



Commission for  
**Communications Regulation**

# **Review of quality of service standards for the universal postal service**

Consultation

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**An Coimisiún um Rialáil Cumarsáide**  
**Commission for Communications Regulation**

Abbey Court Irish Life Centre Lower Abbey Street Dublin 1 Ireland  
Telephone +353 1 804 9600 Fax +353 1 804 9680 Email [info@comreg.ie](mailto:info@comreg.ie) Web [www.comreg.ie](http://www.comreg.ie)

## Additional Information

All responses to this consultation should be clearly marked:

### **Consultation 15/45**

and should be sent by post, facsimile or e-mail to arrive on or before 5pm on Thursday 18 June 2015, to:

**Mary Keegan**  
**Commission for Communications Regulation**  
**Abbey Court, Block DEF**  
**Lower Abbey Street**  
**Freepost**  
**Dublin 1**

Ph: +353-1-804 9600 Fax: +353-1-804 9680

Email: [marketframeworkconsult@comreg.ie](mailto:marketframeworkconsult@comreg.ie)

Please note ComReg will publish all respondents' submissions with the Response to this Consultation, subject to the provisions of ComReg's guidelines on the treatment of confidential information – ComReg 05/24.

## Legal Disclaimer

This Consultation is not a binding legal document and also does not contain legal, commercial, financial, technical or other advice. The Commission for Communications Regulation is not bound by it, nor does it necessarily set out the Commission's final or definitive position on particular matters. To the extent that there might be any inconsistency between the contents of this document and the due exercise by it of its functions and powers, and the carrying out by it of its duties and the achievement of relevant objectives under law, such contents are without prejudice to the legal position of the Commission for Communications Regulation. Inappropriate reliance ought not therefore to be placed on the contents of this document.

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# 1 Introduction

- 1 This consultation paper refers to the review by the Commission for Communications Regulation (“ComReg”) of the quality of service (“QoS”) standards relating to domestic single piece priority mail<sup>1</sup> as required as part of the universal postal service provided by An Post, the sole designated universal postal service provider in the State.
- 2 In June 2004, following public consultation,<sup>2</sup> ComReg set the current QoS standards for domestic single piece priority mail. This was done by way of a direction to An Post which set a next working day delivery standard of 94% (“D+1”) and a standard of 99.5% for delivery within three days of posting (“D+3”). The “2004 direction”<sup>3</sup> applies to domestic single piece priority mail sent from and to postal service users, by An Post<sup>4</sup>.
- 3 In August 2011, the Communications Regulation Act 2011 (“2011 Act”) took effect. It established a new statutory framework for the regulation of postal services in the State and it also transposed, into Irish law, the harmonised EU framework for the regulation of postal services.<sup>5</sup> Section 14 of the 2011 Act designated ComReg as the national regulatory authority (“NRA”) for postal services in the State and section 17 designated An Post as the sole universal postal service provider for the State. The scope of the “universal postal service” is specified by section 16(1)(a) as meaning that on every working day there is at least one clearance and one delivery to the home or premises of every person in the State, except in such circumstances or geographical conditions as ComReg considers to be exceptional<sup>6</sup>.

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<sup>1</sup> “single piece service” means a postal service involving the transmission of individual postal packets to addressees where the postage paid by the senders is not subject to any discounts (i.e. based on the volume of postal packets sent or pre-sorting into geographical delivery areas) – Communications Regulation (Universal Postal Service) Regulations 20012 (S.I. 280 of 2012)

<sup>2</sup> ComReg Document 04/08

<sup>3</sup> ComReg Document 04/56

<sup>4</sup> The direction did not apply to bulk mail or wholesale services or cross-border mail

<sup>5</sup> Directive 97/67/EC, adopted in 1997 and later amended in 2002 and 2008

<sup>6</sup> As per ComReg Document 14/135 [D14/14], ComReg has granted An Post a derogation from the universal postal service for the following working days: a full derogation for Mondays following a public holiday which falls on a Saturday or Sunday, a full derogation for the first working day after 26 December (St. Stephen’s Day), a derogation for collections only on 24 December and a part derogation for Good Friday

- 4 Section 32 of the 2011 Act states that ComReg, “*following a public consultation process, shall draw up, and may from time to time revise, quality of service standards in relation to the universal postal service provision by universal postal service providers ... other than intra-Community cross-border services*”, to include standards relating to (a) time permitted for delivery of postal packets and (b) the regularity and reliability of the postal services concerned.” Section 32 also requires that ComReg “*shall at least once in each year - (a) monitor compliance with the quality of service standards, and (b) publish a report on the results of the monitoring ...*”
- 5 ComReg considers that it is now appropriate to revisit the QoS standards pursuant to the 2011 Act. Through this public consultation, ComReg seeks the views of all interested parties regarding the factors identified in 2004 and any other identified factors as likely to impact, to some extent, on An Post’s ability to deliver some single piece priority mail on the next working day. The factors are set out and explained in Chapter 2.
- 6 In addition to ComReg’s statutory remit as outlined above, An Post has also repeatedly recognised, in its annual reports, the importance of a high quality postal service and has expressed its commitment to achieving the current 94% next-day delivery standard. Since the 2004 direction issued, An Post has implemented programmes to improve its QoS, including among other things:
- €40m capital investment in a Mails Automation Programme at the Portlaoise, Dublin, Cork and Athlone Mails Processing Centres;
  - significant capital investment in re-engineering collection and delivery operations, including new sorting and delivery infrastructure designed to optimise mail collections and deliveries and achieve cost savings; and
  - roll-out of mail collections barcode scanning to 100% of access points nationwide in order to track the times at which the mail is collected.<sup>7</sup>
- 7 ComReg would also note that the current D+1 standard of 94% falls within the range of equivalent QoS standards in other EU Member States (see Table 1 below while a full list is provided at Annex 2). Several other Member States have also recently re-consulted on their QoS standards<sup>8</sup>. Although comparing international QoS is a complex exercise, due to the varying sizes of Member States and their distinct geography, demography and the service levels generally available, it is nevertheless noteworthy that Austria and Denmark have similar QoS standards to Ireland and have broadly similar national characteristics to Ireland.

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<sup>7</sup> Source: An Post Annual Reports

<sup>8</sup> Portugal, Malta, United Kingdom

**Table 1 – D+1 QoS Standards in other EU Member States**

<b>D+1 Quality of Service Standards<sup>9</sup>in 2014</b>	
Switzerland	97%
Austria	95%
The Netherlands	95%
Slovenia	95%
Malta	95%
Luxembourg	95%
Portugal	94.5%
<b>Ireland</b>	<b>94%</b>
Belgium	93%
United Kingdom	93%
Denmark	93%
Slovakia	93%

8 Please note that this consultation is exclusively concerned with the QoS of the universal postal service, in terms of specifying the time permitted for delivery of single piece priority mail and the regularity and reliability of this mail. Please also note that this consultation does not extend to any of the following:

- the methodology for monitoring actual performance against the QoS standard;<sup>10</sup>
- the universal service obligation specifications, as set out at Annex 1;
- the setting of a QoS standard for the universal “Bulk Mail<sup>11</sup> service”; and

<sup>9</sup> Source: ComReg questionnaire to national regulatory authorities

<sup>10</sup> This methodology is established under CEN Standard EN13850, published by the European Standards Authority and approved by the Postal Directive Committee of the EU

<sup>11</sup> “postal packets deposited in bulk” means a substantial number of similar postal packets deposited with a universal postal service provider at the same place and time, to be transported and distributed to the addressees as marked on each of the postal packets – S.I. 280 of 2012

- the setting of a QoS standard for other postal services, e.g. Parcels, Registered, Non-Priority.

9 Finally, please note that all responses to this consultation will be published by ComReg in accordance with its standard consultation procedures, save for identified confidential and/or commercially sensitive information which shall be redacted. Please see section 5 for more information.

## 2 Review of current quality of service standards for domestic single piece priority mail

### 2.1 Quality of Service standard for next day delivery (D+1)

- 10 In June 2004 ComReg set the following QoS standards for domestic single piece<sup>12</sup> priority mail (where the postal packet is posted before the latest time of posting as advertised at the access point):
- 94% for next working day delivery (“D+1”), and
  - 99.5% for delivery within three days of posting (“D+3”)
- 11 The 2004 QoS standards were arrived at by using a “top down” methodology. Based on the premise that a universal service provider should organise its operations so as to provide 100% next-day delivery service of single piece priority mail, the top down methodology commences with that premise before taking into account various factors that would likely constrain An Post from achieving 100% next-day delivery.
- 12 ComReg intends to maintain the same top-down methodology in setting the QoS standards. Consequently, this section revisits the factors applied in 2004 in order to facilitate consideration of their appropriateness and weighting for 2015 and any other relevant factors.

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<sup>12</sup> The direction did not apply to bulk mail or wholesale services

**Table 2 - 2004 Direction: Factors impacting on quality of service**

	<b>Factors</b>	<b>Assumption</b>	<b>Impact in %</b>
1.	Geographic limitations & Spatial dispersal of Economic Activity		<b>Minimal</b>
2.	Exceptionally inclement weather	On average deliveries disrupted one day per annum.	<b>0.40%</b>
3.	Capacity of Sorting Machines and Alignment of Staff to Work	20% of mail not processed on 25 days a year	<b>2.00%</b>
4.	Exceptional staff absence	Each delivery route not covered for one day each year	<b>0.40%</b>
5.	Unforeseeable variations in volume	5% of mail not processed on 5 days per annum	<b>0.10%</b>
6.	Reliability of Sorting Machines etc.	On average 25% of machines not available at peak times on one day per annum	<b>0.10%</b>
7.	Machine and Human Error	Sorting equipment installed by An Post should operate with no more than 1% of errors, it may be a reasonable target to allow for human errors at double this level, i.e. 2%)	<b>3.0%</b>
8.	Christmas Cards	Separate service provided for non-priority items such as Christmas Cards	-
	<b>Total Factors Affecting Quality Of Service</b>		<b>6.00%</b>
	<b>Quality Of Service Target</b>	<b>100.00% - 6.00%</b>	<b>94.00%</b>

### **1. Geographic limitations & spatial dispersal of Economic Activity (2004 allocation = minimal)**

- 13 This factor related to the dispersal of the population, including in regions which are more isolated and which may have poor roads and transport services, thus making it difficult or perhaps impossible to make daily collections and deliveries. In 2004, ComReg noted that An Post made daily deliveries to all areas of the State except for nine islands off the south and west coast, representing 0.02% of the total population.<sup>13</sup> On the basis that delivery of mail for such isolated areas would be delayed by a day and that volumes of mail for such areas was in line with the national average, the maximum permissible impact on the QoS standard in relation to such areas was considered, at that time, to be minimal (i.e. less than 0.02%).
- 14 There has been an increasing shift in the population from rural to urban areas<sup>14</sup> since 2004 which arguably makes it easier for An Post to reach a greater percentage of the population on the next-working day. In addition, the State's road network has substantially improved, which should also assist with achieving delivery on the next working day. The period between 2006 and 2010 saw a rapid expansion of the motorway network<sup>15</sup> and over one-third of national roads were transformed between 2000 and 2010, including both national primary and secondary roads throughout the country.<sup>16</sup>
- 15 In terms of the dispersal of economic activity across the State, ComReg noted in 2004 that most single piece mail was then either posted in or delivered in Dublin, and around half of the remainder was for delivery within the same county of posting with only a smaller proportion of mail requiring cross-country routing at that time. ComReg also noted that An Post's operating plan, at that time, was designed so as to afford next-day delivery of such cross-country mail. The impact of the dispersal of economic activity as a factor in the calculation of the QoS standard, was thus considered to be "minimal."

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<sup>13</sup> Cape Clear, Clare Island, Dursey Island, Hare Island, Inisbofin, Inisturk, Long Island, Tory Island and Whiddy Island

<sup>14</sup> According to the 2011 Census there has been an increase of 10.6% on 2006 with 62% of the population living in urban areas in 2011.

(<http://cso.ie/en/media/csoie/census/documents/census2011pdr/Census,2011,Highlights,Part,1,web,7,2dpi.pdf>)

<sup>15</sup> NRA Report 'Impact of Improvements in the Road Network on the Accessibility & Economic Potential of Counties, Urban Areas, Gateways & Hubs (2012), pg. 15 - 17

<sup>16</sup> The National Roads Authority – A Decade Of Progress (<http://www.nra.ie/policy-publications/general-publications/A-Decade-of-Progress.pdf>)

16 An Post's CEO noted in its 2013 Annual Report: "*Our Mails network has been built to satisfy the obligations inherent in the USO....*" This is consistent with An Post's response to the 2004 QoS standards consultation where it stated that An Post's domestic mail service is designed so that mail posted in one part of Ireland before the 'latest time of posting'<sup>17</sup> can be delivered elsewhere in Ireland on the next working day.

17 In addition, since 2005 all of An Post's mail is processed at one of four Mail Centres, located in Dublin, Athlone, Portlaoise and Cork<sup>18</sup>, and is then transported by road to Delivery Service Units and Delivery Sub Offices around the country for onward delivery. As noted above, Ireland's roads network has substantially improved since 2004. The main inter-county routes are now mostly of dual-carriageway or motorway standard. This improvement should significantly reduce transit times, particularly between the An Post Mail Centres. Furthermore many of the cities and larger towns now have completed ring roads which should reduce traffic congestion and thereby further reduce transit times to the benefit of mail services.

## **2. Exceptionally inclement weather (2004 allocation = 0.4%)**

18 The 2004 consultation considered that exceptional weather conditions, such as extreme snow or ice or heavy rain leading to widespread flooding, can impair the provision of postal services though it also noted that extreme weather tends to be relatively infrequent in Ireland and when it does occur it is often confined to specific parts of the country. An allocation of 0.4% was provided in the QoS Standard. This allocation was based on mail deliveries not being provided for one day in each year, on average, throughout the country, due to exceptionally inclement weather.

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<sup>17</sup>As displayed at each access point

<sup>18</sup> As confirmed by An Post in its 2005 Annual Report, pg. 18

### **3. Capacity of Sorting Machines and Alignment of Staff to Work (2004 allocation = 2.0%)**

19The 2004 consultation noted that An Post must deploy its resources carefully in order to manage observed significant variations in mail volume patterns, across days of the week, weeks in the month, and months in the year, as failure to properly deploy resources could have a severe impact on QoS. ComReg factored 2% into the QoS standard for days on which the volume of single piece priority mail exceeds the capacity of the sorting equipment and other infrastructure (where volume has not been inflated by the inclusion of non-priority mail items). The 2% allocation was based on the assumption that 20% of mail is affected on 25 days of the year.

20According to An Post, letter volumes have declined by c.30% since 2007 and this decline is forecast to continue at a rate of c.4% per annum over the next five years.<sup>19</sup> An Post has also recently completed a programme for upgrading its automation machinery at its four Mail Centres, at a total cost of c. €40m. This increased automation has reduced manual sortation requirements at Mail Centres and Delivery Service Units<sup>20</sup>. The amount of mail that can now potentially be automatically sorted down to delivery route level for letters can exceed [X]% for standard letters. Automation sortation down to delivery office level can exceed [X]% for standard letters and [X]% for the larger letters. An Post has also upgraded its Delivery Service Unit mails processing facilities and it has also improved its postal address database to assist with more accurate and faster automation sortation.

### **4. Exceptional staff absence (2004 allocation = 0.40%)**

21With regard to normal staff absences, in 2004 ComReg assumed that An Post's annual staff absence rate should fall within the national average and that An Post should therefore provide for sufficient coverage through its leave reserve force.

22Nonetheless, and with regard to exceptional staff absences, an allocation of 0.4% was factored into the 2004 consultation which related to exceptional staff absences arising from epidemics, whether local or national, to the extent that it would be difficult for An Post management to cover such absences by normal means such as using reserve staff, redeploying of staff, hiring casual staff, or through overtime. The allocation was calculated based on each delivery route not being covered for one day each year.

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<sup>19</sup> 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>)

<sup>20</sup> Postal Technology International September 2014 - An Post Interview, pg. 72

### **5. Unforeseeable variations in volume (2004 allocation = 0.1%)**

23 In 2004, this allocation was based on the possibility of an unexpected large volume of mail being posted on a particular day, resulting in An Post being unable to process some amount of that mail in time for next-day delivery. The impact allocation of 0.1% was based on 5% of all mail not being processed on the same day as it was posted, on five days in each year.

24 ComReg considers that unforeseeable variations in volumes seems less likely to be a factor now given the significant decline in letter volumes and the increased capacity of the An Post's updated automated sorting machinery<sup>21</sup>.

### **6. Reliability of Sorting Machines (2004 allocation = 0.1%)**

25 This factor allowed for the possibility that sorting machines may not always be available, even if there is a system of preventative maintenance in place. The 0.1% impact allocation was based on a scenario where 25% of machines may not be available at peak times, on one day of the year.

26 We noted An Post has very recently upgraded its automation machinery and ComReg assumes that this machinery is new and includes a maintenance plan which should ensure that it does not break down or, if it does break down, that it can quickly be repaired and put back into operation.

### **7. Machine and Human Error (2004 allocation = 3.0%)**

27 In 2004, machine and human error was treated as being a significant contributory factor reducing the QoS and so the QoS Standard provided a 3.0% allocation based on 1% for machine error and 2% for human error.

28 ComReg understands that An Post's €40m upgrade of its automation machinery should result in improved sorting capability and reduced machine error.

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<sup>21</sup> Furthermore, 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. As such ComReg would expect that customer relationship would give advance warning to An Post so as to allow management of possible volume peaks.

29A further development since 2004 is that An Post now has a complete and up-to-date database of its postal addresses in place, which is continually maintained and is also sold commercially as 'GeoDirectory'<sup>22</sup>. This postal address database should lead to further improvements in automated sorting and with the accuracy of the sort decisions, resulting in a higher QoS. Furthermore, the Government has announced the introduction of the new national postcode system, called 'Eircode', in mid-2015<sup>23</sup>. The introduction of this system, while not obligatory, may also assist An Post in achieving a higher QoS.

### **8. Christmas Cards (2004 allocation = none)**

In 2004, no allowance was made for the impact of Christmas mail on QoS because the obligation on the universal postal service provider is to meet a high QoS for all periods of the year, without exception. Although ComReg acknowledged that the Christmas period is challenging for postal operators, it was also noted that the tariff for Christmas Cards is essentially the same as other single piece priority mail while a significant volume of business mail is posted during this period. It noted that increased volumes in the Christmas period are predictable and have been there for many years and are successfully managed by other countries.

In 2004 ComReg also noted that to overcome any capacity problems in the Christmas period, An Post had the freedom to offer a special discounted non-universal postal service to ordinary customers enabling Christmas Cards, which are mainly social in nature, to be processed separately and to a lower quality of service. Accordingly An Post should be able to take sufficient measures to meet the increased Christmas volumes without there being any negative impact on QoS.

Q. 1 In your view do each of the factors set out above still apply?

Q. 2 In respect of each factor that should still apply, do you consider the 2004 percentage allocations, as listed, remain appropriate or require adjustment? Please provide clear supporting reasoning for your views and any percentage allocation amendments.

Q. 3 Are there other factors which you believe may impact on next day delivery of single piece priority mail? Please explain any such additional factors and provide clear supporting reasoning for your view, including quantifications of the percentage impact per factor.

Please provide detailed reasoning for each of your responses to Q.1 to Q.3 above.

<sup>22</sup> GeoDirectory is updated on a quarterly basis – see: <https://www.geodirectory.ie/What-is-Geodirectory/FAQ.aspx>

<sup>23</sup> See <http://www.dcenr.gov.ie/Communications/Postal/Postcodes.htm>

## 2.2 Quality of Service standard for delivery within three days of posting (D+3)

30 In 2004, in addition to the 94% QoS standard for next-day delivery, ComReg set a standard of 99.5% for delivery of single piece mail within three days of posting. This applies to mail which is not delivered on the next working day by An Post and thus relates to the reliability of the service. Any such mail which failed next day delivery service because of the factors outlined above should be delivered by the third working day. However, there may be some further minor factors which could constrain this. ComReg thus made an allowance of a further 0.5% which in effect means that 99.5% of mail should be delivered within the third working day.

Q. 4 Is the QoS standard for delivery within three days of posting still appropriate?

Please provide detailed reasoning for your response.

### 3 Information to be published by An Post on quality of service

- 31 ComReg monitors An Post's QoS on a continuous basis in accordance with CEN Standard EN13850<sup>24</sup> as required under section 32(5) of the 2011 Act<sup>25</sup>.
- 32 Section 32(7) of the 2011 Act provides that ComReg may give a direction to An Post requiring it to publish information, in such form and manner and at such intervals as ComReg may direct, about the extent to which it is providing a universal postal service in accordance with the QoS standards.
- 33 Currently An Post is required<sup>26</sup> to make the following information regarding QoS performance available and in the following manner;
- a) The QoS standards and the achievement against the standards for single piece priority mail calculated in accordance with European Standard EN13850 should be published for the latest quarter and the latest calendar year for quarterly and for annual results by way of notice displayed prominently in all Company owned post offices and on the Internet.
  - b) The latest annual QoS standards together with performance achieved against the annual standards should also be displayed prominently at all posting points.
  - c) A booklet setting out the QoS standards should also be available for subsequent reference at home or business premises from larger post offices, or on request by post.
- 34 ComReg is of the preliminary view that information on the QoS standards and performance against the standards, as independently monitored by ComReg, should be published by An Post in the format and detail required by ComReg;
- in An Post's annual reports; and
  - on An Post's website in a prominent position.

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<sup>24</sup> EN 13850:2012 - *Quality of Service- measurement of the transit time of end-to-end services for single piece priority mail*

<sup>25</sup> ComReg also publishes annual reports of monitoring exercise on its website – see [http://www.comreg.ie/postal/regulation\\_of\\_quality.521.970.html](http://www.comreg.ie/postal/regulation_of_quality.521.970.html)

<sup>26</sup> Direction 6 of ComReg Document 03/50 'Postal Services: Universal Service Obligation, Tariff Principles and miscellaneous issues'

- 35 In addition, the QoS standards and a reference to where postal users can find the latest performance results against the standards should be provided in An Post's universal postal service terms and conditions and all related information booklets and on the notice plates at each of An Post's access points
- 36 While previously quarterly and year to date performance results were published, ComReg considers that it is now sufficient to publish performance results on an annual basis in line with the statutory requirement.

## 4 Regulatory Impact Assessment (RIA)

- 37 ComReg's published RIA Guidelines<sup>27</sup> (Doc 07/56a), made in accordance with a policy direction to ComReg<sup>28</sup>, state that ComReg will conduct a RIA in any process that may result in the imposition of a regulatory obligation, or the amendment of an existing obligation to a significant degree, or which may otherwise significantly impact on any relevant market or any stakeholders or consumers.
- 38 The RIA Guidelines also note that in certain instances it may not be appropriate to conduct a RIA and, in particular, that a RIA is only considered mandatory or necessary in advance of a decision that could result in the imposition of an actual regulatory measure or obligation, and that where ComReg is merely charged with implementing a statutory obligation then it will assess each case individually and will determine whether a RIA is necessary and justified.
- 39 In this Consultation, ComReg considers that it is acting in accordance with the statutory obligation imposed by section 32 of the 2011 Act, whereby it is required to draw up QoS standards in relation to the universal postal service to be provided by An Post as the sole designated universal postal service provider. Such QoS standards were previously set by ComReg in 2004 and have been in place since then. This consultation is seeking the views of stakeholders on the appropriateness of the current QoS standards to inform revised QoS standards pursuant to the 2011 Act. As ComReg has not formed any views in this consultation, a RIA is not required at this time. ComReg will however consider whether or not a RIA is required following further development of this consultation process.

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<sup>27</sup> Which have regard to the RIA Guidelines issued by the Department of An Taoiseach in June 2009

<sup>28</sup> Ministerial Policy Direction made by Dermot Ahern T.D. Minister for Communications, Marine and Natural Resources on 21 February, 2003

## 5 Conclusion and Next Steps

- 40 ComReg will consider all the views of respondents to this consultation that are fully supported by robust reasoning and logic. The responses to the consultation will inform ComReg on the QoS standards for domestic single piece priority mail which it may set. Following ComReg's analysis of the submissions received a further consultation may be required.

### 5.1 Submitting comments

- 41 The consultation period will run until 5pm on Thursday, 18 June 2015, during which time ComReg welcomes written comments on any of the issues raised in this consultation.
- 42 It is requested that comments be referenced to the relevant question numbers and/or paragraph numbers from this document. Where views are provided, please provide a supporting rationale for your comments, including if possible, an indication on the broader impact of any changes proposed.
- 43 As it is ComReg's policy to publish all responses in order to make them available for inspection, responses to consultations should be provided as non-confidential documents, with any information for which confidentiality is claimed (e.g. commercially sensitive information) supplied in a separate annex. In this respect, please refer to ComReg's Consultation Procedures - ComReg 11/34 and ComReg's Guidelines on the Treatment of Confidential Information - ComReg 05/24.
- 44 We request that electronic submissions be submitted in an unprotected format so that they can be appended into the ComReg submissions document for publishing electronically.
- 45 All responses to this consultation should be clearly marked:- "Reference: Consultation 15/45", and sent by post, facsimile or e-mail to arrive on or before 5pm, 18 June 2015, to:

Ms. Mary Keegan  
Commission for Communications Regulation  
Abbey Court, Block DEF  
Lower Abbey Street  
Freepost  
Dublin 1  
Ph: +353-1-804 9600 Fax: +353-1-804 9680  
Email: [marketframeworkconsult@comreg.ie](mailto:marketframeworkconsult@comreg.ie)

## Annex: 1 Legal Basis

A 1.1 The European regulatory framework for the postal sector as established by the European Postal Directive 97/67/EC, adopted in 1997 and later amended in 2002 and 2008<sup>29</sup> (the "Postal Directive") has set a minimum "universal postal service"<sup>30</sup> which must be provided to all postal service users by every member state.

A 1.2 The Communications Regulation (Postal Services) Act 2011 ("2011 Act") became law on 2nd August 2011 and established a new framework for the regulation of postal services in the State. The 2011 Act replaced and revoked the previous legislation in place, the European Communities (Postal Services) Regulation 2002 (S.I. No. 616 of 2002), and also gave effect in Irish law to the Postal Directive.

### National Regulatory Authority

A 1.3 ComReg is the designated national regulatory authority for postal services in the State under section 14 of the 2011 Act. The 2011 Act sets out the statutory framework for the regulation of the Irish postal sector by ComReg, including regulation of the "universal postal service" provided by An Post as USP.

A 1.4 Section 10(1) of the Communications Regulation Act 2002 – 2011 sets out ComReg's two *functions* in relation to postal services:

- *to ensure the provision of a universal postal service that meets the reasonable needs of postal service users,*
- *to monitor and ensure compliance by postal service providers with the obligations imposed on them by or under the Communications Regulation Acts 2002 to 2011 in relation to the provision of postal services.*

A 1.5 Section 12(1)(c) of the Communications Regulation Act 2002 – 2011 sets out ComReg's *objectives*, in exercising the above functions:

- (i) *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 users,*

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<sup>29</sup> Directives 2002/39/EC and 2008/6/EC

<sup>30</sup> The "universal service" concept within the EU is not unique to postal services; rather it applies to all Services of General Economic Interest (SGEI). According to the European Commission such services "are different from ordinary services in that public authorities consider that they need to be provided even where the market may not have sufficient incentives to do so" (COM(2000) 580 final 20.9.2000). The characteristics of such services are set out not just in sector specific legislation such as the Postal Directives, but in other EU legislation and in relevant decisions of the Court of Justice of the European Union ("CJEU").

*(ii) to promote the interests of postal service users within the Community, and*

*(iii) subject to subparagraph (i), to facilitate the development of competition and innovation in the market for postal service provision.*

A 1.6 The following summarises ComReg's obligations under the 2011 Act in relation to domestic QoS:

- Section 32(1) to section 32(4) requires it to set, publish and revise from time to time QoS standards in relation to the universal service, following public consultation, relating to the transit time permitted for delivery of postal packets in the State and the regularity and reliability of the postal services concerned. These QoS standards should be compatible with the Postal Directive<sup>31</sup> intra-Community cross-border standards<sup>32</sup> which are set out in Schedule 3 of the 2011 Act. ComReg must notify the European Commission of the QoS standards which it may set under section 32(1) of the 2011 Act.
- Section 32(5) requires it to monitor compliance with the QoS standards it has set and to publish a report of the results of the monitoring exercise. There is a European and National Standard which is mandatory for measuring the end-to-end performance of single piece priority mail – EN13850<sup>33</sup> (“the CEN Standard”).
- Section 32(6) provides that it may issue a direction to the universal postal service provider to take corrective action where it is of the opinion that the QoS standards have not been met. The method by which ComReg should issue and enforce compliance with any direction it has issued is set out at section 51 of the 2011 Act.
- Section 32 (7) provides that ComReg may give a direction to An Post requiring it to publish information about the extent to which it is providing a universal postal service in accordance with QoS standards.

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<sup>31</sup> 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, as amended

<sup>32</sup> The quality standards for intra-Community cross-border mail in relation to the time limit for routing measured from end-to-end for postal items of the fastest standard category according to the formula **D + n**, where **D** represents the date of deposit and **n** the number of working days which elapse between that date and that delivery to the addressee. These quality standards are 85% of postal items are to be delivered within D+3 and 97% to be delivered within D+5.

<sup>33</sup> EN13850:2002 ‘Postal Services - Quality of Services - Measurement of the transit time of end-to-end services for single piece priority mail and first class mail’ as amended

## Universal Postal Service Provider

A 1.7 Under section 17 of the 2011 Act An Post is the sole designated “universal postal service provider” (“USP”) for the State for the period 2 August 2011 – 1 August 2023. An Post is required to provide a postal service of a minimum standard to all persons in the State.

## Universal Postal Service

A 1.8 Section 16(1)(a) of the 2011 Act defines the scope of the “universal postal service” as meaning that on every working day, except in such circumstances or geographical conditions as ComReg considers to be exceptional, there is at least one clearance and one delivery to the home or premises of every person in the State or to appropriate installations.

A 1.9 Section 16(1)(b) of the 2011 Act specifies certain universal postal services to be provided, including the clearance, sorting, transport and distribution of postal letters, packets and parcels up to 20kg, a registered items service, an insured service, and postal services free of charge to blind and partially-sighted persons. In addition, Section 16(9) of the 2011 Act required ComReg, following public consultation, to make regulations specifying the services to be provided by the USP and ComReg made such regulations in July 2012 (the Communications Regulation (Universal Postal Service) Regulations 2012 (S.I. 280 of 2012) - see ComReg Document No. 12/81).

A 1.10 The 2012 regulations require An Post to provide a single piece service involving the clearance, sorting, transport and distribution of letters, large envelopes, packets and parcels which have a transit time objective of D + n. “D” represents the “day of posting” of a postal packet and “n” represents the number of working days after the “day of posting” and in respect of delivery to addresses within the State the transit time objective is “D+1”.

## Annex: 2 Domestic QoS standards in EU Member States

<b>D+1 Quality of Service Standards in 2014 <sup>34</sup></b>	
<b>Switzerland</b>	97%
<b>Austria</b>	95%
<b>The Netherlands</b>	95%
<b>Slovenia</b>	95%
<b>Malta</b>	95%
<b>Luxembourg</b>	95%
<b>Portugal</b>	94.50%
<b>Ireland</b>	94%
<b>Belgium</b>	93%
<b>United Kingdom</b>	93%
<b>Denmark</b>	93%
<b>Slovakia</b>	93%
<b>Czech Republic</b>	92%
<b>Hungary</b>	90%
<b>Latvia</b>	90%
<b>Cyprus</b>	90%
<b>Estonia</b>	90%
<b>Italy</b>	89%
<b>Greece</b>	87%
<b>France</b>	85%
<b>Lithuania</b>	85%
<b>Norway</b>	85%
<b>Romania</b>	85%
<b>Croatia</b>	85%
<b>Poland</b>	82%
<b>Finland</b>	80%
<b>Germany</b>	80%
<b>Bulgaria</b>	80%

<sup>34</sup> 2014 D+1 standards (source: ComReg questionnaire to national regulatory authorities in September 2014). For Bulgaria, Croatia, Estonia, Greece, Luxembourg, Netherlands, Sweden and Switzerland the D+1 Standards relate to 2013 (source: ERGP Report (14) 24 - QoS and end-user satisfaction). Spain is not included as it does not have a D+1 service.

# Questions

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