only be an indicative timeframe, which may need to be varied, to reflect for example, resource constraints. Accordingly, ComReg sets out below its indicative timeframe to undertake the proposed actions of this Strategy Statement taking into account its view on the priority of such interventions and developments.

Timeframe Reference	Action Reference	Action	Planned Completion
1.	5.3.1 6.1.3	Ensure pricing of the universal postal service complies with price cap decision and tariff requirements of the 2011 Act.	Annually
2.	5.3.2 7.2.1	Monitor universal postal service provider's separated accounts for compliance.	Annually
3.	5.3.3 6.1.4	Monitor universal postal service provider's quality of service for single-piece mail for compliance.	Annually
4.	5.3.4	Monitor number of access points to universal postal service for compliance.	Ongoing
5.	5.3.5 6.1.2 6.2.3 6.3.2	Ensure universal postal service terms and conditions comply with 2011 Act and are respected and upheld.	Ongoing
6.	5.3.6 6.1.4 6.2.2 6.3.1	Ensure postal service providers respect and uphold their Codes of Practice.	Ongoing
7.	5.3.7	Monitor the universal service provider's terminal dues for compliance.	Q4, 2015
8.	5.2.1	Ensure any claim by the universal postal service provider for funding of the net cost (if any) relating to the provision of the universal postal service is based on the methodology set by ComReg.	Subject to net cost application by universal postal service provider being submitted in the first instance
9.	5.2.2	Consult and decide on any claim by the universal postal service provider for funding of the net cost (if any) relating to the provision of the universal postal service.	Subject to net cost application by universal postal service provider being submitted in the first instance
10.	5.2.3	Ensure that the universal postal service provider is complying with its obligations relating to the provision of the universal postal service in a cost-efficient manner.	Ongoing
11.	5.1.1	Consult and decide on a new Accounting Direction that reflects current circumstances.	Q4, 2015
12.	5.1.2	Consider the Quality of Service target.	When required
13.	5.1.3	Consider Access Points Direction (subject to resource availability).	When required
14.	6.1.5	Consult and co-operate with the Competition and Consumer Protection Commission on consumer issues.	Ongoing
15.	6.2.1	Ensure appropriate information on postal services is available for postal service users.	Ongoing
16.	7.1.1	Maintain and publish register of authorised postal service providers and services offered.	Annually
17.	7.1.2	Undertake and publish research that provides relevant market data to the postal sector (subject to resource availability).	Annually
18.	7.2.2	Liaise and provide assistance to The Competition and Consumer Protection Commission where competition law matters arise in the postal sector.	When required
19.	7.2.3	Where required, act in accordance with ComReg's dispute resolution procedures relating to disputes between postal service providers and the universal postal service provider in relation to access to the postal network of the universal postal service provider.	When required

08: Indicative timing of actions

Timeframe Reference	Action Reference	Action	Planned Completion
20.	7.3.1	Continue to consult publicly on ComReg's proposed regulations in the postal sector.	When required
21.	7.3.2	Set timeframe for actions in relation to the regulation of the postal sector.	Annually
22.	7.3.3	Continue to participate in ERGP and consider output of ERGP.	Ongoing
23.		Any other matters arising from implementation of the 2011 Act.	When required

Conclusion on the indicative timeframe to undertake actions:

ComReg faces a comprehensive work programme over the two year life of this Postal Strategy Statement. Certain actions will require significant engagement with the universal postal service provider and will necessarily require consultation and engagement with interested parties. Therefore, to achieve the actions required it will require appropriate and timely engagement by the universal postal service provider, and other interested parties.



09:

Conclusion

In this Postal Strategy Statement ComReg has set out its strategic priorities for the period 2015 - 2017.

To ensure that ComReg continues to achieve the appropriate level of regulation to ensure the sustainable provision of a universal postal service, while providing all postal service users with the choice, quality, and innovation will require good engagement by stakeholders.

Consequently, ComReg looks forward to working with all its postal stakeholders to implement this strategy.

Annex: 1

Acronyms & Abbreviations

C&AG	Comptroller and Auditor General
CPI	Consumer Price Index
DCENR	Department of Communications, Energy and Natural Resources
ERGP	European Regulators Group for Postal Services
EU	European Union
NRA	National Regulatory Authority
RIA	Regulatory Impact Assessment
SME	Small and medium enterprise
USO	Universal service obligation



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